The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, June 5, 2013 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:32 p.m. Those in attendance were:

**Present**
- Roberto Piñero
- Sally Roman, Vice Chair
- Michael Kator, Chair Pro Tem
- Jean Banks
- Rick Edson
- Pamela Lindstrom
- Michael Wiencek

**Also Attending**
- Stacy Spann, Executive Director
- Ken Tecler, Staff Counsel
- Gail Willison
- Scott Ellinwood
- Belle Seyoum
- Lillian Durham
- Gail Gunod-Green
- Tom DeBrine
- Kayrine Brown
- Jennifer Arrington
- Maria Montero
- Rose Matthews
- Tara Whicker
- Lorie Seal
- Sybil Walston
- Dean Tyree
- Bill Rubin
- Craig Reed
- Charnita Robinson
- Marsha Smith
- Louis Chaney
- Zachary Marks
- Terri Fowler
- Jim Atwell
- Tonya Clark
- Gina Smith
- Joy Flood
- Scott Ewart
- Saundra Boujai
- Diane Morrison
- Christopher Donald
- Richard Hanks
- Vivian Benjamin
- Ellen Goff
- Monica Jarvis
- Ken Goldstraw
- Eugene Spencer
- Darcel Cox
- Emily Dorfman
- Vivian Benjamin
- Tamika Dawkins
- Patrick Mattingly
- Eugenia Pascual
- Patricia Oliver
I. CONSENT ITEMS

(Consent Item – Approval of HOC Relocation Plan was moved to the Deliberation Calendar as a result of Public Hearing)

A. Approval of Minutes
   - Approval of Minutes of Regular Meeting of May 1, 2013 – The minutes were approved as submitted.

B. Approval to Form Greenhills Development Corporation, to Transfer Ownership Interest to the Development Corporation, and to Authorize the Executive Director to Execute all Related Documents – The following resolution was approved.

RESOLUTION: 13-28

WHEREAS, the 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, (the “Act”), and is authorized to carry out and effectuate the purpose of providing affordable housing, including the formation of a development corporation for that purpose; and

WHEREAS, among the properties owned by the Commission is Greenhills Apartments (the “Property”), located at 10560 Tralee Terrace, Damascus, Maryland and consists of 52 townhome and 26 apartment units in 11 buildings; and

WHEREAS, the Commission seeks financing to provide for the rehabilitation of the Property; and
WHEREAS, the financing requires that a single purpose entity own the Project.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that:

A. FORMATION OF THE DEVELOPMENT CORPORATION

1. Intending to create under the Maryland Non-Stock Corporation Law a non-stock non-membership corporation to be known as the Greenhills Development Corporation (the "Corporation"), the Commission authorizes and directs the Executive Director, acting as sole incorporator, to execute and file with the State of Maryland Articles of Incorporation and any amendment thereto, in the name of the Corporation, using the foregoing name or any name substantially similar thereto accepted by the State of Maryland Department of Assessments and Taxation.

2. The Articles of Incorporation shall provide that the initial directors of the Corporation shall be the members of the Commission then in office and that the board of directors shall number at least three (3) persons.

B. AUTHORITY OF COMMISSION TO TRANSFER FEE SIMPLE TITLE TO THE PROJECT TO THE CORPORATION

1. At such time as the Executive Director may deem to be in the best interests of the Commission and the Corporation but, in any case, in coordination with the financing of the Property and prior to the execution of the note and deed of trust evidencing any new or additional financing on the Property, the Commission shall convey to the Corporation its full ownership interests in the Property 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.

C. GENERAL

1. The authority conferred under this Resolution extends as well to any modifications, amendments and restatements of any agreements, instruments and other writings referred to in this Resolution.

II. INFORMATION EXCHANGE

A. Report of the Executive Director – Mr. Spann reported on the following: Wheaton Walking Tour, June 1, Vivian Benjamin represented HOC and spoke about MetroPointe; Extended an invitation to Staff Appreciation Day, June 6 – where tickets to dunk the Executive Director and Director of Human Resources will be sold with all proceeds being donated to Community Partners; Spent half day as Custodian with Younas Yar.
B. **Commissioner Exchange** – Vice Chair Roman extended her appreciation to those who attended and participated on Panels for the Affordable Housing Conference Summit; Chair Pro Tem Kator attended the Grand opening of Magruder’s Community Room/Center; Chair Pinero attended the preview of the film American Winter; Commissioner Banks gave an update on the Resident Advisory Board.

III. **COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

A. **Budget Finance and Audit Committee** – Chair Pro Tem Kator, Chair

1. **Acceptance of Third Quarter FY ’13 Budget to Actual Statements**

   Gail Willison, Chief Financial Officer and Terri Fowler, Budget Officer reported that the Agency ended the third quarter with net cash surplus, resulting in a third quarter positive variance.

