EXPANDED AGENDA
January 9, 2013

<table>
<thead>
<tr>
<th>Time</th>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>4:00</td>
<td>I. CONSENT ITEMS</td>
<td>A. Authorization to Release FY 2014 Public Housing Agency Annual Plan for Public Comment and Review</td>
</tr>
</tbody>
</table>
| 4:05 | II. INFORMATION EXCHANGE | A. Report of the Executive Director  
B. Calendar and Follow-up Action  
C. Correspondence and Printed Matter  
D. Commissioner Exchange  
E. Resident Advisory Board  
F. Community Forum  
G. Status Report |
| 4:20 | III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION | A. Development & Finance Committee – Com. Lindstrom  
1. Approval of Financing Plan for Scattered Site Two Development Corporation |
| 4:30 | IV. ITEMS REQUIRING DELIBERATION and/or ACTION | A. Approval of Management Contract for Southbridge Apartments and Dale Drive Apartments |
| 4:40 | V. FUTURE ACTION ITEMS | |
| 4:40 | VI. INFORMATION EXCHANGE (continued) | A. Community Forum |
| 4:45 | VII. NEW BUSINESS | |
| 4:45 | VIII. EXECUTIVE SESSION FINDINGS | |
| 4:50 | RECESS | |
| 5:00 | Scattered Site Two Development Corporation | Approval to Acquire Units, Accept the Assignment of Contracts, Enter into Renovation Agreements, Authorization to Execute Commitment Letter and Financing Documents, and Approval of Bylaws and Election of Initial Board of Directors |
| 5:00 | Paddington Square Development Corporation | Approval of Management Contract for Paddington Square Apartments |
| 5:00 | Tanglewood and Sligo Limited Partnership | Approval of Management Contract for Tanglewood and Sligo Hills Apartments |
| 5:00 | Manchester Manor Apartments Limited Partnership | Approval of Management Contract for Property Manchester Manor Apartments |
| 5:30 | Meeting Re-open | |
| 5:35 | ADJOURN | |
NOTES:
1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing.
3. Times are approximate and may vary depending on length of discussion.
4. *These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 773-9025 or email commissioners@hocmc.org.
Consent Items
AUTHORIZATION TO RELEASE FY 2014 PUBLIC HOUSING AGENCY
ANNUAL PLAN FOR PUBLIC COMMENT AND REVIEW

January 9, 2013

- The Quality Housing and Work Responsibility Act of 1998 requires HOC to submit an Annual Plan and a Five-Year Plan.

- HOC is updating only the Annual Plan.

- The Annual Plan will include an updated plan for the Capital Fund.

- HOC is proposing no major policy changes as part of the Annual Plan.

- HOC is required to allow public comment and review of the Agency Plan.

- Staff is requesting the Commission’s consent to distribute a draft of the FY 2014 Public Housing Agency Annual Plan for public comment.
MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Executive Staff: Ryan Ext. 39157


DATE: January 9, 2013

STATUS: Consent x Deliberation _____ Status Report _____ Future Action _____

OVERALL GOAL & OBJECTIVE:
To authorize the Executive Director to distribute drafts of the proposed FY 2014 Public Housing Agency Annual Plan for public comment.

BACKGROUND:

QHWRA, also known as the Public Housing Reform Law, created the Public Housing Agency Plans - a Five-Year Plan and an Annual Plan. HOC has a current Five-Year Plan, which does not need to be revised at this time. It describes the mission of the Agency and the Agency's long-range goals and objectives for achieving its mission over five years. HOC’s Annual Plan provides details about immediate operations, program participants, and programs and services as well as the Agency's strategy for addressing the housing needs of Montgomery County in the upcoming fiscal year. This is the 14th year that HOC is required to submit an Annual Plan to HUD.

HOC submitted its previous Plans after presenting drafts to the Commission, making the drafts available to the public, holding public hearings, and presenting final versions to the Commission.
ISSUES FOR CONSIDERATION:
Overall, the Annual Plan to be submitted for FY 2014 will closely resemble the annual plan that HUD approved for FY 2013.

TIME LINE:
Staff proposes the following timeline to meet the regulatory and statutory requirements:

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>January 9, 2013</td>
<td>Staff requests Commission authorization to release the Plan for public comment</td>
</tr>
<tr>
<td>January 21, 2013</td>
<td>Staff advertises availability of a draft of the Plan for public review and comment by this date</td>
</tr>
<tr>
<td>February 25, 2013</td>
<td>Staff meets with Resident Advisory Board to discuss the Plan</td>
</tr>
<tr>
<td>March 6, 2013</td>
<td>HOC holds public hearing</td>
</tr>
<tr>
<td>April 3, 2013</td>
<td>Staff presents Commission with final version of the Plan</td>
</tr>
<tr>
<td>April 15, 2013</td>
<td>Staff submits FY 2014 Plan to HUD by this date</td>
</tr>
</tbody>
</table>

TIME FRAME:
For Commission action on January 9, 2013.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Commission authorize the Executive Director to advertise the availability of the draft of the Annual Plan for public review and comment and to make the draft available for a March 6 public hearing.

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to implement the mandatory Annual and Five-Year Plans requirement of the Quality Housing and Work Responsibility Act (QHWRA); and

WHEREAS, the Agency Plans are mandatory under law and regulation.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission adopts the following as detailed in a memorandum and attachment presented to the Commission on January 9, 2013:

1. The Commission will advertise on or before January 21, 2013 that the proposed Agency Annual Plan is available for public review and that there will be a public hearing on the Plan.

2. The Commission shall make available at its Detrick Avenue office, East Deer Park office, the service centers, and on the HOC Web site draft copies of the Plan and supplemental and explanatory material for public review.

3. The Commission will hold a public hearing on or about March 6, 2013 on the proposed Plan.

4. After consideration of public comments, the Commission will submit the Plan to HUD no later than April 15, 2013 as required by federal regulation.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting on January 9, 2013.

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A
L

Patrice Birdsong
Special Assistant to the Commission
Information Exchange
HUD ESTABLISHES NEW INCOME LIMITS

HUD is required to set the income limits used to determine eligibility of applicants in the various assisted housing programs. New limits were established in December 2012 and are effective at publication. The income limits for Montgomery County are slightly higher than the previous year. The median income for a family of four in Montgomery County is $107,300.

The program income limits are as follows:

<table>
<thead>
<tr>
<th>Income Category</th>
<th>1 Person</th>
<th>2 Person</th>
<th>3 Person</th>
<th>4 Person</th>
<th>5 Person</th>
<th>6 Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Low (50%) Income Limits</td>
<td>$37,600</td>
<td>$42,950</td>
<td>$48,300</td>
<td>$53,650</td>
<td>$57,950</td>
<td>$62,250</td>
</tr>
<tr>
<td>Extremely Low (30%) Income Limits</td>
<td>$22,550</td>
<td>$25,800</td>
<td>$29,000</td>
<td>$32,200</td>
<td>$34,800</td>
<td>$34,400</td>
</tr>
</tbody>
</table>

HUD AWARDS PRESERVATION VOUCHERS

HUD awarded HOC 43 preservation vouchers to serve the residents at Camp Hill Square Apartments. The residents have been provided with program eligibility information and will be given the opportunity to use a Housing Choice Voucher at Camp Hill Square or move.
## January 2013

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New Year’s Day (HOC Offices Closed)</td>
</tr>
<tr>
<td>9</td>
<td>HOC Meeting</td>
</tr>
<tr>
<td>10</td>
<td>Maryland Affordable Housing Coalition Annual Meeting</td>
</tr>
<tr>
<td>18</td>
<td>Status/Lunch Meeting w/Executive Director (All) (Seasons 52, 11414 Rockville Pike)</td>
</tr>
<tr>
<td>21</td>
<td>Martin Luther King, Jr. Day (HOC Offices Closed)</td>
</tr>
<tr>
<td>22</td>
<td>Legislative and Regulatory Committee (Roman, Lindstrom, Banks)</td>
</tr>
<tr>
<td>24</td>
<td>Development and Finance Committee (Lindstrom, Edson, Wiencek)</td>
</tr>
<tr>
<td>24</td>
<td>Joint Meeting with HOC and Planning Board</td>
</tr>
<tr>
<td>28</td>
<td>Agenda Formulation (Piñero, Wiencek)</td>
</tr>
<tr>
<td>28</td>
<td>Resident Advisory Board (Banks)</td>
</tr>
</tbody>
</table>

