The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, October 5, 2016 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:10 p.m. Those in attendance were:

**Present**  
Sally Roman, Chair  
Jackie Simon, Vice Chair  
Christopher Hatcher  
Linda Croom  
Pamela Byrd

**Absent**  
Richard Y. Nelson, Jr.  
Margaret McFarland

**Also Attending**  
Kayrine Brown, Acting Executive Director  
Shauna Sorrells  
Fred Swan  
Vivian Benjamin  
Patrick Mattingly  
Gail Willison  
Hyunsok “Wilson” Choi  
Erin Bradley  
Ugonna Ibebuchi  
Angela McIntosh-Davis  
Natalie Kaplan  
Bobbie DaCosta  
Jennifer Arrington

**Resident Advisory Board**  
Yvonne Caughman

**IT Support**  
Irma Rodriquez

**Kelly McLaughlin, General Counsel**  
**Nowelle Ghahhari, Deputy General Counsel**  
**Ian Williams**  
**Lorie Seals**  
**Zachary Marks**  
**Jim Atwell**  
**Shala Rafiq**  
**Arthur Tirsky**  
**Lynn Hayes**  
**Ethan Cohen**  
**John Vass**  
**Brian Kim**  
**Bonnie Hodge**

**Guest**  
Paul Kapfer, University of Maryland  
Tricia Butureza, HOC Client  
JoAnn Nickles, HOC Client  
Phyllis Shaw, HOC Client
Commission Support
Patrice Birdsong

The meeting began with approval of the Consent Calendar. The Consent Calendar was adopted upon a motion by Commissioner Croom and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, Croom, and Byrd. Commissioners Nelson and McFarland were necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

A. Approval of Minutes of September 7, 2016 - The minutes were approved as submitted
B. Approval of Executive Session Minutes of September 7, 2016 – The minutes were approved as submitted
C. Ratification of Authorization to Award a Contract for Banking Services to PNC Bank, N.A.

Resolution: 16-68R RE: Ratification of Authorization to Award a Contract for Banking Services to PNC Bank, N.A.

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) received on June 20, 2016 five (5) banks’ written proposals for banking services; and

WHEREAS, at an Executive Session held on September 7, 2016, HOC adopted Resolution 16-68ES titled: “Authorization to Award Contract for Banking Services to PNC, Bank, N.A.”; and

WHEREAS, the Commission wishes to demonstrate its support for this authorization and ratify Resolution 16-68ES.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it supports the authorization to award a contract for banking services to PNC Bank, N.A and, hereby, ratifies and affirms.

II. INFORMATION EXCHANGE

A. Report of the Executive Director – Kayrine Brown, Acting Executive Director, acknowledged and congratulated Shauna Sorrells, Director of Legislative and Public Affairs, and team on hosting the first fund raising gala of the Housing
Opportunities Community Partners held on September 26, 2016. Ms. Brown also gave an update on the closing of Alexander House.

B. Calendar and Follow-up Action
None

C. Commissioner Exchange –
- Vice Chair Simon expressed her support of two bills to be introduced by Councilmember Tom Hucker on protecting neighborhoods from vacant and foreclosed properties. She also encouraged the support of the Commission for this bill. Chair Roman suggested that HOC prepare a letter of support.
- Commissioner Croom announced that she will be attending classes at Montgomery College and unable to attend the November 5, 2016 meeting.

D. Resident Advisory Board (RAB) – Ms. Yvonne Caughman, President of the Resident Advisory Board, reported their continued work on the Memorandum of Understanding (MOU).

E. Community Forum – Tricia Butureza, resident, addressed the Board concerning her eviction. At the recommendation of the Acting Executive Director, Jim Atwell, Internal Auditor and Bobbie DaCosta, Director of Property Management, were asked to speak with Ms. Butureza privately.

Joann Nickles, resident, addressed the Board concerning her participation on the Resident Advisory Board, affordable housing concerns and her work with seniors in her community. Fred Swan, Director of Resident Services, was asked to speak with Ms. Nickles regarding guidelines of participation on the Resident Advisory Board.

Phyllis Shaw, Tobytown homeowner, addressed the Board concerning a pipe that burst in a unit adjacent to her home. Kelly McLaughlin, General Counsel, explained to Ms. Shaw the work that had been done to the HOC unit as well as her unit to correct the problem. It was suggested by Chair Roman that Ms. Shaw speak with Jim Atwell, Internal Auditor, privately to discuss her concerns regarding the water bill with WSSC and the work done in both her unit and HOC’s.

