

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes

June 9, 2021

21-06

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, June 9, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:02 p.m. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Pamela Byrd
Linda Croom
Jeffrey Merkowitz
Jackie Simon

Also Attending

Stacy Spann, Executive Director
Aisha Memon, General Counsel
Zachary Marks
Eamon Lorincz
Christina Autin
Jay Berkowitz
Lynn Hayes
Terri Fowler
Jennifer Arrington
Nathan Bovelle
Ian Hawkins
Jay Shepherd

Kayrine Brown, Deputy Executive Director
Cornelia Kent
Fred Swan
Patrick Mattingly
Renee Harris
Darcel Cox
Nicolas Deandreis
Emma Fiorentino
Marcus Ervin
Paulette Dudley
Claire Kim

COMMISSION SUPPORT

Patrice Birdsong, Spec. Asst. to the Commission

Chair Priest opened the meeting welcoming all to the monthly meeting. There was a roll call of Commissioners participating.

I. **Information Exchange**

Community Forum

- Karen Lundregan – Addressed the Board.

Executive Director's Report

- Nothing additional to add to the written report.

II. **Approval of Minutes** - The minutes were approved as submitted with a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwowitz, and Simon.

- A. **Approval of Minutes of May 5, 2021**
- B. **Approval of Minutes of May 11, 2021 Special Session**
- C. **Approval of Minutes of May 26, 2021 Special Session**
- D. **Approval of Minutes of May 26, 2021 Closed Special Session**
- E. **Approval of Minutes of June 2, 2021 Special Session**

III. **CLOSED AND SPECIAL SESSION RATIFICATION**

- A. **Ratification of Action Taken in Special Session on May 11, 2021:** Holly Hall (Disposition of Land; Acquisition – Ground Lease): Approval of the Sale of Holly Hall of Duffie Companies, Inc., and Authorization for the Executive Director to Execute Ground Lease with Duffie Companies, Inc. of HOC's Holly Hall Property (Post Sale)

The following resolution was adopted upon a motion by Vice Chair Kelleher and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwowitz, and Simon.

RESOLUTION NO.: 21-49R

RE: Approval to Sell Holly Hall Apartments to Hillandale Pad II, LLC and Authorization to Enter into a Ground Lease with Hillandale Pad II, LLC

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"), is the owner of a vacated, to-be-demolished, 96-unit rental property in Hillandale known as Holly Hall Apartments located on approximately 4.35 acres of land at 10110 New Hampshire Avenue, Silver Spring, MD 20903 ("Holly Hall"); and

WHEREAS, HOC is the sole member of HOC at Hillandale Gateway, LLC ("HOC's JV Member"), which is a member of Hillandale Gateway, LLC, the entity that will redevelop the Holly Hall site; and

WHEREAS, the Holly Hall property was approved for an increase in development density via a Sectional Map Amendment, which presents a unique opportunity for HOC to expand its housing presence in the East County, which has seen decades of disinvestment in housing; and

WHEREAS, the Duffie Companies and HOC formed a venture to redevelop Holly Hall where HOC contributes Holly Hall and the Duffie Companies contributes cash, both purchasing respective ownership interests in Hillandale Gateway, LLC; and

WHEREAS, on November 4, 2020, the Commission approved and funded the demolition of Holly Hall, which includes pre-demolition work, the demolition contract, and contingency; and

WHEREAS, on February 18, 2021, the Holly Hall site received site plan approval from the Montgomery County Planning Board for 463 units in two buildings –a 155-unit senior building and a 308-unit multifamily building (“Hillandale Gateway”); and

WHEREAS, on December 4, 2020, the Duffie Companies submitted to HOC an unsolicited offer to commit an increased amount of capital to the transaction by acquiring the Holly Hall property and leasing it back to Hillandale Gateway, LLC (“Sale-leaseback”); and

WHEREAS, the proposed terms of the ground lease component of the Sale-leaseback include a term of ninety-nine years with an option for HOC to purchase the land beginning 18 months prior to the end of the ninety-nine year term and a guaranty by HOC of payment and performance, which guaranty will terminate upon receipt of certificates of occupancy for the improvements and will have a liability cap of ten years of rent payment (the “Guaranty”); and

WHEREAS, the proposed terms of the property acquisition component of the Sale-leaseback include a purchase price of \$5,950,000, which is the value of the land as already established per the existing operating agreement for Hillandale Gateway, LLC between HOC and the Duffie Companies; and

WHEREAS, the Duffie Companies has formed Hillandale Pad II, LLC (“Hillandale Pad II”) to take ownership of Holly Hall; and

WHEREAS, the Sale-leaseback structure will afford HOC greater ownership of Hillandale Gateway as well as increased flexibility in financing Hillandale Gateway.