## February 2013

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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</thead>
<tbody>
<tr>
<td>6</td>
<td>HOC Annual Meeting (HOC Annual Meeting Reception, 3:00 p.m.)</td>
</tr>
<tr>
<td>10</td>
<td>President’s Day (HOC Offices Closed)</td>
</tr>
<tr>
<td>18</td>
<td>Budget, Finance &amp; Audit Committee (2nd Quarter) (Kator, Piñero, Roman)</td>
</tr>
<tr>
<td>21</td>
<td>Maryland Housing Day (Miller Senate Office Bldg.)</td>
</tr>
<tr>
<td>21</td>
<td>Development &amp; Finance Committee (2nd Quarter) (Lindstrom, Edson, Wiencek)</td>
</tr>
<tr>
<td>25</td>
<td>Agenda Formulation</td>
</tr>
</tbody>
</table>

## March 2013

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>HOC Regular Meeting</td>
</tr>
<tr>
<td>18</td>
<td>HOC Resident Advisory Board (Banks)</td>
</tr>
<tr>
<td>17-20</td>
<td>NAHRO Legislative Conference, Washington, DC</td>
</tr>
<tr>
<td>21</td>
<td>Development &amp; Finance Committee (Lindstrom, Edson, Wiencek)</td>
</tr>
<tr>
<td>25</td>
<td>Agenda Formulation</td>
</tr>
<tr>
<td>26</td>
<td>Legislative &amp; Regulatory Committee (Roman, Lindstrom, Banks)</td>
</tr>
<tr>
<td>26</td>
<td>Town Center, Inc. Board Meeting (Banks, Wiencek)</td>
</tr>
</tbody>
</table>

## April 2013

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>HOC Regular Meeting</td>
</tr>
<tr>
<td>3-6</td>
<td>NALHFA Conference, New Orleans</td>
</tr>
<tr>
<td>12</td>
<td>Budget, Finance &amp; Audit Committee (General Fund) (Kator, Piñero, Roman)</td>
</tr>
<tr>
<td>15</td>
<td>HOC Resident Advisory Board (Banks)</td>
</tr>
<tr>
<td>17</td>
<td>Development &amp; Finance Committee (Lindstrom, Edson, Wiencek)</td>
</tr>
<tr>
<td>18</td>
<td>Budget, Finance &amp; Audit Committee (Public Fund) (Kator, Piñero, Roman)</td>
</tr>
<tr>
<td>22</td>
<td>Banor Housing, Inc. Board Meeting (Roman, Edson)</td>
</tr>
<tr>
<td>30</td>
<td>Budget, Finance &amp; Audit Committee (Opportunity Housing) (Kator, Piñero, Roman)</td>
</tr>
</tbody>
</table>

### Activities of Interest

- TBD: Joint Meeting with Commission on People with Disabilities

### Hearing Board

- January (Edson)
- February – March (Banks)
<table>
<thead>
<tr>
<th>Ref. #</th>
<th>DUE DATE</th>
<th>ACTION</th>
<th>STAFF</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>TD-264(b)</td>
<td>Postponed (New date to be determined. Previously scheduled 01/11/12)</td>
<td>Review Physical Needs Assessment (Cohen)</td>
<td>JM</td>
<td>Worksession</td>
</tr>
<tr>
<td>TD-266</td>
<td>12/14/2012</td>
<td>Quantify HOC’s Opportunity Housing and Tax Credit Units that Meet Criteria for Possible Sale (Lindstrom, Dev Fin Committee, Sept. 23, 2010)</td>
<td>AO/BD</td>
<td>Development and Finance Committee</td>
</tr>
<tr>
<td>TD-283</td>
<td>TBD</td>
<td>Resident Advisory Board (RAB) Training</td>
<td>GS</td>
<td>In Process</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Explore Options for Resident Leadership Training for the Resident Advisory Board (Banks, Commission Mtg., Nov. 2, 2011)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Pursue Visit from Resident Commissioner with the Chicago Housing Authority to Meet with RAB (Banks, Commission Mtg., Nov. 2, 2011)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Committee Reports and Recommendations for Action
At its August 6, 2011 meeting, the Commission approved a redevelopment strategy for scattered site properties including 54 units currently within Montgomery Homes Limited Partnership (MHLP) I and Moderately Priced Dwelling Unit (MPDU) 2004.

These 54 units are ineligible for tax-exempt bond financing; therefore, staff has been pursuing a strategy to obtain conventional financing to repay the outstanding loans and fund capital improvements for the units.

PNC Bank, N.A. provided a term sheet on December 5, 2012 for a loan in an amount up to $4,900,000 to refinance $3,847,183 in existing debt and fund $669,406 to renovate the 54 units; total Project costs are currently estimated to be $4,677,541.

The Commission would be required to guarantee the loan; staff has evaluated the term sheet and has determined the impact on the agency’s general obligation borrowing capacity is negligible.

On December 5, 2012, the Commission approved the creation of Scattered Site Two Development Corporation to meet the term sheet requirement that the borrower be a single asset mortgagor; the Commission also approved the transfer of its ownership interests in the 54 units to the new entity.

Staff recommends the Commission accept the recommendation of the Development and Finance Committee and approve the Financing Plan by acceptance of the PNC term sheet by Scattered Site Two Development Corporation including providing a guarantee of the loan.
MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Kayrine Brown, Director, Mortgage Finance
      Andrew Zaleski, Housing Acquisitions Manager

RE: Approval of Financing Plan for Scattered Site Two Development Corporation

DATE: January 9, 2013

STATUS: Committee Report: Deliberation X

OVERALL OBJECTIVE:
To obtain Commission approval of a financing plan to raise capital for the financing and rehabilitation of 54 scattered site units located throughout Montgomery County, Maryland (the “Project”).

BACKGROUND:
The Project, including scope of rehabilitation, projected rent levels, and projected sources was approved by the Commission at its August 6, 2011 meeting. The approved development plan included 54 units currently within two programs, Montgomery Homes Limited Partnership (MHLP) I and Moderately Priced Dwelling Unit (MPDU) 2004. See attached map for locations. The Development and Finance Committee met on December 14, 2012 and agreed to recommend this financing plan to the full Commission.

This refinancing is the smaller of two scattered site financing plans included in a development plan approved by the Commission at the August 6, 2011 meeting. Also approved was a Disposition Plan approving the sale of the 13 units from MHLP I plus an additional 40 units from other programs. The refinancings were to be completed in two stages. The first, financing of Scattered Site One Development Corporation, was completed in July 2012. However, the second financing consisting of MPDU 2004 and MHLP I was ineligible for tax-exempt bond financing; therefore, staff contacted several of HOC’s lending partners (Enterprise, TD Bank and PNC Bank, among others) in its continued efforts to obtain favorable financing. Due to the scattered site nature of the 54 unit Project, the listed lenders have been reluctant to provide the requested financing with the exception of PNC Bank, N.A. (PNC).
The financing plan for Scattered Site Two Development Corporation includes an estimated renovation cost of $669,406 ($12,396 per unit including a 10% contingency) and retiring debt of $3,847,183 currently encumbering these programs; the total estimated development cost is $4,677,541. Of the outstanding indebtedness, approximately $701,395 will be allocated to repay the line of credit with PNC for a loan to MHLP I using $314,419 of sales proceeds from the sale of 13 MHLP I units and $386,976 of new mortgage proceeds. Eleven of the 13 units to be sold have closed as of January 1, 2013 resulting in $2.18 million in sales proceeds. Two additional units remain to be sold. The balance of the total debt, $3,145,788, exists on the MPDU/Property Acquisition Fund (Revolving Fund) which DHCA has extended several times (most-recently through October 31, 2013 which will also be repaid from loan proceeds). The Revolving Fund is available to HOC pursuant to the County’s Capital Improvements Program. It requires that loans drawn be repaid within two years and, although the County has waived this requirement at HOC’s request, DHCA has been pressuring HOC to find a permanent solution. There is also an existing amortizing DHCA loan with a current balance of approximately $701,528 which will need to be subordinated to the new PNC Bank loan but not be repaid from the proposed financing proceeds.