   The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.

   **RESOLUTION NO.: 13-29**

   **RE:** Acceptance of Third Quarter FY’13 Budget to Actual Statements

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

   **WHEREAS,** the Commission reviewed the Third Quarter FY’13 Budget to Actual Statements during its June 5, 2013 meeting.

   **NOW, THEREFORE, BE IT RESOLVED** by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY’13 Budget to Actual Statements.

2. **Approval of FY’13 Third Quarter Budget Amendment**

   Gail Willison, Chief Financial Officer and Terri Fowler, Budget Officer reported that the FY’13 Third Quarter Budget Amendment and CY’13 First Quarter Budget Amendment mirror each other in that two properties in the Opportunity Housing Portfolio, Tanglewood and Sligo Hills, were refinanced using Tax Credit equity. This budget amendment will remove the operating and capital budgets for the period of time the properties are no longer in portfolio.
The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.

RESOLUTION NO.: 13-30  
RE: Approval of FY’13 Third Quarter Budget Amendment

WHEREAS, the Housing Opportunities Commission adopted a budget for FY’13 on June 6, 2012; and

WHEREAS, the Commission’s Budget Policy allows for amendments to the budget; and

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY’13 Budget; and

WHEREAS, the net effect of the FY’13 Third Quarter Budget Amendment is a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY’13 Operating Budget by decreasing total revenues and expenses for the Agency from $226.3 million to $225.6 million.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY’13 Capital Budget by decreasing revenues and expenses for the Agency from $35.4 million to $35.3 million.

3. Approval of CY’13 First Quarter Tax Credit Budget Amendment

Gail Willison, Chief Financial Officer and Terri Fowler, Budget Officer reported that Tanglewood and Sligo Hills were refinanced as one property using Tax Credit equity. This amendment will increase the capital budget to reflect the addition of these units in the tax credit portfolio.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Commissioner Wiencek. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.

RESOLUTION NO.: 13-31  
RE: Approval of CY’13 First Quarter Tax Credit Budget Amendment

WHEREAS, the Housing Opportunities Commission adopted the tax credit budget for CY’13 on November 7, 2012; and

WHEREAS, the Commission’s Budget Policy allows for amendments to the budget; and
WHEREAS, the Commission has reviewed the amendment to add the Tanglewood/Sligo Hills LP Budget to the CY’13 Tax Credit Portfolio Budgets.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the CY’13 Tax Credit Portfolio Budgets by increasing both revenues and expenses by $1,468,173 to reflect the addition of these units.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the CY’13 Tax Credit Capital Budget by increasing both revenues and expenses by $51,156 to reflect the addition of these units.

4. Approval to Extend the Use of the PNC Bank Line of Credit to Finance Montgomery Homes Limited Partnership (MHLP) I, VII and Paddington Square Development Corporation Mortgage Loans

Gail Willison, Chief Financial Officer and Belle Seyoum, Controller reported that the two remaining MHLP mortgage loans (MHLP I & VII) and Paddington Square Development Corporation REMIC Loan will expire June 7, 2013. Staff is requesting to extend the maturity dates for another year or a new expiration date of June 7, 2014.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Commissioner Edson. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Edson, Lindstrom and Wiencek. Commissioner Banks was temporarily away and did not participate in the vote.

RESOLUTION: 13-32

WHEREAS, MHLP I, MHLP VII and Paddington Square Development Corporation mortgage loans are currently financed through the PNC Bank Line of Credit which will shortly expire; and

WHEREAS, it is proposed to extend the use of the PNC Bank Line of Credit to finance MHLP I, MHLP VII and Paddington Square Development Corporation mortgage loans for a period not to exceed one year at the monthly LIBOR rate plus 90 basis points; and

WHEREAS, the Commission currently intends and reasonably expects to participate in a tax-exempt borrowing to finance the acquisition/rehabilitation/placing in service of residential/dwelling units for MHLP I, MHLP VII and Paddington Square Development Corporation in an amount not to exceed $60,000,000, all or a portion of which may reimburse the Commission for the portion of such capital expenditures incurred or to be incurred.
subsequent to the date which is 60 days prior to the date hereof but before such borrowing, within 18 months of the date of such capital expenditures or the placing in service of dwelling units, whichever is later (but in no event more than three years after the date of the original expenditure of such moneys); and

WHEREAS, the Commission desires to declare its official intent to reimburse the Commission for capital expenditures with the proceeds of future tax-exempt borrowing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that:

1. The Executive Director is authorized to execute all documents and agreements necessary to continue in effect the use of the current Line of Credit with PNC Bank in an amount not to exceed $7,696,769 for interim financing for MHLP I, MHLP VII and Paddington Square Development Corporation (“the Project”) for a term not to exceed one year with an annual interest rate of one month LIBOR plus 90 basis points. (The current LIBOR interest rate is subject to change and may be higher when the loans are actually financed.) In addition, MHLP I and MHLP VII will be charged by the Commission an interest rate of 6.0% for use of the Line of Credit for the same period to be paid to the General Fund, and Paddington Square Development Corporation will continue to reimburse the General Fund the annual interest rate of one month LIBOR plus 90 basis points being charged by PNC Bank.