WHEREAS, at an open Special Session duly called and held on May 11, 2021, with a quorum participating, the Commission duly adopted Resolution 21-49, with Commissioners Priest, Kelleher, Nelson, Merkowitz voting in approval, and Commissioners Simon, Byrd, and Croom being necessarily absent and not participating in the vote;

WHEREAS, by adopting Resolution 21-49, the Commission authorized the Executive Director to execute a purchase and sale agreement in the amount of \$5,950,000 for the sale of Holly Hall to Hillandale Pad II and approved the sale of Holly Hall to Hillandale Pad II, which was expected to occur on or about May 31, 2021;

WHEREAS, by adopting Resolution 21-49, the Commission, on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, authorized the Executive Director to execute a (1) ground lease of Holly Hall that begins at the sale of Holly Hall, for which rent is deferred until the start of construction, at annual rent of 4% of sale price for the first five years of the lease, and at annual rent of 6% of sale price thereafter, and (2) the Guaranty, and otherwise substantially on the terms and conditions identified to the Commission and acceptable to the Executive Director and as advised by counsel; and

WHEREAS, consistent with the Commission’s Second Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in a regular open meeting with a quorum participating, the action undertaken by the Commissioners in adopting Resolution 21-49 and any actions taken since May 11, 2021 to effectuate the actions contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 21-49 and any subsequent actions taken in relation thereto are hereby ratified and affirmed.

IV. **CONSENT**

A. **Approval to Appoint Commissioners to the Board of Directors of Various Development Corporations**

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

RESOLUTION NO.: 21-50

RE: Approval to Appoint Commissioners to the Board of Directors of Various Development Corporations

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) owns various properties through wholly-controlled corporate instrumentalities, including: Alexander House Development Corporation, Barclay Apartments Development Corporation, Brookside Glen Apartments Development Corporation, Diamond Square Development Corporation, Glenmont Crossing Development Corporation, Glenmont Westerly Development Corporation, Magruder’s Discovery Development Corporation, The Metropolitan Development Corporation, Montgomery Arms Development Corporation, Oaks at Four Corners Development Corporation, Paddington Square Development Corporation, Pooks Hill Development Corporation, Rad 6 Development Corporation, Scattered Site One Development Corporation, Scattered Site Two Development Corporation, Sligo Hills Development Corporation, TPM Development Corporation, VPC One Corporation, VPC Two Corporation, and Wheaton Metro Development Corporation (together, the “Corporations”);

WHEREAS, the Bylaws of the Corporations provide that the Board of Directors of the Corporations shall be selected annually by HOC;

WHEREAS, the Commission desires to appoint Roy O. Priest, Fran Kelleher, Richard Y. Nelson, Pamela Byrd, Linda Croom, Jackie Simon, and Jeffrey Merkowitz (each an “Appointee”) to the Board of Directors of the Corporations;

WHEREAS, when an Appointee is no longer an HOC Commissioner (through death, resignation, or otherwise), such Appointee shall be automatically removed from the Board of Directors of the Corporations; and

WHEREAS, in the event a successor Commissioner is appointed to HOC, such Commissioner shall automatically be appointed to the Board of Directors of the Corporations.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County appoints Roy O. Priest, Fran Kelleher, Richard Y. Nelson, Pamela Byrd, Linda Croom, Jackie Simon, and Jeffrey Merkowitz to the Board of Directors of the Corporations.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that when an Appointee is no longer an HOC Commissioner (through death, resignation, or otherwise), such Appointee shall be automatically removed from the Board of Directors of the Corporations, and in the event a successor Commissioner is appointed to HOC, such Commissioner shall automatically be appointed to the Board of Directors of the Corporations.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his designee, is authorized to take any and all other actions necessary and proper to carry out the actions contemplated herein, including the execution of any documents related thereto.

The Commission took a recess at 4:21 p.m. to convene the annual meetings for the development corporations. The Commission reconvened its meeting at 4:40 p.m..