The chart below compares the approved development budget and current project costs:

<table>
<thead>
<tr>
<th>Sources</th>
<th>Commission Aug-11</th>
<th>Revised Dec-12</th>
<th>Variance</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Refinancing Proceeds</td>
<td>$3,224,100</td>
<td>$4,363,123</td>
<td>$1,139,023</td>
<td>PNC Commitment for up to $4.9mm</td>
</tr>
<tr>
<td>MHLP I Debt Owed 13 Units Sold</td>
<td>$314,419</td>
<td>$314,419</td>
<td>$0</td>
<td>Debt Payoff 13 Units Sold MHLP I</td>
</tr>
<tr>
<td>Equity from Sales</td>
<td>$1,302,561</td>
<td>$0</td>
<td>($1,302,561)</td>
<td>No longer required due to larger loan</td>
</tr>
<tr>
<td>Total Sources</td>
<td>$4,841,080</td>
<td>$4,677,541</td>
<td>($477,557)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehabilitation Costs</td>
<td>$738,327</td>
<td>$669,406</td>
<td>($68,921)</td>
<td>Per GC Contract Actual vs Estimate</td>
</tr>
<tr>
<td>Financing and Closing Costs</td>
<td>$62,412</td>
<td>$82,720</td>
<td>$20,308</td>
<td>Larger loan now vs Aug 2011</td>
</tr>
<tr>
<td>Third Party Consultants</td>
<td>$59,884</td>
<td>$15,000</td>
<td>$44,884</td>
<td>Cost cert only, no third party reports</td>
</tr>
<tr>
<td>Relocation</td>
<td>$27,000</td>
<td>$27,000</td>
<td>$0</td>
<td>-</td>
</tr>
<tr>
<td>Reserves / Operating Deficits</td>
<td>$53,197</td>
<td>$0</td>
<td>($53,197)</td>
<td>None required per PNC</td>
</tr>
<tr>
<td>Other</td>
<td>$38,690</td>
<td>$36,232</td>
<td>($2,458)</td>
<td></td>
</tr>
<tr>
<td>Existing Debt Repayment</td>
<td>$3,861,572</td>
<td>$3,847,183</td>
<td>($14,389)</td>
<td></td>
</tr>
<tr>
<td>Total Uses</td>
<td>$4,841,081</td>
<td>$4,677,541</td>
<td>($163,540)</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surplus</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plus: Actual Sales Proceeds 11 Units</td>
<td>$2,178,391</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus Est. Proceeds 2 Unsold Units</td>
<td>$321,190</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus</td>
<td>$2,499,491</td>
<td></td>
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</tbody>
</table>

The proposed financing plan anticipates the issuance of a mortgage for up to $4,900,000 from PNC; however, the mortgage will be sized at closing and is expected to be approximately $4,363,123. PNC provided a draft term sheet on December 5, 2012 which will require that the borrower be a single asset mortgagor. To meet that requirement and to position the transaction for a third quarter FY13 closing, the
Commission approved the creation of Scattered Site Two Development Corporation (the “Corporation”) on December 5, 2012 and the transfer of its ownership interests in the properties to this new entity. The Articles of Incorporation have been executed and filed with the State.

The Commission would be required to guarantee the loan. Many of the expenses and unfavorable covenants associated with the loan were removed if this guarantee is available. Staff has evaluated the transaction and has determined the impact on the agency’s general obligation borrowing capacity is negligible. Therefore, staff is recommending that the Commission provide a guarantee for repayment of the loan.

The PNC Proposed Terms and Conditions for loan in an amount up to $4.9 million to refinance existing debt and fund renovations associated with up to 54 units are summarized below:

- **Term:** 10 Years from the date of closing
- **Interest Rate:** 3.66% interest
- **Amortization:** 30 Years
- **Repayment:** Monthly Principal and Interest
- **Prepayment:** No penalty or fee
  - Prepaid amounts cannot be re-borrowed
- **Closing Fee:** None
- **Closing Costs:** PNC costs not to exceed $2,500 paid by borrower
- **Other Fees:**
  - One-time legal not to exceed $20,000
  - Each amendment/modification $2,500 plus legal costs
- **Borrower:** Single Purpose Entity with Commission guarantee of repayment of funds

The Project will annually pay debt service of approximately $239,810 from operations during the term of the loan as reflected in the attached 10-year proforma assuming $4,363,123 is borrowed. At the end of the 10-year loan term, approximately $3.7 million will remain on the PNC loan. Assuming all $4.9 million is initially drawn, annual debt service would be $269,318 and approximately $4.2 million would remain at the end of the 10-year term. A preliminary review by staff of exit strategies indicates that at least $4 million could be raised upon a refinancing in ten years, which would allow for repayment of the PNC debt assuming normal market conditions and less than $4.7 million is borrowed. Staff will continually monitor economic indicators and will return to the Commission with a refinancing recommendation prior to the termination of the loan.

Staff requests that the Commission approve the Financing Plan by acceptance of the PNC term sheet. Once signed, PNC will seek credit approval which will result in a commitment. The terms described above shall remain in effect until February 19, 2013. Loan proceeds will be used to refinance and renovate 54 scattered site units and to pay off $3.8 million in existing debt.
**ISSUES FOR CONSIDERATION:**
Should the Commission approve a financing plan for Scattered Site Two Development Corporation and execute the PNC term sheet, including providing a guarantee of the loan?

**PRINCIPALS:**
Housing Opportunities Commission
Scattered Site Two Development Corporation
PNC Bank, N.A.
Montgomery County Department of Housing and Community Affairs

**BUDGET IMPACT:**
Net cash flow of approximately $222,000 from the properties was originally estimated in the HOC FY13 Operating Budget. With this refinancing, anticipated to close during the third quarter of the FY13, cash flow is reduced to approximately $179,000.

**TIME FRAME:**
Action at the January 9, 2012 meeting of the Commission.

The Development Corporation has been created and the necessary documents filed with the State. The timing of HOC’s transfer of its interest in the Project to the new entity will be dictated by the scheduling of the financing with PNC.

Staff anticipates closing during the third quarter of the 2013 fiscal year.

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**
Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve the financing plan for Scattered Site Two Development Corporation which includes a loan of up to $4.9 million from PNC Bank, N.A., and an HOC guarantee of the loan.
RESOLUTION: RE: Approval of Financing Plan for Scattered Site Two Development Corporation

WHEREAS, at its August 6, 2011 meeting, the Housing Opportunities Commission of Montgomery County approved a refinancing strategy for 286 scattered site units in eight separate ownership entities: Montgomery Homes Limited Partnership (MHLP) I, II, III, IV, V, VI-a, MPDU 2004 and 2007; and

WHEREAS, the refinancing was to be completed in a two-stage process; the first refinancing was completed using tax-exempt bonds in July 2012 and included 190 units formerly within MHLP II through VI-a and MPDU 2007 and the second to include the remaining 54 units currently within MHLP I and MPDU 2004 (the “Project”); and

WHEREAS, the 54 units currently within MHLP I and MPDU 2004 (the “Project”) must be financed from a taxable source; and

WHEREAS, PNC Bank N.A. provided a term sheet for a loan up to $4,900,000 to refinance $3,847,183 in existing debt and fund $669,406 to renovate the Project; and

WHEREAS, this amount is sufficient to fund estimated current total Project costs of $4,677,541; and

WHEREAS, at its December 5, 2012 meeting, the Commission approved the transfer of ownership interests in the 54 units to, and the creation of, Scattered Site Two Development Corporation to meet the term sheet requirement that the borrower be a single asset mortgagor; and

WHEREAS, the Commission will be required to guarantee the loan and it has been determined that the impact on HOC’s borrowing capacity is negligible.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Financing Plan for Scattered Site Two Development Corporation is hereby approved to be funded from the issuance of a loan of up to $4,900,000 from PNC Bank, N.A.

BE IT FURTHER RESOLVED that the Commission will provide a guarantee for repayment of the PNC Bank N.A. loan to Scattered Site Two Development Corporation.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on January 9, 2013.