2. The Commission presently intends and reasonably expects to participate in a tax-exempt borrowing in an amount not to exceed $60,000,000 within 18 months of the date of the expenditure of moneys for the acquisition/rehabilitation/placing in service of residential/dwelling units or the date upon which the Project is placed in service or abandoned, whichever is later (but in no event more than three years after the date of the original expenditure of such moneys), and to allocate all or a portion of the proceeds thereof to reimburse the Commission for its expenditures in connection with the Projects.

3. The Commission hereby desires to declare its official intent, pursuant to 26 C.F.R. §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission’s future tax-exempt borrowing.

5. Acceptance of CY’12 Tax Credit Audits

Gail Willison, Chief Financial Officer and Belle Seyoum, Controller reported that each of the 15 CY’12 Tax Credit Partnership Property Audits received a standard unqualified audit opinion from the independent certified public accounting firms performing the audit. The Internal Auditor has reviewed each audit.
The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Edson, Lindstrom and Wiencek. Commissioner Banks was temporarily away and did not participate in the vote.

RESOLUTION: 13-33

RE: Acceptance of CY'12 Tax Credit Audits

WHEREAS, the Housing Opportunities Commission of Montgomery County has completed the CY'12 Tax Credit Audits for 15 tax credit partnership properties; and

WHEREAS, a standard unqualified audit opinion was received for all 15 of the CY'12 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission accepts the audits.

6. Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable

Gail Willison, Chief Financial Officer and Belle Seyoum, Controller reported that the proposed bad debt write-off balance for the period of July 1, 2012 through April 30, 2013 has decreased compared to previous ten month write-off amounts.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Commissioner Wiencek. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Edson, Lindstrom and Wiencek. Commissioner Banks was temporarily away and did not participate in the vote.

RESOLUTION NO: 13-34

RE: Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable

WHEREAS, HOC’s current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days; and

WHEREAS, HOC periodically proposes the write-off of uncollected former resident balances which updates the financial records to accurately reflect the receivables and the potential for collection; and

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period July 1, 2012 through April 30, 2013 is $64,264 from Public Housing, $83,225 from
Opportunity Housing, $29,857 from Tax Credit properties, $4,629 from 236 properties and $6,217 from Supportive Housing, totaling $188,192.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that authorization is granted to the Executive Director to write-off bad debt totaling $188,192 related to tenant accounts receivable.

7. Adoption of FY’14 Budget

Gail Willison, Chief Financial Officer and Terri Fowler, Budget Officer reported that there were four (4) meeting held with the Budget, Finance and Audit Committee to review and discuss the budget in detail. The proposed Operating Budget is $229.3 million, a reduction from the Recommended Budget presented on April 3, 2013 as a result of reduced Housing Assistance Payments (HAP) revenue and expenses in the Housing Choice Voucher Program.

The proposed Capital Budget is $40.4 million, an increase from the Recommended Budget presented on April 3, 2013. This increase is the result of two additional development projects – Greenhills Apartments and TPM-Timberlawn.

The Department of Housing and Urban Development is requiring that all Public Housing Authorities implement a Central Office Cost Center (COCC) causing the General Fund to be split into two components to reflect the Agency overhead related to federal programs and corresponding fee income and Agency overhead related to non-federal programs and corresponding Fee Income.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.

RESOLUTION NO: 13-35a RE: Adoption of the FY’14 Budgets, Bond Draw Downs and Transfers

WHEREAS, the Commission needs to adopt a budget based on the current chart of accounts in use before July 1, 2013; and

WHEREAS, the Commission needs to approve the transfer of equity between Agency funds.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget of $229.3 million for FY’14 by fund as attached.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County approves the draw down of bond funds for the Operating Budget as follows:
$1,394,030 from the Multifamily Bond Fund (1984 and 1982 Open Indentures)
$1,939,821 from the Single Family Bond Fund

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County approves the following transfers between funds in order to balance the Operating Budget:

Up to $1,561,184 from the cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY’14 of $40.4 million as attached.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Commissioner Edson. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.

RESOLUTION NO: 13-35b

RE: Adoption of FY’14 Personnel Complement

WHEREAS, in accordance with Section 220 of the Housing Opportunities Commission’s Personnel Policy, the Commission approves, establishes, modifies, or abolishes all positions or classes of positions in the act of adopting the annual budget; and

WHEREAS, the FY’14 Budget supports the positions as listed in the FY’14 Personnel Complement (attached to this resolution).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the FY’14 Personnel Complement with a total of 365.80 work years.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Commissioner Wiencek. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.