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

A. **Budget, Finance and Audit Committee – Com. Nelson, Chair**

1. **Fiscal Year 2021 Third Quarter Budget to Actual Statements:** Acceptance of Third Quarter Fiscal Year 2021 Budget to Actual Statements

Olutomi Adebo, Assistant Budget Officer, was the presenter.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

Resolution NO.: 21-51

**RE: Acceptance of the Third Quarter
FY'21 Budget to Actual Statements**

WHEREAS, the Budget Policy for the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the Third Quarter FY’21 Budget to Actual Statements during its June 9, 2021 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY’21 Budget to Actual Statements.

2. **Uncollectable Tenant Accounts Receivable:** Authorization to Write-Off Uncollectable Tenant Accounts Receivable (January 1, 2021 – March 31, 2021)

Eugenia Pascual, Controller, was the presenter.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

RESOLUTION NO.: 21-52

**RE: Uncollectible Tenant Accounts Receivable:
Authorization to Write-Off Uncollectible
Tenant Accounts Receivable**

WHEREAS, the current policy of the Housing Opportunities Commission of Montgomery County (“HOC”) is (i) to provide for an allowance for tenant accounts receivable balances that are delinquent for more than ninety (90) days; and (ii) to propose the write-off of former tenant balances;

WHEREAS, staff periodically proposes the write-off of uncollected former tenant 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 of January 1, 2021 – March 31, 2021 is \$67,720, consisting of \$63,267 from Opportunity Housing properties, \$3,699 from Supportive Housing, \$336 from the former Public Housing tenants and \$418 from the RAD properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all actions necessary and proper to write off \$67,720 in uncollectible accounts receivable related to (i) tenant balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

3. Calendar Year 2020 Audits: Acceptance of Calendar Year 2020 Low Income Tax Credit Partnership and Limited Liability Company Audits

Eugenia Pascual, Controller, was the presenter.

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowicz, and Simon.

RESOLUTION NO.: 21-53

**RE: Acceptance of CY 2020 Low Income Tax Credit
Partnerships and Limited Liability Company Audits**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“Commission”), or its wholly-controlled affiliate, is the managing general partner in twelve (12) tax credit partnerships, including: 4913 Hampden Lane Limited Partnership, Alexander House Limited Partnership, Arcola Towers RAD Limited Partnership, Forest Oak Towers Limited Partnership, Greenhills Limited Partnership, Spring Garden One Associates Limited Partnership, Tanglewood and Sligo Limited Partnership, Waverly House RAD Limited Partnership, Wheaton Metro Limited Partnership, 900 Thayer Limited Partnership, Bauer Park Limited Partnership and HOC at the Upton II Limited Liability Company (together, the “Tax Credit Partnerships”);

WHEREAS, the Commission is the managing member and fifty percent (50%) owner of CCL Multifamily LLC (“CCL Multifamily”), which owns The Lindley;

WHEREAS, the calendar year annual audits for the Tax Credit Partnerships and CCL Multifamily have been completed;

WHEREAS, a standard unqualified audit opinion was received from the respective independent certified public accounting firms performing the audits for all of the Tax Credit Partnerships; and

WHEREAS, a standard unqualified audit opinion was received from the independent certified public accounting firm performing the audit for CCL Multifamily.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the CY 2020 audits for the Tax Credit Partnerships and CCL Multifamily.

- 4. Extend the Use of the PNC Bank Line of Credit and the Real Estate Line of Credit to Finance Commission Approved Actions:** Extend the use of the PNC Bank Line of Credit and the Real Estate Line of Credit to Finance Commission Approved Actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC Properties

Eugenia Pascual, Controller, was the presenter.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowicz, and Simon.

RESOLUTION NO.: 21-54

RE: Approval to Extend the Use of PNC Bank N.A. Line of Credit (LOC) and the Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC properties

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) has approved various actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC Properties (together, the “Properties”), which are currently financed through the PNC Bank N.A. Line of Credit (the “LOC”) and the PNC Bank N.A. Real Estate Line of Credit (the “RELOC”);

WHEREAS, staff recommends extending, through June 30, 2022, the use of the LOC at the taxable borrowing rate or the tax exempt rate, and the use of the RELOC at the taxable rate or the tax exempt rate to continue to finance Commission approved actions related to the Properties; and

WHEREAS, the estimated cost, as of March 31, 2021, under the LOC and RELOC is expected to be approximately \$76,625.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending, through June 30, 2022, the use of the PNC Bank N.A. Line of Credit and the PNC Bank N.A. Real Estate Line of Credit to finance various Commission actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, HOC Fenwick & Second

Headquarters, Brooke Park Apartments, Ambassador Apartments, Avondale Apartments and Year 15 LIHTC Properties.