S
E
A
L

Patrice Birdsong
Special Assistant to the Commission
Housing Opportunities Commission
Combined Stabilized Operations
MHLP I, 2004

Assumptions
- Stabilized Year: 2013
- Rent Growth: 2%
- Other Income & R.R. Growth: 2%
- Expense Growth: 3%
- Vacancy Rate: 5%
- Total Units: 54
- Replacement Reserve: 2%

Combined Stabilized Operations 10-Year Cash Flow

MHLP I, 2004

<table>
<thead>
<tr>
<th>FY Year 1 2013</th>
<th>Total</th>
<th>Per Unit</th>
<th>% of EGI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
<tr>
<td>RENTAL INCOME</td>
<td></td>
<td></td>
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<tr>
<td>Rental Revenue</td>
<td>$816,344</td>
<td>$15,117</td>
<td>103.4%</td>
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<td>Lease: Vacancy/Collection Loss/Concessions</td>
<td>($40,817)</td>
<td>($769)</td>
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<td>NET RENTAL INCOME</td>
<td>$775,527</td>
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<td>98.2%</td>
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<tr>
<td>OTHER INCOME</td>
<td>$14,128</td>
<td>$262</td>
<td>1.8%</td>
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<tr>
<td>TOTAL OTHER INCOME</td>
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<td>EFFECTIVE GROSS INCOME</td>
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<td>OPERATING EXPENSES</td>
<td>$733,024</td>
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<tr>
<td>Replacement Reserve</td>
<td>$71,516</td>
<td>$1,324</td>
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<tr>
<td>TOTAL OPERATING EXPENSES</td>
<td>$444,540</td>
<td>$8,232</td>
<td>56.3%</td>
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<tr>
<td>NET OPERATING INCOME</td>
<td>$345,115</td>
<td>$6,391</td>
<td>43.7%</td>
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<tr>
<td>ANNUAL DEBT SERVICE</td>
<td>$349,723</td>
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<td>43.7%</td>
</tr>
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</table>

ANNUAL DEBT SERVICE
- PNC
  - $269,318
  - DSC PNC
    - 1.30
    - 1.31

NET CASH FLOW AFTER PNC DEBT SERVICE
- DHCA Loan Balance-MPDU 2004: $701,528
- Amount Applied to DHCA Loan (Orig balance $812,000):
  - $24,718
  - Balance to Dev Corp: $55,687

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Deliberation
and/or
Action
APPROVAL OF MANAGEMENT CONTRACT FOR
SOUTHBRIDGE APARTMENTS AND DALE DRIVE APARTMENTS

January 9, 2013

• Southbridge Apartments (formerly Aspen Court Apartments) and Dale Drive Apartments are located in Silver Spring. Southbridge Apartments, built in 1960, is a 39 unit garden apartment community that is in the process of completing comprehensive renovation and initial occupancy with 20 of the 39 units subject to compliance requirements under the Partnership Rental Housing Program. Dale Drive Apartments, built in 1943, is a 10 unit apartment building renovated in 2007 and regulated in accordance with the Housing Choice Voucher (formerly the Section 8) program.

• A Request for Proposals (RFP) was issued in accordance with the HOC Procurement Policy for the management of Tanglewood and Sligo Hills Apartments, Paddington Square Apartments, Dale Drive Apartments, Southbridge Apartments (formerly Aspen Court Apartments) and Manchester Manor (the “Properties”).

• Four property management companies responded to the RFP.

• Staff scored the four candidates in accordance with the RFP criteria and determined that three of the four management companies possessed the basic qualifications to manage the Properties and were scheduled for interviews.

• Based on interviews, a review of submitted management proposals, and pricing, staff scored the results and determined that Equity Management II, LLC is the best candidate for the management of the Properties.

• Staff recommends that the Commission authorize the Executive Director to execute a management contract with Equity Management II, LLC for property management services at Southbridge Apartments and Dale Drive Apartments.
MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Division: Property Management     Staff: Andrew Oxendine: Ext: 39122
      Asset Management                  Jim Miller     Ext. 39178

RE: Approval of Management Contract for Southbridge Apartments and Dale Drive Apartments

DATE: January 9, 2013

STATUS: Consen____ Deliberation  X  Status Report ___ Future Action ___

OVERALL GOAL & OBJECTIVE:
To authorize the Executive Director to execute a management contract with Equity Management II, LLC for property management services at Southbridge Apartments and Dale Drive Apartments.

BACKGROUND:
Southbridge Apartments and Dale Drive Apartments are located in Silver Spring. Southbridge Apartments, built in 1960, is a 39 unit garden apartment community that is in the process of completing comprehensive renovation and initial occupancy. Dale Drive Apartments, built in 1943, is a 10 unit apartment building renovated in 2007 and regulated in accordance with by Project Based Housing Choice Voucher (formerly the Section 8) program.

A Request for Proposals (RFP) was issued in accordance with the HOC Procurement Policy for management of Tanglewood and Sligo Hills Apartments, Paddington Square Apartments, Dale Drive Apartments, Southbridge Apartments (formerly Aspen Court Apartments) and Manchester Manor. The purpose of the RFP was to take advantage of expertise and efficiencies by a third party property management company in marketing strategies, the critical issues associated with compliance, procurement and personnel management to improve customer service, generate increased revenues, provide better control of expenses and provide greater long-term cost effectiveness.

HOC received responses from four management companies.

- Edgewood Management Corporation
- Equity Management II, LLC
• Ross Management Services, Inc.
• Quantum Real Estate Management, LLC, T/A Quantum Property Management

Based on review and scoring of the responses to the RFP criteria, staff determined that three of the four management companies possessed the required qualifications. These three candidates were interviewed and scored in accordance with the interview criteria. Staff considered past experience with similar properties in Montgomery County, experience of key personnel with similar properties, experience with property positioning, capital improvements and major property renovation, demonstrated experience with initial tenant files and ongoing compliance, experience with similar affordable housing providers outside of Montgomery County, references, interview with review panel and proposed fees. Staff also evaluated and considered the ability and experience of each candidate to provide additional services such as renovation management and to provide and manage resident services programs and activity.

Equity Management II, LLC was considered to be best suited to manage Southbridge Apartments and Dale Drive Apartments. Equity Management proposed a management fee of $38.00 per unit per month which includes $1.00 per unit per month for compliance review and assumes the use of Yardi software hosted by HOC.

The management contract will be for a term of three years.

**ISSUES FOR CONSIDERATION:**
Does the Commission wish to authorize the Executive Director to execute a management contract with Equity Management II, LLC for property management services at Southbridge Apartments and Dale Drive Apartments?

**PRINCIPALS:**
HOC and Equity Management II, LLC.

**BUDGET IMPACT:**
The impact of the change in fee structure will be addressed in a budget amendment and incorporated into the Agency FY ’14-15 operating budget currently being developed.

**TIME FRAME:**
For Commission action at its meeting of January 9, 2013

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**
Staff recommends that the Commission authorize the Executive Director to execute a management contract with Equity Management II, LLC for property management services at Southbridge Apartments and Dale Drive Apartments.
RESOLUTION NO. ____  RE: Approval of Management Contract for Southbridge Apartments and Dale Drive Apartments

WHEREAS, the Housing Opportunities Commission issued a Request for Proposals (RFP) for management of Southbridge Apartments and Dale Drive Apartments; and

WHEREAS, based on the criteria included in the RFP and pricing from each of the four companies, a three-member panel of Property Management and Asset Management scored the results and determined that Equity Management II, LLC is the most qualified to manage Southbridge Apartments and Dale Drive Apartments.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission that the Executive Director is hereby authorized to execute a contract for the term of three (3) years with Equity Management II, LLC for property management services at Southbridge and Dale Drive Apartments.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Commission at its meeting conducted on January 9, 2013.

_______________________________
Patrice Birdsong
Special Assistant to the Commission
Future Action
Information Exchange
New Business
Executive Session
Recess
Scattered Site Two
Development
Corporation
At its December 5, 2012 meeting, the Commission authorized the formation of Scattered Site Two Development Corporation (the “Corporation”), a single purpose entity, to acquire the 54 units currently within Montgomery Homes Limited Partnership (MHLP) I and Moderately Priced Dwelling Unit (MPDU) 2004 and passed a resolution approving the Articles of Incorporation.

The Commission also approved the transfer of its ownership interests of the units to the Corporation to refinance the property and undertake renovations.

It is now necessary for the Corporation to hold its initial meeting, approve the Bylaws and elect officers to the Board of Directors and to take certain other actions to effect the transfer of the units.