RESOLUTION NO: 13-35c

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE “COMMISSION”) DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.
WHEREAS, the Housing Opportunities Commission of Montgomery County (the “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, and authorized thereby to effectuate the purpose of providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of the multifamily rental housing properties which provide a public purpose; and

WHEREAS, the Commission has determined that it is in the best interest of the Commission to make certain capital expenditures on the projects named in this Resolution; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed $17,000,000, all or a portion of which may reimburse the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission’s expenditures within 18 months of the later of the date of such capital expenditures or the date that each of the Projects (as hereinafter defined) is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

WHEREAS, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission’s future tax-exempt borrowing for such projects named in this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION THAT:

Section 1. Declaration of Official Intent. The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to Alexander House, Ambassador, The Barclay, Brookside Glen, Chelsea Towers, Chevy Chase Lake, Dale Drive, Diamond Square, Fairfax Court, Glenmont Crossing, Glenmont Westerly, Greenhills, Holiday Park, Jubilee Hermitage, Jubilee Woodedge, Jubilee Falling Creek, Magruder’s Discovery, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MPDU 2007 Phase II, MPDU I, TPM Development Corporation, The Oaks at Four Corners, Paddington Square, Paint Branch, Pooks Hill High-Rise, Pooks Hill Mid-Rise, Scattered Site One Development Corporation, Scattered Site II Development Corporation, MPDU III, Southbridge, State Rental Combined, Strathmore Court, Tanglewood & Sligo LP, and Westwood Tower and capital improvements to the Commission’s administrative offices and information technology (collectively, the “Projects”) with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account, General Fund Property Reserve Account and from its operating cash, as described and set forth in the Commission’s capital improvements budgets for the Projects.

Section 2. Dates of Capital Expenditures. All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related
to the Projects as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect’s fees, engineering fees, costs of soil testing and surveying).

Section 3. Issuance of Bonds or Notes. The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $17,000,000 will be applied to reimburse the Commission for its expenditures in connection with the Projects.

Section 4. Confirmation of Prior Acts. All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

Section 5. Repeal of Inconsistent Resolutions. All other resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.

Section 6. Effective Date of Resolution. This Resolution shall take effect immediately upon its passage.

B. Development and Finance Committee – Comm. Lindstrom, Chair

1. Authorization to Accept the Transfer of Limited Partnership Interests in Metropolitan of Bethesda Limited Partnership and Use Cash Flow of Metropolitan Development Corporation to pay Exit Taxes of Metropolitan of Bethesda Limited Partnership

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Bill Rubin, Portfolio Manager requested approval to accept the transfer of limited partnership interests in the Partnership and use cash flow of Metropolitan Development Corporation to pay the Exit Taxes of the Partnership.

The following resolution was adopted upon a motion by Vice Chair Roman and seconded by Commissioner Wiencek. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.

RESOLUTION NO: 13-36 RE: Authorization to Accept the Transfer of Limited Partnership Interests in Metropolitan of Bethesda Limited Partnership and Use Cash Flow of Metropolitan Development Corporation to pay Exit Taxes of Metropolitan of Bethesda Limited Partnership

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is 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, and the Agreement by and between the Housing Opportunities Commission of Montgomery County and Montgomery County, Maryland (the “County), effective July 1, 2012, as amended; and

WHEREAS, in 1997, the Commission created a condominium, subject to an air rights lease, to provide for the division of the units in the building between Metropolitan Development Corporation, (the “Corporation”) a corporation wholly controlled by the Commission, and a limited partnership known as Metropolitan of Bethesda Limited Partnership (the “Partnership”), in which the Commission is the General Partner with a 1% interest and an affiliate of M&T Bank is the Limited Partner with a 99% interest; and

WHEREAS, the Partnership receives the benefits of Section 42 of the Internal Revenue Code of 1986 by providing 92 units to persons and families who qualify for housing under the Low Income Housing Tax Credit Program; and

WHEREAS, since the tax credit compliance period ended on December 31, 2012, the Limited Partner has expressed a desire to exit the Partnership by transferring its limited partnership interests to the Commission or an entity controlled by the Commission; and

WHEREAS, during the operation of the Partnership and the units owned by it, annual deficits have been incurred over and above those anticipated at the time of the establishment of the Partnership; and

WHEREAS, the Corporation has funded the annual deficits of the Partnership from cash flow from the operation of units it owns; and

WHEREAS, as a result of the unanticipated losses, upon transfer of the limited partnership interest, an exit tax is due to reflect the additional benefit the Partner received during its participation in the Partnership; and