5. Fenton Silver Spring – Property Management Contract: Authorization to Renew the Property Management Contract at Fenton Silver Spring

Millicent Anglin, Asset Manager, was the presenter.

The following resolution was adopted upon a motion by Vice Chair Kelleher and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwitz, and Simon.

RESOLUTION NO.: 21-55

RE: Approval to Renew Property Management Contract for Fenton Silver Spring

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole member of 900 Thayer GP LLC, which is the general partner of 900 Thayer Limited Partnership (“900 Thayer LP”), and 900 Thayer LP owns the development known as Fenton Silver Spring located in Silver Spring, Maryland; and

WHEREAS, staff desires to renew the current property management contract at Fenton Silver Spring with Edgewood Management Corporation for one (1) year through August 29, 2022.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of 900 Thayer GP LLC, as its sole member, on behalf of itself and on behalf of 900 Thayer LP, as its general partner, that the Executive Director of HOC, or his designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Fenton Silver Spring with Edgewood Management Corporation through August 29, 2022.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of 900 Thayer GP LLC, as its sole member, on behalf of itself and on behalf of 900 Thayer LP, as its general partner, that the Executive Director of HOC, or his designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

6. Adoption of the Fiscal Year 2022 Budget

Cornelia Kent, Chief Financial Officer, and Terri Fowler, Budget Officer, were the presenters.

The following resolutions were adopted upon a motion by Vice Chair Kelleher and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwitz, and Simon.

RESOLUTION NO.: 21-56^A

RE: Adoption of the FY’22 Budget, Bond Draw Downs and Transfers

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission” or “Agency”) is required to adopt a budget based on the current chart of accounts in use before July 1, 2021; and

WHEREAS, the Commission is required 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 for FY’22 of \$292.9 million by fund as attached.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves the drawdown of bond funds for the Operating Budget as follows:

- \$ 1,949,687 from the 1996 Multifamily Housing Development Bond (MHDB); and Indenture
- \$ 1,280,866 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture.

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

- Up to \$2,223,845 for FY’22 from the combined cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY’22 of \$431.3 million as attached.

RESOLUTION NO. 21-56^B

RE: Reimbursement Resolution

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 \$440,000,000, *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.

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 the properties as described in the Commission's FY 22 Capital Budget attached, including **Alexander House, Avondale Apartments, The Barclay Apartments, Bauer Park Apartments, Brooke Park Apartments, Brookside Glen, Camp Hill Square Apartments, CDBG-NSP-NCI, Chelsea Towers, Cider Mill Apartments, Dale Drive, Day Care at Lost Knife Road, Deeply Affordable Unit Renovation, Diamond Square Apartments, Elizabeth House III, Fairfax Court, Georgian Court Apartments, Glenmont Crossing, Glenmont Westerly, Hillandale Gateway, Holiday Park, Jubilee Falling Creek, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, King Farm Village Center, Magruder's Discovery, Manchester Manor, Manor at Clopper's Mill, Manor at Colesville, Manor at Fair Hill Farm, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLP VII, MHLP VIII, MHLP IX-Pond Ridge, MHLP IX-Scattered, MHLP X, MPDU 2007 Phase II, MPDU I, MPDU II (TPM), MPDU III, The Oaks at Four Corners, 617 Olney Sandy Spring, Paddington Square, Paint Branch, Pomander Court, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Shady Grove Apartments, Southbridge, State Rental Combined, Strathmore Court, Stewartown Homes, Timberlawn Crescent, Upton II, VPC One, VPC Two, West Side Shady Grove, Westwood Tower, and The Willows** 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 and General Fund Property Reserve Account for these Projects and from its operating cash.

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 \$440,000,000 **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 (other than prior reimbursement resolutions adopted by the Commission for the same Projects included herein) 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 – Com. Simon, Chair

- 1. Georgian Court:** Approval to Select Hamel Builders as General Contractor for the Renovation of Georgian Court Apartments; Approval to Freeze Leasing to Facilitate Renovation; Approval of Request for Additional Predevelopment Funds; Approval to Draw on the PNC Bank, N.A. Line of Credit Fund Costs Related to the Georgian Court Apartments Transaction; and, Ratification of the Formation of Ownership Entities

Hyunsuk Choi, Senior Financial Analyst, was the presenter.