Staff recommends that the Corporation approve the Bylaws and elect the Chair, Vice-Chair and Chair Pro-Tem as officers to the initial Board of Directors. Staff also recommends the approval of certain actions required by the Corporation which were previously approved by the Commission through separate actions including approval to acquire units, the assumption contracts, approval to enter into renovation agreements, and authorization of the Executive Director on behalf of the Corporation to execute a commitment letter, financing documents and all other documents that may be necessary to complete the transaction.
MEMORANDUM

TO: Scattered Site Two Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Kayrine Brown, Director, Mortgage Finance Ext. 39189
Andrew Zaleski, Housing Acquisitions Manager, Real Estate Ext. 39206

RE: Approval to Acquire Units, Accept the Assignment of Contracts, Enter into Renovation Agreements, Authorization to Execute Commitment Letter and Financing Documents, and Approval of Bylaws and Election of Initial Board of Directors

DATE: January 9, 2013

STATUS: Consent___ Deliberation ___X__ Status Report ___ Future Action____

OVERALL OBJECTIVE:
To obtain approval of bylaws and election of officers for Scattered Site Two Development Corporation (the “Corporation”). To obtain Corporation approval to acquire 54 units, accept assignment of contracts, enter into renovation agreements, and authorize the Executive Director to execute commitment letters, financing documents and all other related documents on behalf of the Corporation.

BACKGROUND:
Scattered Site Two Development Corporation (the “Property”) is a group of 54 scattered site units that are currently owned by Montgomery Homes Limited Partnership (MHLP) I (16 units) and Moderately Priced Dwelling Unit (MPDU) 2004 (38 units). The units are scattered throughout the County and consist mainly of townhomes and condominiums which HOC has purchased over the years under the County’s MPDU program.

On August 3, 2011, the Commission approved a Development Plan for the 54 units in which HOC would renovate the Property using a private bank loan. Staff created a scope of work specific to each unit based on inspections performed by Zavos Architecture and Design. MetroPaving also was approved by the Commission to perform the renovations once the mortgage is closed.

At its December 5, 2012 meeting, the Commission authorized the formation of Scattered Site Two Development Corporation to qualify for the loan and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation have been executed and filed with the State. The Resolution also authorized the Executive Director to convey to the Corporation its full ownership in the Project by special warranty
deed, properly executed and acknowledged by an authorized officer on behalf of the Commission, and filed for record with the Recorder of Deeds for Montgomery County.

At this time, staff is pursuing the refinancing of 54 scattered sites throughout Montgomery County by conveying the properties to the Corporation financed by a loan of up to $4,900,000 pursuant to a term sheet from PNC Bank N.A. The actual loan amount will be determined at closing and will provide funds to repay the existing debt of approximately $3.85 million and fund anticipated renovation costs of approximately $670,000. Development Plan was approved at the August 3, 2011 Commission meeting. All units will be renovated.

The Commission reviewed a Financing Plan for the acquisition and renovation of the Property with financing from PNC Bank, N.A. at its January 9, 2013 meeting.

It is now necessary for the Corporation to conduct the organizational meeting, adopt the Bylaws, and appoint the three Officers to the Corporation’s Board of Directors (the “Board”). The attached Bylaws state that “unless otherwise determined by the corporation, the officers of the corporation shall be the Chair, Vice-Chair and Chair Pro-Tem of the Housing Opportunities Commission.”

Once the Corporation has taken these actions, staff requests that the Corporation approve the acquisition of the units from HOC, accept contract assignments, execute financing documents, and enter into renovation agreements as previously approved by the Commission through separate actions.

In order to accept the conveyance, the Corporation must execute the sales contracts, deeds and other closing documents.

In order to complete the refinancing, the Corporation must accept the loan commitment, enter into a Management Agreement with HOC, accept the transfer of contracts and enter into a PILOT agreement.

In order to begin the renovation, the Corporation must enter into a renovation agreement with a General Contractor. This was approved by the Commission in August 2011.

In addition, the Commission has entered into a number of contracts for third party studies, such as architectural and environmental reports. The Corporation must accept assignment of these contracts and may have to enter into additional third-party agreements with firms such as architects, accountants, inspectors, and engineers as required by the financing. Therefore, the Resolution accompanying this memorandum will also request that the Executive Director be authorized to enter into any and all contracts as may be required to satisfy the conditions of PNC Bank, N.A. financing.

There is no need for a budget presentation at this time because the Corporation is in a non-operational status. However, the Corporation will meet annually to review status
and appoint officers for the coming year. It is anticipated that full budget consideration will be undertaken at a meeting once the units have been transferred.

**ISSUES FOR CONSIDERATION:**
Should the Scattered Site Two Development Corporation approve the bylaws and elect the Chair, Vice-Chair and Chair Pro-Tem of HOC to the Development Corporation’s Board of Directors?

Should the Corporation authorize the purchase of the 54 scattered site units currently within MHLP I and MPDU 2004, the assignment of contracts, enter into renovation agreements, and the execution of commitment letters and financing documents by the Executive Director on behalf of the Corporation?

**PRINCIPALS:**
Housing Opportunities Commission (MHLP I, MPDU 2004)
Scattered Site Two Development Corporation
PNC Bank, N.A.

**BUDGET IMPACT:**
None.

**TIME FRAME:**
Action at the January 9, 2013 meeting of the Scattered Site Two Development Corporation.

**STAFF RECOMMENDATION & DEVELOPMENT CORPORATION ACTION NEEDED:**
Staff recommends the Scattered Site Two Development Corporation adopt a resolution which:

1. Approves the bylaws and election of the Chair, Vice-Chair and Chair Pro-tem of HOC to the Corporation’s Board of Directors.

2. Authorizes and directs the Executive Director to complete the transfer of 54 scattered site units which are currently owned by MHLP I and MPDU 2004 to the Corporation.

3. Authorizes the acceptance of management and other contracts currently existing with the MHLP I and MPDU 2004 units and entering into a PILOT agreement.

4. Authorizes entering into a renovation contract with MetroPaving in an amount not to exceed $670,000.

5. Authorizes the execution of commitment letters and financing documents with PNC Bank, N.A.

6. Provides that the authority conferred to the Executive Director under the resolution will extend to any modifications, amendments and restatements of any agreements, instruments and other writings referred to in the resolution.
SCATTERED SITE TWO DEVELOPMENT CORPORATION

RESOLUTION: RE: Approval to Acquire Units, Accept the Assignment of Contracts, Enter into Renovation Agreements, Authorization to Execute Commitment Letter and Financing Documents, and Approval of Bylaws and Election of Initial Board of Directors

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) adopted the Resolutions authorizing the actions necessary to form the Scattered Site Two Development Corporation (the “Corporation”); and

WHEREAS, the Commission adopted Resolutions authorizing the actions necessary to transfer 54 scattered site units which are currently owned by Montgomery Homes Limited Partnership (MHLP) I and Moderately Priced Dwelling Units (MPDU) 2004 (the “Project”) to the Corporation; and

WHEREAS, the Commission adopted a Resolution authorizing the actions necessary to enter into a renovation agreement with a general contractor; and

WHEREAS, pursuant to the said Resolutions, the Executive Director of the Commission executed Articles of Incorporation and submitted them for approval to the Maryland Department of Assessments and Taxation (“MDAT”); and

WHEREAS, MDAT thereafter accepted and approved the Corporation’s Articles of Incorporation.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Unless otherwise established by resolution of the Corporation, the President, Secretary and Treasurer of the Corporation shall be the Chair, Vice-Chair and Chair Pro-Tem of the Commission respectively from time to time.

2. The Bylaws of the Corporation are approved.

3. The Corporation is authorized to enter into a Contracts of Sale and accept from the Commission a special warranty deed for the properties within the entities known as Montgomery Homes Limited Partnership (MHLP) I and Moderately Priced Dwelling Units (MPDU) 2004 (the “Property”), 54 scattered sites throughout Montgomery County for a purchase price of $3,847,183. This amount may be adjusted depending on the closing date.