WHEREAS, under the terms of the Partnership Agreement, the Commission, as General Partner, is obligated to pay certain exit taxes of the Limited Partner of approximately $725,000 in connection with the exercise of the Buyout Option, the most financially advantageous approach available to the General Partner to effectuate a transfer of the limited partnership interest; and

WHEREAS, since the Corporation funded the deficits for the Partnership and the exit tax is a liability of the Partnership caused by the generation of significant annual deficits, the Corporation should fund the exit tax as well; and

WHEREAS, since the Limited Partner received the tax benefits associated with the deficits, a proposal was submitted to the Limited Partner requesting that it fund a substantial portion of the exit taxes; and
WHEREAS, maintaining the Partnership in existence by transferring the Limited Partner’s interest to an entity wholly controlled by the Commission minimizes costs and complexity of execution and preserves capitalization and financing flexibility while developing a longer term plan.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the transfer and assignment of limited partnership interests from the Limited Partner in the Partnership to an entity wholly controlled by the Commission, Tax Credit Holding Company, LLC.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that to complete the transfer and assignment of the limited partnership interests, Metropolitan Development Corporation is authorized to pay, from cash flow from the operation of its units at the Metropolitan, that portion of the exit tax due which is not otherwise funded by the Limited Partner, but not to exceed $725,000.

BE IT FURTHER RESOLVED that the Executive Director is authorized to execute all documents necessary and appropriate to transfer and assign the limited partnership interest of the Limited Partner in the Partnership to an entity wholly controlled by the Commission.

2. Authorization to Accept the Assignment of Limited Partnership Interests from the Limited Partner in Montgomery Homes Limited Partnership (MHLP) VII

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Bill Rubin, Portfolio Manager requested approval to accept the Assignment of Limited Partnership Interests from the Limited Partner in MHLP VII to Tax Credit Holding Company, LLC.

The following resolution was adopted upon a motion by Commissioner Lindstrom and seconded by Commissioner Wiencek. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.

RESOLUTION NO: 13-37 RE: Authorization to Accept the Assignment of Limited Partnership Interests from the Limited Partner in Montgomery Homes Limited Partnership (MHLP) VII

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) is 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, and the Agreement by and between the housing Opportunities Commission of Montgomery County and Montgomery County, Maryland (the “County”), effective July 1, 2012, as amended (together, the “Act”): and
WHEREAS, in 1992, Montgomery Homes Limited Partnership VII ("Partnership") was formed, with the Commission as General Partner and one Limited Partner, to acquire and develop 35 affordable scattered sites (the "Property"), moderately priced dwelling units located in Montgomery County using as a financing vehicle, equity raised from the sale of Low Income Housing Tax Credits (the "LIHTC"); and

WHEREAS, the tax credit compliance period ended on December 31, 2010, and the Limited Partner has expressed a desire to exit the Partnership by assigning its limited partnership interests to the Commission; and

WHEREAS, in January 2013, formal request to the Limited Partner requesting an assignment of its limited partner interests was submitted; and

WHEREAS, in March 2013, the Limited Partner agreed to the assignment of limited partnership interests; and

WHEREAS, on May 17, 2013, the Development and Finance Committee approved the assignment of limited partner interests; and

WHEREAS, maintaining the Partnership in existence minimizes costs and complexity of execution and preserves capitalization and financing flexibility while developing a longer term plan.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the acceptance of the transfer and ownership of assigned limited partnership interests from the Limited Partner in the Partnership to Tax Credit Holding Company, LLC

3. Approval of the Financing Plan for Greenhills Apartments

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Jennifer Arrington, Senior Multifamily Underwriter, requested approval of the proposed financing plan which would allow underwriting process for an FHA Risk Sharing execution.

The following resolution was adopted upon a motion by Commissioner Wiencek and seconded by Commissioner Edson. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.
RESOLUTION NO: 13-38 RE: Approval of the Financing Plan for Greenhills Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is 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, and the Agreement by and between the Housing Opportunities Commission of Montgomery County and Montgomery County, Maryland (the “County”), effective July 1, 2012, as amended (together, the “Act”), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, Greenhills is a 78-unit townhouse and apartment complex located at 10560 Tralee Terrace, Damascus, Maryland which the Commission acquired in 1998; and

WHEREAS, the current financing for the Property was provided by a mortgage in the original principal amount of $4,200,000 in 2008, with funds obtained through the Commission’s 2008 Variable Rate Demand Obligation (VRDO), Series A bonds; and

WHEREAS, the outstanding balance on the loan for the Property is approximately $4,200,000; and

WHEREAS, on March 6, 2013, the Commission approved a Final Development Plan to refinance and renovate the Property and authorized the selection of Hamel Builders to perform the renovation for an amount up to $3.8 million but now the FHA financing requires Davis Bacon wage scale, increasing the renovation cost to an amount up to $4.1 million; and