F. Status Report – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Budget, Finance and Audit Committee – Com. Nelson, Chair
1. Acceptance of Fourth Quarter FY’16 Budget to Actual Statements
Gail Willison, Chief Financial Officer, and Tiffany Jackson, Budget Officer, were the presenters.

The following resolution was approved upon a motion by Commissioner Hatcher and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, Croom, and Byrd. Commissioners Nelson and McFarland were necessarily absent and did not participate in the vote.

**Resolution: 16-69  Re: Acceptance of Fourth Quarter FY’16 Budget to Actual Statements**

WHEREAS, the budget policy for the Housing Opportunities Commission of Montgomery County states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the Fourth Quarter FY’16 Budget to Actual Statements during its October 5, 2016 meeting; and

WHEREAS, the Agency ended Fiscal Year 2016 with an operating deficit of $503,281; and

WHEREAS, HOC Budget Policy requires the Agency to end the fiscal year with a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes staff to transfer $503,281 from the Opportunity Housing Debt Service Reserve Fund to the General Fund in order to balance the FY’16 Budget.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Fourth Quarter FY’16 Budget to Actual Statements.

2. **Approval of Property Management Contract for 900 Thayer Avenue**

Bobbie DaCosta, Director of Property Management, was the presenter.

The following resolution was approved upon a motion by Commissioner Byrd and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, Croom, and Byrd. Commissioners Nelson and McFarland were necessarily absent and did not participate in the vote.

**RESOLUTION: 16-70  Re: Approval of Property Management Contract for 900 Thayer Avenue**
WHEREAS, the Housing Opportunities Commission issued a Request for Proposals (RFP) for pre-construction consulting services and property management of 900 Thayer Avenue Apartments; and

WHEREAS, based on the criteria included in the RFP and pricing from two responding companies, a panel of staff from Property Management, Finance, Compliance and Real Estate scored the results and determined that Edgewood Management is the most qualified to manage 900 Thayer Avenue.

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 one (1) year, with two (2) one (1) year renewal options, with Edgewood Management for pre-construction consulting and property management services at 900 Thayer Avenue.

B. Development and Finance Committee – Com. Simon, Chair

1. Approval of the Final Development Plan for Alexander House Apartments, Approval of the Acquisition of 122 Units from Alexander House Development Corporation by Alexander House Apartments Limited Partnership, and Authorization for the Executive Director to Enter into an Agreement for the Payment of General Contractor Services from CBP Constructors LLC

Zachary Marks, Assistant Director of New Development and Brian Kim, Housing Acquisitions Manager, were the presenters.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Roman, Simon, Croom and Byrd. Commissioner Hatcher abstained. Commissioners Nelson and McFarland were necessarily absent and did not participate in the vote.

RESOLUTION: 16-71 RE: Approval of the Final Development Plan for Alexander House Apartments, Approval of the Acquisition of 122 Units from Alexander House Development Corporation by Alexander House Apartments Limited Partnership, and Authorization for the Executive Director to Enter Into an Agreement for the Payment of General Contractor Services from CBP Constructors LLC

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, is authorized
thereby to effectuate the purpose of providing affordable housing, including providing financing for the construction of rental housing properties which provide a public purpose; and

WHEREAS, Alexander House Apartments (the “Development”), currently owned by Alexander House Development Corporation (“Development Corporation”), was originally constructed in 1992 at 8560 Second Avenue, near the Silver Spring Metro Station as a single sixteen-story building with 311 units, 203 parking spaces in a tri-level underground parking garage, management offices, maintenance and engineering rooms, as well as a common outdoor pool shared with Elizabeth House Apartments, the property adjacent to the north; and

WHEREAS, the Development is an important element of the redevelopment of Elizabeth Square; and

WHEREAS, the preliminary and project plan for Elizabeth Square, which was approved on July 23, 2015, includes amendments to the Development; and

WHEREAS, minor site plan amendment approval was achieved for the Development on June 9, 2015, incorporating it seamlessly into the overall plan for Elizabeth Square; and

WHEREAS, the certified site plan for the recommended changes included in the preliminary and project plan is anticipated to be approved by November 2016; and