The following resolutions were adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

RESOLUTION NO.: 21-57A

RE: Approval to Select Hamel Builders as General Contractor for the Renovation of Georgian Court Apartments, Approval to Freeze Leasing to Facilitate Renovation, Approval of Request for Additional Predevelopment Funds, and Ratification of the Formation of Ownership Entities

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), is the general partner of Georgian Court Silver Spring Limited Partnership, the owner of Georgian Court Apartments (the “Property”); and

WHEREAS, the Property was originally constructed in 1975 and is a 147-unit Low Income Housing Tax Credit (“LIHTC”) and Section 8 multifamily property that consists of 49 one-bedroom and 98 two-bedroom units; and

WHEREAS, the Property is currently operating under an extended-use covenant, which requires the following set asides: 29 units (Project-Based Section 8 rental assistance) set aside at 50% of area median income (“AMI”), and 118 units set aside at 60% of AMI; and

WHEREAS, HOC’s Procurement Office issued a Request for Proposals (“RFP”) #2237 for construction services for renovation of the Property on February 12, 2021; and

WHEREAS, staff is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents’ units; and

WHEREAS, four (4) respondents submitted qualified packages for the RFP by the deadline of April 12, 2021 that met threshold requirements; and

WHEREAS, Hamel Builders, Inc. (“Hamel”) scored highest in the average of the evaluators’ scores on the criteria with an average score of 84.3%; and

WHEREAS, based on the evaluation of the proposals, staff recommends the selection of Hamel as general contractor for the renovation of the Property and requests authorization of the Executive Director to enter into contract negotiations; and

WHEREAS, staff requests authorization to halt leasing of future vacant units for a total of up 24 units for each phase of renovation for the duration of the renovation; and

WHEREAS, staff requests \$500,000 in additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit (“PNC LOC”) for preparation of a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community Development and to obtain the necessary building permits; and

WHEREAS, the loan will incur interest costs and be repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC; and

WHEREAS, the Commission may make draws on the PNC LOC at a taxable rate equal to London Interbank Offered Rate (“LIBOR”) (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 90 basis points.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the selection of Hamel as the general contractor and authorizes the Executive Director to negotiate a contract for the Georgian Court Apartments transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves to halt leasing of future vacant units for a total of up to a total of 24 vacant units required for each phase of renovation for the duration of the renovation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves an increase in predevelopment funds of \$500,000 from the PNC Bank, N.A. Line of Credit.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County ratifies the formation of wholly-owned special purpose entities to serve as the new Property owner and managing member entities for the transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

RESOLUTION NO: 21-57B

RE: Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund Costs Related to the Georgian Court Apartments Transaction

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), is the general partner of Georgian Court Silver Spring Limited Partnership, the owner of Georgian Court Apartments (the “Property”); and

WHEREAS, the Property was originally constructed in 1975 and is a 147-unit Low Income Housing Tax Credit (“LIHTC”) and Section 8 multifamily property that consists of 49 one-bedroom and 98 two-bedroom units; and

WHEREAS, staff is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents’ units; and

WHEREAS, staff requests \$500,000 in additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit (“PNC LOC”) for preparation of a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community Development and to obtain the necessary building permits; and

WHEREAS, the loan will incur interest costs and be repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC; and

WHEREAS, the Commission may make draws on the PNC LOC at a taxable rate equal to London Interbank Offered Rate (“LIBOR”) (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 90 basis points.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves an increase in predevelopment funds of \$500,000 at a rate of one-month LIBOR plus 90 basis points from the PNC LOC to prepare a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community Development and to obtain the necessary building permits, and that this draw shall have a due date that coterminous with the termination date of the PNC LOC, which is currently January 30, 2022.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

- 2. Shady Grove:** Approval to Select Hamel Builders as General Contractor for the Renovation of Shady Grove Apartments; Approval to Freeze Leasing to Facilitate Renovation; Approval of Request for Additional Predevelopment Funds; Approval to Draw on the PNC Bank, N.A. Line of Credit Fund Costs Related to the Shady Grove Apartments Transaction; and, Ratification of the Formation of Ownership Entities

Hyunsuk Choi, Senior Financial Analyst, was the presenter.