WHEREAS, a variety of options for permanent fixed-rate financing for the Property have been explored including loans with a Fannie Mae execution and a bond financing approach with mortgage insurance under the FHA Risk Sharing Program (FHA); and

WHEREAS, after the review of the options for financing the Property, it appears that a loan under the FHA Risk Sharing Program offers the best alternative available to the Commission as shown in the financing plan dated June 5, 2013 (the “Financing Plan”) presented to the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Financing Plan for Greenhills Apartments using the proceeds of governmental, tax-exempt bonds with a mortgage insured under the FHA Risk Sharing Program is hereby approved and the underwriting process utilizing that method is to commence.
BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to enter into a contract with Hamel Builders for the renovation of Greenhills with the final price of the contract to be negotiated but not to exceed $4.1 million including an allowance for the Davis-Bacon Act prevailing wages, to the extent deemed necessary. Construction shall not commence until and is contingent upon the completion of financing.

4. Approval of Feasibility and Public Purpose for The Crossing at Olde Towne Apartments Transaction

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Vivian Benjamin, Assistant Director of Mortgage Finance, requested approval of the feasibility and public purpose provided by financing and construction of The Crossing at Olde Towne Apartments. Funding sources will come from tax-exempt bond proceeds and proceeds from sale of a GNMA security. At the end of the loan period, the bond will be redeemed using cash from the GNMA security.

The following resolution was adopted upon a motion by Commissioner Lindstrom and seconded by Commissioner Edson. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.

RESOLUTION NO: 13-39 RE: Approval of Feasibility and Public Purpose for The Crossing at Olde Towne Apartments Transaction

WHEREAS, at its March 13, 2013 meeting upon the recommendation of the Development and Finance Committee, the Commission adopted an Inducement Resolution in the amount of $33 million for The Crossing at Olde Towne, a 199-unit multifamily apartment building to be constructed on a 2.2-acre site at 200 Olde Towne Avenue in Gaithersburg, Maryland; and

WHEREAS, the development will provide 199 (100%) affordable units in Old Town Gaithersburg, all of which will be occupied by households whose income is 60% of the Washington, DC-MD-VA Area Median Income (AMI); and

WHEREAS, the development, as proposed, will be financed using a number of sources including tax-exempt bonds, LIHTC equity, proceeds from the sale of a Ginnie Mae (GNMA) security in the FHA insured mortgage amount, a seller note, and deferred developer fee; and
WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the project and operating projections, this project is believed to be feasible and, by providing 199 units at 60% of the AMI in a submarket that has recently experienced the development of a number of luxury market rate developments, the public purpose to be provided by the development is deemed appropriate.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the staff to proceed with the review and processing of the necessary financing application.

5. Adoption of an Inducement Resolution for The Churchill Senior Living Phase II Apartments Transaction

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Vivian Benjamin, Assistant Director of Mortgage Finance, requested approval of an Inducement Resolution for Churchill Senior Living Phase II Apartments located at 21000 Father Hurley Boulevard. The development will provide 121 affordable units.

The following resolution was adopted upon a motion by Commissioner Lindstrom and seconded by Commissioner Edson. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom and Wiencek.

RESOLUTION NO: 13-40 RE: Adoption of an Inducement Resolution for The Churchill Senior Living Phase II Apartments Transaction

WHEREAS, one of the Public purposes of the Housing Opportunities Commission of Montgomery County (the “Commission”) is to promote the construction of and acquisition of multifamily rental housing developments in Montgomery County to be occupied by eligible persons and families; and

WHEREAS, the Commission is authorized to issue tax-exempt bonds to provide the acquisition, construction and permanent financing for such developments; and

WHEREAS, the Commission has been asked to consider the issuance of tax-exempt bonds to finance the construction loan for a senior housing facility, The Churchill Senior Living Phase II (a 133-unit development located at 21000 Father Hurley Boulevard, Germantown, Montgomery County, Maryland 20874), which is intended for occupancy by seniors ages 62 and over (the “Project”); and

WHEREAS, the Commission sees this financing arrangement as an opportunity to further its goals in meeting said public purposes.
NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes the staff to proceed with the review and processing of the necessary financing application.

BE IT FURTHER RESOLVED that it is the intention of the Commission to issue tax-exempt bonds in the maximum principal amount of $23,000,000 to provide financing for the acquisition and construction financing of the development project. The foregoing represents an expression of intent in order to satisfy the provision of Section 1.150-2 of the United States Income Tax Regulations and is not a commitment by the Commission to issue said bonds. Issuance of said bonds shall: 1) be at the discretion of the Commission, 2) shall be subject to the final satisfactory underwriting and approval of all documents, provisions, covenants, and all other provisions as may be required by the Commission and 3) shall be subject to final acceptance of same by the owner of the project.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. Approval of HOC Relocation Plan

Joy Flood, Director of Housing Resources updated the Commission on the Public Hearing held on June 5, 2013 regarding the Draft Relocation Plan. The draft of the Relocation Plan was published for public comment. The draft was reviewed by members of the Resident Advisory Board. There will be one change regarding flat renter residents. Request to make the Relocation Plan a formal plan.