4. To finance the purchase, the Corporation is authorized to accept a commitment from PNC Bank, N.A for a loan in an amount not to exceed $4,900,000 (the “Loan”).
5. The Corporation is further authorized:

a. to enter into a contract for the rehabilitation of the Property with MetroPaving to assist in the completion of the rehabilitation,

b. to enter into a Management Agreement with the Commission whereby the Corporation shall employ the Commission to manage the Property and to contract for and supervise the Property,

c. to enter into agreements with professional advisors, technical advisors and other third party consultants, as necessary, to assist in the rehabilitation of the Property and to arrange the necessary financings, and

d. to enter into an Agreement for payment in lieu of taxes with Montgomery County to abate County real estate taxes.

6. The Executive Director is hereby authorized and directed on behalf of the Corporation to execute and deliver any and all documents, including any not specified above, to accomplish the aforesaid transactions with such changes and amendments thereto as the Executive Director may deem appropriate to effectuate the intent and purpose of this Resolution.

7. The Executive Director, on behalf of the Corporation, is authorized to execute the note, deed of trust, regulatory agreement and related loan documents and other documents as may be necessary or desirable to consummate the purchase and the financing transactions. The amount set forth as specified is for purposes of identification only, and the authority granted hereunder to execute the loan documents shall be effective notwithstanding variations between amounts and actual amounts set forth in said documents.

8. This resolution shall take effect immediately.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site Two Development Corporation at a meeting conducted on Wednesday, January 9, 2013.

_____________________________________
S Sally Roman
E Secretary to Board of Scattered Site Two Development Corporation
BYLAWS
OF
SCATTERED SITE TWO DEVELOPMENT CORPORATION

ARTICLE I - OFFICES

The principal office of the corporation in the State of Maryland shall be located in the Town of Kensington, County of Montgomery, Maryland. The corporation may have such other offices, either within or without the State of incorporation as the Board of directors may designate or as the business of the corporation may from time to time require.

ARTICLE II - BOARD OF DIRECTORS

1. GENERAL POWERS.

The business and affairs of the corporation shall be managed by its Board of directors. The directors shall in all cases act as a Board, and they may adopt such rules and regulations for the conduct of their meetings and the management of the corporation, as they may deem proper, not inconsistent with these Bylaws and the laws of this State.

2. NUMBER, TENURE AND QUALIFICATIONS.

The Board of directors shall be selected annually by the Housing Opportunities Commission of Montgomery County. The number of directors of the corporation shall not be less than three (3) all of whom shall be Commissioners. Each director shall hold office until the next annual meeting and until his successor shall have been elected and qualified.

3. REGULAR MEETINGS.

A regular annual meeting of the directors, shall be held without other notice than this bylaw on the first Wednesday of June in each year at the location determined by the Board. The directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

4. SPECIAL MEETINGS.

Special meetings of the directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the directors may fix the place for holding any special meeting of the directors called by them.

5. NOTICE.

Notice of any special meeting shall be given at least three (3) days previously thereto by written notice delivered personally, or by facsimile or mailed to each director at his business address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by facsimile, such notice shall be deemed to be delivered when the facsimile is delivered. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.
6. QUORUM.

At any meeting of the directors, a majority shall constitute a quorum for the transaction of business, but if less than said number is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

7. MANNER OF ACTING.

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the directors. A member of the Board shall be permitted to participate in a meeting by telephone provided all parties can hear the others.

8. NEWLY CREATED DIRECTORSHIPS AND VACANCIES.

Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the Board for any reason shall be filed by decision of the Housing Opportunities Commission of Montgomery County. A director elected to fill a vacancy caused by resignations, death or removal shall be elected to hold office for the unexpired term of his predecessor.

9. REMOVAL OF DIRECTORS.

Any or all of the directors may be removed with or without cause by vote of the Housing Opportunities Commission of Montgomery County.

10. RESIGNATION.

A director may resign at any time by giving written notice to the Board, the president or the secretary of the corporation. Unless otherwise specified in the notice, the resignation shall take effect upon receipt thereof by the Board or such officer, and the acceptance of the resignation shall not be necessary to make it effective.

11. COMPENSATION.

No compensation shall be paid to directors, as such, for their services, but by resolution of the Board a fixed sum and expenses for actual attendance at each regular or special meeting of the Board may be authorized. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

12. PRESUMPTION OF ASSENT.

A director of the corporation who is present at a meeting of the directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting.

13. EXECUTIVE AND OTHER COMMITTEES.

The Board, by resolution, may designate from among its members an executive committee and other committees, each consisting of three or more directors. Each such committee shall serve at the pleasure of the Board.
ARTICLE III - OFFICERS

1. NUMBER.

The officers of the corporation shall be a president, secretary and treasurer, each of whom shall be elected by the directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the directors.

2. ELECTION AND TERM OF OFFICE.

The officers of the corporation to be elected by the directors shall be elected annually at the regular meeting of the directors. Unless otherwise determined by the corporation, the officers of the corporation shall be the Chair, Vice-Chair and Chair Pro-Tem of the Housing Opportunities Commission. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

3. REMOVAL.

Any officer or agent elected or appointed by the directors may be removed by the directors whenever in their judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

4. VACANCIES.

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the directors for the unexpired portion of the term.

5. PRESIDENT.

The president shall be the principal executive officer of the corporation and, subject to the control of the directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the directors. He may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the directors, any deeds, mortgages, bonds, contracts, or other instruments which the directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the directors from time to time. Unless otherwise determined by the corporation, the president shall be the Chair of the Housing Opportunities Commission.

6. SECRETARY.

The secretary shall keep the minutes of the directors' meetings in one or more books provided for that purpose, see that all notices are duly given in accordance with the provisions of these bylaws or as required, be custodian of the corporate records and of the seal of the corporation and in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the directors.
7. **TREASURER.**

If required by the directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the directors shall determine. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with these bylaws and in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president or by the directors. This position can be combined with the office of Secretary. Unless otherwise determined by the corporation, the treasurer shall be the Chair Pro-Tem of the Housing Opportunities Commission.

8. **COMPENSATION.**

No compensation shall be paid to officers but officers shall be reimbursed for their out of pocket costs in performing their functions.

**ARTICLE IV - WAIVER OF NOTICE**

Unless otherwise provided by law, whenever any notice is required to be given to any director of the corporation under the provisions of these bylaws or under the provisions of the articles of incorporation, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

**ARTICLE V - AMENDMENTS**

These bylaws may be altered, amended or repealed and new bylaws may be adopted by a majority vote of the directors at any annual meeting or at any special meeting when the proposed amendment has been set out in the notice of such meeting subject to approval of the Housing Opportunities Commission of Montgomery County.

**ARTICLE VI - CONTRACTS, CHECKS DEPOSITS AND LOANS**

1. **CONTRACTS.**

All contracts of the Corporation shall be subject to the approval of the Housing Opportunities Commission of Montgomery County. The Board of Directors may authorize any officer or officers, agent or agents, or corporate representative or representatives of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.
2. **LOANS, MORTGAGES, BONDS AND NOTES.**

   The Board of Directors shall not enter into any loan, mortgage, bond, promissory note or contract to purchase real property without obtaining the approval of the Housing Opportunities Commission of Montgomery County. The Board of Directors shall obtain the approval of the Housing Opportunities Commission of Montgomery County not more than sixty (60) days in advance of the issue of any bonds, notes or other obligations of the Corporation.

3. **MANAGEMENT.**

   Unless otherwise approved by the Housing Opportunities Commission of Montgomery County, the Corporation shall enter into a management contract with the Housing Opportunities Commission of Montgomery County for all of its property authorizing the Housing Opportunities Commission of Montgomery County to perform all functions necessary for the operation of its property, investment of its funds, the transfer of earnings thereto by grant or otherwise, procurement, contracting, auditing and reporting required by law, these Bylaws or the Articles of Incorporation.

**ARTICLE VII - BOOKS, RECORDS AND ACCOUNTS**

   The Corporation shall keep at its principal office correct and complete books and records of account and minutes of the proceedings of its Board of Directors and its Executive Committee, if any. All books and records of the corporation may be inspected by agents or attorneys of the Housing Opportunities Commission of Montgomery County for any proper purpose at any reasonable time.

**ARTICLE VIII - FISCAL YEAR**

   The fiscal year of the Corporation shall be from July 1 to June 30.

**ARTICLE IX - INDEMNIFICATION**

1. **IN GENERAL.**

   The corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a corporate representative of the Corporation, against expenses, judgments, fines, settlement and other amount actually and reasonably incurred by such person in connection with such proceeding if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, or with respect to a criminal proceeding, had reasonable cause to believe that his or her conduct was unlawful.
2. ACTIONS BY OR IN THE RIGHT OF THE CORPORATION.

The Corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a corporate representative, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation, unless and only to the extent that the court in which such action or suit was brought or any other court of equity in the count where the Corporation has its principal office shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for the expenses which such court shall deem proper.

3. NOT EXCLUSIVE OF OTHER RIGHTS.

The indemnification provided by this Article IX shall continue as to a person who has ceased to be an agent and shall inure to the benefit of the heirs, executors and administrators of such a person. The indemnification provided by this Article IX shall not be deemed exclusive of any other rights to indemnification to which agents may be entitled by contract or otherwise under law.

4. INSURANCE.

The Corporation shall have the power to purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent arising out of the agent's status as such, whether or not the agent could be indemnified by the Corporation under this Article IX.

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Paddington Square
Development Corporation
PADDINGTON SQUARE DEVELOPMENT CORPORATION

APPROVAL OF MANAGEMENT CONTRACT FOR
PADDINGTON SQUARE APARTMENTS

January 9, 2013

- Paddington Square Apartments, located in Silver Spring and built in 1959, is a 165 unit mixed income garden apartment community with comprehensive renovation that was completed in December of 2011.

- A Request for Proposals (RFP) was issued in accordance with the HOC Procurement Policy for the management of Paddington Square Apartments, Dale Drive Apartments, Southbridge Apartments (formerly Aspen Court Apartments) and Manchester Manor (the “Properties”).

- Four property management companies responded to the RFP.

- Staff scored the four candidates in accordance with the RFP criteria and determined that three of the four management companies possessed the basic qualifications to manage the Properties and were scheduled for interviews.

- Based on interviews, a review of submitted management proposals, and pricing, staff scored the results and determined that Equity Management II, LLC is the best candidate for the management of the Properties.

- Staff recommends that the Board of Directors of Paddington Square Development Corporation authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Paddington Square Apartments.
MEMORANDUM

TO: Paddington Square Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Division: Property Management  Staff: Andrew Oxendine: Ext: 39122
      Asset Management  Jim Miller  Ext. 39178

RE: Approval of Management Contract for Paddington Square Apartments

DATE: January 9, 2013

STATUS: Consent ____ Deliberation ____X____ Status Report ____ Future Action ____

OVERALL GOAL & OBJECTIVE:
To authorize the Executive Director of the Housing Opportunities Commission to execute a
management contract with Equity Management II, LLC for property management services at
Paddington Square Apartments.

BACKGROUND:
Paddington Square Apartments, located in Silver Spring and built in 1959, is a 165 unit mixed
income garden apartment community with comprehensive renovation that was completed in
December of 2011.

A Request for Proposals (RFP) was issued in accordance with the HOC Procurement Policy for
management of Paddington Square Apartments, Dale Drive Apartments, Southbridge
Apartments (formerly Aspen Court Apartments) and Manchester Manor. The purpose of the
RFP was to take advantage of expertise and efficiencies by a third party property management
company in marketing strategies, the critical issues associated with compliance, procurement
and personnel management to improve customer service, generate increased revenues,
provide better control of expenses and provide greater long-term cost effectiveness.

HOC received responses from four management companies.

- Edgewood Management Corporation
- Equity Management II, LLC
- Ross Management Services, Inc.
- Quantum Real Estate Management, LLC, T/A Quantum Property Management
Based on review and scoring of the responses to the RFP criteria, staff determined that three of the four management companies possessed the required qualifications. These three candidates were interviewed and scored in accordance with the interview criteria. Staff considered past experience with similar properties in Montgomery County, experience of key personnel with similar properties, experience with property positioning, capital improvements and major property renovation, demonstrated experience with initial tenant files and ongoing compliance, experience with similar affordable housing providers outside of Montgomery County, references, interview with review panel and proposed fees. Staff also evaluated and considered the ability and experience of each candidate to provide additional services such as renovation management and to provide and manage resident services programs and activity.

Equity Management II, LLC was considered to be best suited to manage Paddington Square Apartments. Equity Management proposed a management fee of $38.00 per unit per month which includes $1.00 per unit per month for compliance review and assumes the use of Yardi software hosted by HOC.

The management contract will be for a term of three years.

**ISSUES FOR CONSIDERATION:**
Does the Board of Directors of Paddington Square Development Corporation wish to authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Paddington Square Apartments?

**PRINCIPALS:**
Paddington Square Development Corporation and Equity Management II, LLC.

**BUDGET IMPACT:**
The impact of the change in fee structure will be addressed in a budget amendment and incorporated into the Agency FY’14-15 operating budget currently being developed.

**TIME FRAME:**
For Paddington Square Development Corporation action at its meeting of January 9, 2013

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**
Staff recommends that the Board of Directors of Paddington Square Development Corporation authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Paddington Square Apartments.
RESOLUTION NO. _____        RE: Approval of Management Contract for Paddington Square Apartments

WHEREAS, the Housing Opportunities Commission, on behalf of Paddington Square Development Corporation, issued a Request for Proposals (RFP) for management of Paddington Square Apartments; and

WHEREAS, based on the criteria included in the RFP and pricing from each of the four companies, a three-member panel of Property Management and Asset Management scored the results and determined that Equity Management II, LLC is the most qualified to manage Paddington Square Apartments.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Paddington Square Development Corporation that the Executive Director of the Housing Opportunities Commission is hereby authorized to execute a contract for the term of three (3) years with Equity Management II, LLC for property management services at Paddington Square Apartments.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Paddington Square Development Corporation at its meeting conducted on January 9, 2013.

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Secretary to the Board
Paddington Square Development Corporation
Tanglewood and Sligo Hills Limited Partnership
TANGLEWOOD AND SLIGO LIMITED PARTNERSHIP

APPROVAL OF MANAGEMENT CONTRACT FOR
TANGLEWOOD AND SLIGO HILLS APARTMENTS

January 9, 2013

• Tanglewood and Sligo Hills Apartments, located in Silver Spring and built in 1949 and 1950, is a 132 unit apartment community pending comprehensive renovation and initial 100% Low Income Housing Tax Credit occupancy.

• A Request for Proposals (RFP) was issued in accordance with the HOC Procurement Policy for the management of Tanglewood and Sligo Hills Apartments, Paddington Square Apartments, Dale Drive Apartments, Southbridge Apartments (formerly Aspen Court Apartments) and Manchester Manor (the “Properties”).

• Four property management companies responded to the RFP.

• Staff scored the four candidates in accordance with the RFP criteria and determined that three of the four management companies possessed the basic qualifications to manage the Properties and were scheduled for interviews.

• Based on interviews, a review of submitted management proposals, and pricing, staff scored the results and determined that Equity Management II, LLC is the best candidate for the management of the Properties.

• Staff recommends that the Board of Directors of Tanglewood and Sligo Limited Partnership authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Tanglewood and Sligo Hills Apartments.
MEMORANDUM

TO: Tanglewood and Sligo Limited Partnership

VIA: Stacy L. Spann, Executive Director

FROM: Division: Property Management  Staff: Andrew Oxendine: Ext: 39122
Asset Management  Jim Miller  Ext. 39178

RE: Approval of Management Contract for Tanglewood and Sligo Hills Apartments

DATE: January 9, 2013

STATUS: Consent ____ Deliberation ____ Status Report ___ Future Action ___

OVERALL GOAL & OBJECTIVE:
To authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Tanglewood and Sligo Hills Apartments.

BACKGROUND:
Tanglewood and Sligo Hills Apartments, located in Silver Spring and built in 1949 and 1950, is a 132 unit apartment community pending comprehensive renovation and a 100% Initial Low Income Housing Tax Credit property pursuant to Section 42 of the Internal Revenue Code.

A Request for Proposals (RFP) was issued in accordance with the HOC Procurement Policy for management of Tanglewood and Sligo Hills Apartments, Paddington Square Apartments, Dale Drive Apartments, Southbridge Apartments (formerly Aspen Court Apartments) and Manchester Manor. The purpose of the RFP was to take advantage of expertise and efficiencies by a third party property management company in marketing strategies, the critical issues associated with first year and ongoing Low Income Housing Tax Credit compliance, procurement and personnel management to improve customer service, generate increased revenues, provide better control of expenses and provide greater long-term cost effectiveness.