The following resolutions were adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowicz, and Simon.

RESOLUTION NO.: 21-58A

RE: Approval to Select Hamel Builders as General Contractor for the Renovation of Shady Grove Apartments, Approval to Freeze Leasing to Facilitate Renovation, Approval of Request for Additional Predevelopment Funds, and Ratification of the Formation of Ownership Entities

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), is the general partner of Shady Grove Apartments Limited Partnership, the owner of Shady Grove Apartments (the “Property”); and

WHEREAS, the Property was originally constructed in 1977 and is a 144-unit Low Income Housing Tax Credit (“LIHTC”) and Section 8 multifamily property that consists of 45 one-bedroom, 83 two-bedroom, and 16 three-bedroom units; and

WHEREAS, the Property is currently operating under an extended-use covenant, which requires the following set aside: 144 units (100%) (project-based Section 8 rental assistance) set aside at 50% of area median income (“AMI”); and

WHEREAS, HOC’s Procurement Office issued a Request for Proposals (“RFP”) #2246 for construction services for renovation of the Property on March 5, 2021; and

WHEREAS, staff is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents’ units; and

WHEREAS, six (6) respondents submitted qualified packages to the RFP by the deadline of April 23, 2021 that met threshold requirements; and

WHEREAS, Hamel Builders, Inc. (“Hamel”) scored highest in the average of the evaluators’ scores on the criteria with an average score of 96.3%; and

WHEREAS, based on the evaluation of the proposals, staff recommends the selection of Hamel as general contractor for the renovation of the Property and requests authorization of the Executive Director to enter into contract negotiations; and

WHEREAS, staff requests authorization to halt leasing of future vacant units for a total of up to 24 units requested for each phase of renovation for the duration of the renovation; and

WHEREAS, staff requests \$485,000 in additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit (“PNC LOC”) for preparation for a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community Development and to obtain the necessary building permits; and

WHEREAS, the loan will incur interest costs and be repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC; and

WHEREAS, the Commission may make draws on the PNC LOC at a taxable rate equal to London Interbank Offered Rate (“LIBOR”) (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 90 basis points.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the selection of Hamel as general contractor and authorizes the Executive Director to negotiate a contract for the Shady Grove Apartments transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves to halt leasing of future vacant units for a total of up to a total of 24 vacant units required for each phase of renovation for the duration of the renovation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves an increase in predevelopment funds of \$485,000 from the PNC Bank, N.A. Line of Credit.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County ratifies the formation of wholly-owned special purpose entities to serve as the new Property owner and managing member entities for the transaction.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

RESOLUTION NO: 21-58B

RE: Approval to Draw on the PNC Bank, N.A. Line of Credit Fund Costs Related to the Shady Grove Apartments Transaction

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), is the general partner of Shady Grove Apartments Limited Partnership, the owner of Shady Grove Apartments (the “Property”); and

WHEREAS, the Property was originally constructed in 1977 and is a 144-unit Low Income Housing Tax Credit (“LIHTC”) and Section 8 multifamily property that consists of 45 one-bedroom, 83 two-bedroom, and 16 three-bedroom units; and

WHEREAS, staff is looking to do a comprehensive renovation and add significant improvements to energy-efficiency, the common areas, exterior buildings, and the residents’ units; and

WHEREAS, staff requests \$485,000 in additional predevelopment budget to be funded with a loan from the PNC Bank, N.A. Line of Credit (“PNC LOC”) for preparation for a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community Development and to obtain the necessary building permits; and

WHEREAS, the loan will incur interest costs and be repaid from the proceeds of the renovation financing at closing, which are anticipated to be funded from the proceeds of tax-exempt bond issuance by HOC; and

WHEREAS, the Commission may make draws on the PNC LOC at a taxable rate equal to London Interbank Offered Rate (“LIBOR”) (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 90 basis points.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves an increase in predevelopment funds of \$485,000 at a rate of one-month LIBOR plus 90 basis points from the PNC LOC to prepare a Low Income Housing Tax Credit application to be submitted to the Department of Housing and Community Development and to obtain the necessary building permits, and that this draw shall have a due date that coterminous with the termination date of the PNC LOC, which is currently January 30, 2022.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or his designee, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including but not limited to the execution of any and all documents related thereto.