The following resolution was adopted upon a motion by Vice Chair Roman and seconded by Chair Pro Tem Kator. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom, and Wienczek.

RESOLUTION NO.: 13-41       RE: Approval of HOC Relocation Plan

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to implement the Relocation Plan for the Public Housing Units Approved for Disposition; and

WHEREAS, the Relocation Plan is mandatory under regulation; and

WHEREAS, the Draft Relocation Plan was published on May 6, 2013 and a public hearing was held on June 5, 2013; and

WHEREAS, consideration was given to all comments received.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Commission approves the Relocation Plan.
B. Adoption of Supplemental Resolution to the Resolution Providing for the Issuance of Single Family Mortgage Revenue Bonds of the Housing Opportunities Commission of Montgomery County

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Tom DeBrine, Manager, Single Family Homeownership Program, requested for adoption the Supplemental Resolution to the 1979 Bond Resolution. This will commence with the closing of the 2013 Series ABC Single Family Bond Issuance in June 2013.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Commissioner Lindstrom. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, Lindstrom, and Wiencek.

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Resolution No. 2013-43

SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF

$39,760,000 PRINCIPAL AMOUNT OF SINGLE FAMILY
MORTGAGE REVENUE BONDS, 2013 SERIES A OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

$16,225,000 PRINCIPAL AMOUNT OF SINGLE FAMILY
MORTGAGE REVENUE BONDS, 2013 SERIES B OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

$3,185,000 PRINCIPAL AMOUNT OF SINGLE FAMILY
MORTGAGE REVENUE BONDS, 2013 SERIES C OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Adopted as of June 1, 2013

(Note: Not printed but available in the Office of the Commission)
C. Approval to Select Pennrose Properties, LLC as the Developer for the Redevelopment of Ambassador Apartments

Kayrine Brown, Director of Mortgage Finance/Real Estate Development and Jennifer Arrington, Senior Multifamily Underwriter, presented on the request to select Pennrose Properties, LLC as the developer for the redevelopment of the Ambassador Apartments. Executive Director Spann explained that an RFQ and RFP had been issued to developers that would propose a development plan. Pennrose Properties, LLC was determined to be the most qualified.

The following resolution was adopted upon a motion by Chair Pro Tem Kator and seconded by Vice Chair Roman. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Banks, Edson, and Lindstrom. Commissioner Wieneck recused himself and did not participate in the vote.

RESOLUTION NO.: 13-44 RE: Approval to Select Pennrose Properties, LLC as Developer for the Redevelopment of Ambassador Apartments

WHEREAS, Ambassador Apartments (the “Property”) consists of 162 apartments that are 100% income restricted within the residential component of a seven-story high rise mixed-use condominium located in Wheaton; and

WHEREAS, the Property is owned by a tax credit limited partnership called Wheaton-University Boulevard Limited Partnership (WUBLP); and

WHEREAS, in 2005, the Housing Opportunities Commission (HOD) acquired the 1% general partnership interest in WUBLP through HOC Ambassador, Inc., a stock corporation whose stock is wholly owned by HOC; and

WHEREAS, in 2007, the owner of the commercial/retail component of the Condominium donated a portion of its interest, a single-story commercial building (4,900 square feet) on the first floor, to HOC; and

WHEREAS, in July 2010, M&T Bank, the 99% limited partner in WUBLP, donated its interest in WUBLP to the Commission; and

WHEREAS, on April 27, 2012, a Request for Qualifications (RFQ) followed by a Request for Proposals (RFP) was issued for a developer that will propose a Development Plan; and
WHEREAS, on November 7, 2012, the Commission approved entering into a non-binding Memorandum of Understanding with the commercial condominium and adjacent parcel owner, Willco Companies, to jointly collaborate in the redevelopment of the Property and Willco’s contiguous parcel, to redevelop both properties in a coordinated fashion; and

WHEREAS, the Commission has analyzed nine (9) qualifications submittals during the RFQ phase and three (3) proposals during the RFP phase; and

WHEREAS, Pennrose Properties, LLC was determined to be the most qualified to best deliver the vision of the Commission for this Property by way of an executable development and financing plan.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves the selection of Pennrose Properties, LLC as the developer for the Ambassador Apartments and the commencement of negotiations toward a Development Agreement.