WHEREAS, on February 3, 2016, the Commission approved the selection of an architectural firm to complete the interior design work in preparation for the renovation of the Property and must now select a general contractor to complete said renovation work at the Property; and

WHEREAS, on May 4, 2016, the Commission approved the selection of general contractor contract with CBP Constructors LLC for the renovations of the Development; and

WHEREAS, the approved Preliminary Development Plan and renovation plan includes HOC’s creation of Alexander House Apartments Limited Partnership (the “Partnership”) to acquire 40% of the Property in order to avail of equity raised by the syndication of 4% Low Income Housing Tax Credits and a permanent loan funded from the sale of tax-exempt bonds, insured by FHA pursuant to its Risk Share agreement with HOC, and secured by 40% of the Property; and

WHEREAS, the Partnership was created on July 7, 2016, with HOC as the general partner and the Development Corporation as the initial limited partner; and
WHEREAS, On August 3, 2016 the Commission, acting for itself and for and on behalf of the Partnership, approved the selection of R4 Capital as the Low Income Housing Tax Credit Syndicator for the affordable portion of the Development and authorized the Executive Director to negotiate and enter into a Limited Partnership Agreement with R4 Capital; and

WHEREAS, HOC and the Partnership expect to receive a Letter of Reservation of Federal Low Income Housing Tax Credits from the Maryland Department of Housing and Community Development which will enable the Partnership to raise approximately $15.2 million in equity to pay part of its acquisition and development costs.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as general partner for and on behalf of Alexander House Apartments Limited Partnership, that it hereby:

1. Approves the final development plan with an estimated total cost of $120,194,570 for the entire building, to be allocated approximately $68,013,220 to the Corporation’s portion of the Development and approximately $52,181,350 to the Partnership’s portion.

2. Approves the acquisition of 122 units by Alexander House Apartments Limited Partnership which will be renovated using Low Income Housing Tax Credit equity and serve residents at or below 60% of the area median income (“AMI”) at a pro-rata price of $28,120,000 which represents 40% of the 305 total units which have an appraised value of $70,300,000.

3. Authorizes the Executive Director to either (1) sign the general contractor contract with CBP Constructors LLC for the rehabilitation of the entire building in an amount not to exceed $26,000,000 with the anticipation of being reimbursed by the Development Corporation for its approximately 60% share of the expense, (2) sign a construction contract with CPB Constructors LLC for the rehabilitation of its respective share of the Development for an amount not to exceed $10,400,000, or (3) reimburse the Development Corporation for its respective share of construction costs in the event the Development Corporation executes a construction contract with CBP Constructors LLC for the entire building, depending on which option R4 Capital requires.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its current general partner, that the Executive Director is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.
2. **Approval of a Preliminary Financing Plan for Alexander House Apartments Limited Partnership (the “Partnership”), the Entity that will own and Operate the 122 Low Income Housing Tax Credit Units at Alexander House Apartments (the “Development”)**

Zachary Marks, Assistant Director of New Development, and Vivian Benjamin, Assistant Director of Mortgage Finance, were the presenters.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Roman, Simon, Croom, and Byrd. Commissioner Hatcher abstained. Commissioners Nelson and McFarland were necessarily absent and did not participate in the vote.

**RESOLUTION: 16-72**

**RE: Approval of a Preliminary Financing Plan For Alexander House Apartments Limited Partnership (the “Partnership”), the Entity that will Own and Operate the 122 Low Income Housing Tax Credit Units at Alexander House Apartments (the “Development”)**

**WHEREAS**, the Partnership was created to own 122 units which it will purchase from Alexander House Development Corporation (“Corporation”); and

**WHEREAS**, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) will serve as the general partner of the Partnership; and

**WHEREAS**, the Partnership wishes to borrow construction and permanent financing to rehabilitate the Development and the Commission desires to issue two permanent loan commitments, one to the Partnership and one to the Corporation, to finance the permanent loans for the market-rate and affordable unit portions of the Development in an aggregate amount not to exceed $74,000,000 (“Permanent Loan”); and

**WHEREAS**, the Commission has been approved to participate in the HUD Risk Sharing/Federal Financing Bank (FFB) Risk Sharing Program (“HUD/FFB Risk Sharing Program”), under which transactions processed by the Commission can be financed and FHA-insured upon completion of construction; and

**WHEREAS**, the FFB cannot lock in an interest rate more than 60 days before delivery, but can agree to participate at a rate to be determined in approximately three years or less and the Partnership wishes to investigate the purchase of an interest rate hedge for protection in the event rates should rise above the underwritten rate.

**NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its general partner, that staff is authorized to pursue
short-term construction financing for the Development which will be brought before the Commission for approval.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its general partner, that staff is authorized to arrange permanent takeout loan for the transaction through a permanent loan from the Commission via the HUD/FFB Risk Sharing Program for the Partnership’s portion of the Development, such that, when calculated together with the financing for the market-rate unit portion of the Development, the aggregate amount of permanent financing for the entire Development does not exceed $74,000,000, which proceeds will repay the Development’s construction loans.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its general partner, that staff is authorized to explore the purchase of an interest rate hedge with a highly rated financial institution which will be brought before the Commission for approval.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its general partner, that the Executive Director is hereby authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

3. Authorization to Extend the Current Bond Underwriters’ Contracts for Final Two Years

Kayrine Brown, Chief Investment and Real Estate Officer, was the presenter.

The following resolution was approved upon a motion by Vice Chair Simon and seconded by Commissioner Hatcher. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, Croom, and Byrd. Commissioners Nelson and McFarland were necessarily absent and did not participate in the vote.

RESOLUTION: 16-73

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”), a public body corporate and politic duly created, organized and existing under the laws of the state of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (“Act”), to carry out and effectuate the purpose of providing affordable housing; and
WHEREAS, the Act empowers the Commission to make mortgage loans to qualified sponsors to provide for the construction, rehabilitation and long-term financing of multifamily residential housing units in the County for occupancy by persons of eligible income and to perform any other duties that the Commission considers necessary in carrying out the purposes of the Act; and

WHEREAS, the Commission, in furtherance of the purposes of the Act, has established a program to provide for the financing of mortgage loans through the issuance of its multifamily housing bonds (“Program”); and

WHEREAS, in support of the Program, the Commission entered in contracts in January 2011 with Bank of America Merrill Lynch, Morgan Stanley, RBC Capital Markets, LLC, M&T Securities, Inc., PNC Capital Markets, LLC, and J.P. Morgan Chase (collectively, the “Contracts”) to serve as members of the Commission’s bond underwriting team (“Bond Underwriting Team”) to provide services that enable the structuring and sale of bonds to individual and institutional investors, thereby facilitating access to the capital markets and as such allow the Commission to meet its affordable housing goals; and

WHEREAS, the existing procurement policy allows for the selection of investment banking firms to serve as underwriters for an initial four-year term plus two additional two-year extensions for a maximum contract term of eight years; and

WHEREAS, the Contracts have already been extended one time, for a two year term ending on January 28, 2017, and therefore may be extended for a final two year term ending on January 28, 2019; and

WHEREAS, staff projects that while the single family program may be funded from proceeds of publicly issued debt, all of the multifamily financing activities anticipated in the next two years and in the foreseeable future will be funded with a combination of short-term debt and long-term financing under the FHA Risk Share Federal Financing Bank program, reducing significantly the public issuance of multifamily debt; and

WHEREAS, staff is satisfied with the services provided by the Bond Underwriting Team and after considering the anticipated financing pipeline, recommends extending the Contracts’ terms for two years.

NOW, THEREFORE, BE IT RESOLVED, by the Housing Opportunities Commission of Montgomery County, that it approves a two-year extension of the current contract with Bank of America Merrill Lynch, as senior manager of the bond underwriting team, and approves a two-year extension of the current contracts with Morgan Stanley, RBC Capital Markets, LLC, M&T Securities, Inc., PNC Capital Markets, LLC, and J.P. Morgan Chase as co-managers of the bond underwriting team through January 29, 2019.
IV. **ITEMS REQUIRING DELIBERATION and/or ACTION**
None

V. **FUTURE ACTION ITEMS**
None

VI. **INFORMATION EXCHANGE (CONT’D)**
None

VII. **NEW BUSINESS**
None

VIII. **EXECUTIVE SESSION FINDINGS**
None

Based upon this report and there being no further business to come before this session of the Commission, a motion was made, seconded and unanimously adopted to adjourn.

The meeting adjourned at 5:13 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: 2016Nov02