HOC received responses from four management companies.

- Edgewood Management Corporation
- Equity Management II, LLC
- Ross Management Services, Inc.
- Quantum Real Estate Management, LLC, T/A Quantum Property Management
Based on review and scoring of the responses to the RFP criteria, staff determined that three of the four management companies possessed the required qualifications. These three candidates were interviewed and scored in accordance with the interview criteria. Staff considered past experience with similar properties in Montgomery County, experience of key personnel with similar properties, experience with property positioning, capital improvements and major property renovation, demonstrated experience with initial tenant files and ongoing compliance, experience with similar affordable housing providers outside of Montgomery County, references, interview with review panel and proposed fees. Staff also evaluated and considered the ability and experience of each candidate to provide additional services such as renovation management and to provide and manage resident services programs and activity.

Equity Management II, LLC was considered to be best suited to manage Tanglewood and Sligo Hills Apartments. Equity Management proposed a management fee of $38.00 per unit per month which includes $1.00 per unit per month for compliance review and assumes the use of Yardi software hosted by HOC.

The management contract will be for a term of three years.

**ISSUES FOR CONSIDERATION:**
Does the Board of Directors of Tanglewood and Sligo Limited Partnership wish to authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Tanglewood and Sligo Hills Apartments?

**PRINCIPALS:**
Tanglewood and Sligo Limited Partnership and Equity Management II, LLC.

**BUDGET IMPACT**
The impact of the change in fee structure will be addressed in a budget amendment and incorporated into the Tax Credit CY ‘14-15 operating budget.

**TIME FRAME:**
For Tanglewood and Sligo Limited Partnership action at its meeting of January 9, 2013

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**
Staff recommends that the Board of Directors of Tanglewood and Sligo Limited Partnership authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Tanglewood and Sligo Hills Apartments.
TANGLEWOOD AND SLIGO LIMITED PARTNERSHIP

RESOLUTION NO. ____  RE: Approval of Management Contract for Tanglewood and Sligo Hills Apartments

WHEREAS, the Housing Opportunities Commission, on behalf of Tanglewood and Sligo Limited Partnership, issued a Request for Proposals (RFP) for management of Tanglewood and Sligo Hills Apartments; and

WHEREAS, based on the criteria included in the RFP and pricing from each of the four companies, a three-member panel of Property Management and Asset Management scored the results and determined that Equity Management II, LLC is the most qualified to manage Tanglewood and Sligo Hills Apartments.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Tanglewood and Sligo Limited Partnership that the Executive Director of the Housing Opportunities Commission is hereby authorized to execute a contract for the term of three (3) years with Equity Management II, LLC for property management services at Tanglewood and Sligo Hills Apartments.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Tanglewood and Sligo Hills Limited Partnership at its meeting conducted on January 9, 2013.

S E C R E T A R Y  T O  T H E  B O A R D

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Secretary to the Board
Tanglewood and Sligo Limited Partnership
Manchester Manor Apartments
Limited Partnership
MANCHESTER MANOR APARTMENTS LIMITED PARTNERSHIP

APPROVAL OF MANAGEMENT CONTRACT FOR MANCHESTER MANOR APARTMENTS

January 9, 2013

- Manchester Manor Apartments, located in Silver Spring and built in 1959, is a 53 unit six-story mid-rise apartment building with 48 of the 53 units being Low Income Housing Tax Credit occupancy.

- A Request for Proposals (RFP) was issued in accordance with the HOC Procurement Policy for the management of Manchester Manor Apartments, Paddington Square Apartments, Dale Drive Apartments, Southbridge Apartments (formerly Aspen Court Apartments) and Manchester Manor (the “Properties”).

- Four property management companies responded to the RFP.

- Staff scored the four candidates in accordance with the RFP criteria and determined that three of the four management companies possessed the basic qualifications to manage the Properties and were scheduled for interviews.

- Based on interviews, a review of submitted management proposals, and pricing, staff scored the results and determined that Equity Management II, LLC is the best candidate for the management of the Properties.

- Staff recommends that the Board of Directors of Manchester Manor Apartments Limited Partnership authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Manchester Manor Apartments.
TO: Manchester Manor Apartments Limited Partnership

VIA: Stacy L. Spann, Executive Director

FROM: Division: Property Management  Staff: Andrew Oxendine: Ext: 39122
        Asset Management  Jim Miller  Ext. 39178

RE: Approval of Management Contract for Manchester Manor Apartments

DATE: January 9, 2013

STATUS: Consent ____ Deliberation ____ Status Report ____ Future Action ____

OVERALL GOAL & OBJECTIVE:
To authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Manchester Manor Apartments.

BACKGROUND:
Manchester Manor Apartments, located in Silver Spring and built in 1959, is a 53 unit six-story mid-rise apartment building with 48 of the 53 units being regulated by the Low Income Housing Tax Credit provisions of Section 42 of the Internal Revenue Code.

A Request for Proposals (RFP) was issued in accordance with the HOC Procurement Policy for management of Manchester Manor Apartments, Paddington Square Apartments, Dale Drive Apartments, Southbridge Apartments (formerly Aspen Court Apartments) and Manchester Manor. The purpose of the RFP was to take advantage of expertise and efficiencies by a third party property management company in marketing strategies, the critical issues associated with compliance, procurement and personnel management to improve customer service, generate increased revenues, provide better control of expenses and provide greater long-term cost effectiveness.

HOC received responses from four management companies.

• Edgewood Management Corporation
• Equity Management II, LLC
• Ross Management Services, Inc.
• Quantum Real Estate Management, LLC, T/A Quantum Property Management
Based on review and scoring of the responses to the RFP criteria, staff determined that three of the four management companies possessed the required qualifications. These three candidates were interviewed and scored in accordance with the interview criteria. Staff considered past experience with similar properties in Montgomery County, experience of key personnel with similar properties, experience with property positioning, capital improvements and major property renovation, demonstrated experience with initial tenant files and ongoing compliance, experience with similar affordable housing providers outside of Montgomery County, references, interview with review panel and proposed fees. Staff also evaluated and considered the ability and experience of each candidate to provide additional services such as renovation management and to provide and manage resident services programs and activity.

Equity Management II, LLC was considered to be best suited to manage Manchester Manor Apartments. Equity Management proposed a management fee of $38.00 per unit per month which includes $1.00 per unit per month for compliance review and assumes the use of Yardi software hosted by HOC.

The management contract will be for a term of three years.

**ISSUES FOR CONSIDERATION:**
Does the Board of Directors of Manchester Manor Apartments Limited Partnership wish to authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Manchester Manor Apartments?

**PRINCIPALS:**
Manchester Manor Apartments Limited Partnership and Equity Management II, LLC.

**BUDGET IMPACT:**
The impact of the change in fee structure will be addressed in a budget amendment and incorporated into the Tax Credit CY ’14-15 operating budget.

**TIME FRAME:**
For Manchester Manor Apartments Limited Partnership Board action at its meeting of January 9, 2013

**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**
Staff recommends that the Board of Directors of Manchester Manor Apartments Limited Partnership authorize the Executive Director of the Housing Opportunities Commission to execute a management contract with Equity Management II, LLC for property management services at Manchester Manor Apartments.
MANCHESTER MANOR APARTMENTS LIMITED PARTNERSHIP

RESOLUTION NO. _____  RE: Approval of Management Contract for Manchester Manor Apartments

WHEREAS, the Housing Opportunities Commission, on behalf of Manchester Manor Apartments Limited Partnership, issued a Request for Proposals (RFP) for management of Manchester Manor Apartments; and

WHEREAS, based on the criteria included in the RFP and pricing from each of the four companies, a three-member panel of Property Management and Asset Management scored the results and determined that Equity Management II, LLC is the most qualified to manage Manchester Manor Apartments.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Manchester Manor Apartments Limited Partnership that the Executive Director of the Housing Opportunities Commission is hereby authorized to execute a contract for the term of three (3) years with Equity Management II, LLC for property management services at Manchester Manor Apartments.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Manchester Manor Apartments Limited Partnership at its meeting conducted on January 9, 2013.


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Secretary to the Board
Manchester Manor Apartments Limited Partnership
Executive Session