V. NEW BUSINESS

A. Approval of Modifications to the Disposition and Financing Strategies for the 669 Former Scattered Site Public Housing Units

Gail Willison, Chief Financial Officer and Kayrine Brown, Director of Mortgage Finance/Real Estate Development discussed with the Commission approval of modifications to the disposition and financing plans for scope of work for the 669 former Scattered Site Public Housing units. Chair Piñero expressed that he would also like for staff to meet with the RAB to keep them updated and answer any questions or concerns the residents may have.

The following resolution was adopted upon a motion by Vice Chair Roman and seconded by Chair Pro Tem Kator. Affirmative votes were cast by Commissioners Piñero, Roman, Kator, Edson, Lindstrom, and Wieneck. Commissioner Banks abstained from the vote.

RESOLUTION NO.: 13-45

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “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, and authorized thereby to effectuate the purpose of
providing affordable housing, including providing for the acquisition, construction, rehabilitation and/or permanent financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, on June 7, 2011, the Commission approved a plan to submit 1) an application to the HUD Special Application Center for the disposition of its 669 scattered site public housing units and 2) an application for Tenant Protection Vouchers; and

WHEREAS, the plan was approved by HUD on March 8, 2012 subsequent to which HOC began to receive tenant protection vouchers for existing residents, totaling 400 to date and the remaining 269 vouchers are expected to all be received by the fourth quarter of calendar year 2013; and

WHEREAS, HOC’s commitment to the existing residents was to deliver safe, affordable, renovated units that because of insufficient capital funds from HUD were in various states of disrepair and functional obsolescence; and

WHEREAS, for a variety of reasons, HOC’s ability to allocate the vouchers and proceed with full implementation of the disposition plan has been delayed; and

WHEREAS, the plan may now be implemented but with modifications to the financing plan and the implementation of a flexible subsidy strategy as discussed at a Commission work session conducted on May 29, 2013; and

WHEREAS, the Commission is now being asked to fund the rehabilitation plan now, from its balance sheet sources for up to $30,000 per unit (approximately $20 million), repayment of which is expected from 1) future issuance of tax exempt bonds, 2) conventional bank financing, and/or 3) project cash flow over time; and

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed $20,000,000, all or a portion of which may reimburse the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission’s expenditures within 18 months of the later of the date of such capital expenditures or the date that each of the Projects (as hereinafter defined) is placed in service (but in no event more than three years after the date of the original expenditure of such moneys); and

WHEREAS, the Commission hereby desires to declare its official intent, pursuant to Treasury Regulation §1.150-2, to reimburse the Commission for such capital expenditures with the proceeds of the Commission’s future tax-exempt borrowing for such projects named in this Resolution; and
WHEREAS, the Commission is also being asked to approve changes to the subsidy strategy by 1) eliminating project based voucher as a strategy, 2) delivering all vouchers as tenant based vouchers, 3) leasing vacant units as Opportunity Housing units, and 4) creating internal subsidy for those newly over-housed by changes to HOC's payment and occupancy standards.

NOW THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission:

1. **Approval of Loan.** Approves a loan from a combination of Commission sources including the OHRF, the OH Bank Account, and the County Revolving Fund for an amount up to $20,000,000 to fund the renovation cost for the 669 former scattered site public housing units.

2. **Implementation of Flexible Subsidy.** Approves the implementation of a flexible subsidy strategy which eliminates the project based voucher component, implements a tenant based voucher strategy, offers vacant units as Opportunity Housing units, and creates an internal subsidy for those residents who have become over-housed as a result of HOC’s occupancy and voucher payment.

3. **Declaration of Official Intent.** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to 669 Scattered Site former Public Housing Units (the “Project”) with moneys currently contained in its Opportunity Housing Reserve Fund, Opportunity Housing Bank Account, Revolving Fund, and from its operating cash, as described and set forth in the Commission’s approval of interim funding for the renovation of the Project.

4. **Dates of Capital Expenditures.** All of the capital expenditures covered by this Resolution which may be reimbursed with proceeds of tax-exempt borrowings were made not earlier than 60 days prior to the date of this Resolution except preliminary expenditures related to the Projects as defined in Treasury Regulations Section 1.50-2(f)(3) (e.g. architect’s fees, engineering fees, costs of soil testing and surveying).

5. **Issuance of Bonds or Notes.** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $20,000,000 will be applied to reimburse the Commission for its expenditures in connection with the Projects.

6. **Confirmation of Prior Acts.** All prior acts and doings of the officials, agents and employees of the Commission which are in conformity with the purpose and intent of this Resolution, and in furtherance of the Projects, shall be and the same hereby are in all respects ratified, approved and confirmed.

7. **Repeal of Inconsistent Resolutions.** All other resolutions of the Commission or parts of resolutions, inconsistent with this Resolution are hereby repealed to the extent of such inconsistency.
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 6:52 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

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