- 3. Strathmore Court:** Authorization to Transfer Units from HOC to Strathmore Court Associates Limited Partnership; Authorization for Strathmore Court Associates Limited Partnership to Accept the Transfer of Units; and, Authorization for Strathmore Court Associates Limited Partnership to Complete the Federal Housing Administration (FHA) Risk Share Refinance

Jennifer Arrington, Acting Director of Mortgage Finance, was the presenter.

The following resolutions were adopted upon a motion by Commissioner Simon and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowicz, and Simon.

RESOLUTION NO.: 2021-59

Re: Authorization to Transfer Units from HOC to Strathmore Court Associates, LP; Authorization for Strathmore Court Associates Limited Partnership to Accept the Transfer of Units; and, Authorization for Strathmore Court Associates Limited Partnership to Complete the FHA Risk Share Refinance

WHEREAS, Strathmore Court at White Flint (“Strathmore Court” or the “Property”), is an existing 202-unit mixed income multifamily community, located at 5440 Marinelli Rd, North Bethesda, Maryland, of which 151 market rate units are owned by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) and 51 affordable units are owned by Strathmore Court Associates Limited Partnership (the “Partnership”), which is 100% controlled by the Commission; and

WHEREAS, on June 3, 2020, the Commission approved several actions related to the Property, including among other things: 1) a Bond Authorizing Resolution under the 1996 Multifamily Housing

Development Bond Resolution (hereinafter the “1996 Indenture”), which refinanced the underlying bonds for Strathmore Court; 2) authorized staff to begin processing an FHA Risk Share mortgage insurance application to obtain credit enhancement of the bonds; and, 3) authorized the transfer of any and/or all assets securing the Property, including amounts pledged under the Multiple Purpose Indenture (the initial financing source for Strathmore Court) and any project-level reserves benefiting the Property, into the 1996 Indenture; and

WHEREAS, in order to obtain FHA Risk Share mortgage insurance, the borrower or mortgagor must be a single purpose ownership entity; and

WHEREAS, staff recommends transferring the units owned by HOC to the Partnership.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes transferring ownership of the Property’s 151 market rate units to Strathmore Court Associates Limited Partnership.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County acting on behalf of itself and on behalf of Strathmore Court Associates Limited Partnership, as its general partner, that (1) the Partnership accepts the transfer of 151 market rate units of the Property, and (2) the Partnership authorizes HOC staff to complete the processing of an FHA Risk Share mortgage insurance application, as borrower, to obtain credit enhancement and complete the refinancing.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, pursuant to the Risk Sharing Agreement between the Commission and the U.S. Department of Housing and Urban Development (“HUD”), shall assume 25% of the risk while HUD shall assume 75% for the transaction.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of the Partnership, as its general partner, that the Executive Director of HOC, or a duly appointed designee of the Executive Director of HOC, is hereby authorized, without any further action on their respective parts, to execute such other documents

Chair Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. The motion was seconded by Vice Chair Kelleher and Commissioners Nelson, Byrd, Croom, Kelleher, Merkowitz, and Simon voted unanimously in approval.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 5:43 p.m. and reconvened in closed session at approximately 5:50 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County’s closed session held on June 9, 2021 at approximately 5:50 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3) and 3-305(b)(13) to discuss the following topics: (1) the acquisition of real property (a single-family home) located in Gaithersburg, Maryland via a purchase and sale agreement (pursuant to Section 3-305(b)(3)); and (2) the confidential commercial and financial terms of the above referenced acquisition provided to HOC from private development partners (pursuant to Section 3-305(b)(13)).

The meeting was closed and the closing statement dated June 9, 2021 was adopted on a motion made by Chair Pro Tem Nelson, seconded by Vice Chair Kelleher, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon unanimously voting in approval. The following persons were present during the closed session: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkowitz, Jackie Simon, Stacy Spann, Kayrine Brown, Aisha Memon, Zachary Marks, Cornelia Kent, Gio Kaviladze, Eamon Lorincz, Marcus Ervin, Ian Hawkins, and Patrice Birdsong.

In closed session, the Commission discussed the below topic and took the following action:

1. **Topic:** The acquisition of a single-family home located in Gaithersburg, Maryland (pursuant to Section 3-305(b)(3)) and the confidential commercial and financial terms of the acquisition provided to HOC from private development partners (pursuant to Section 3-305(b)(13)).
 - a. **Action Taken:** With a quorum present, Commissioners Priest, Nelson, Simon, Kelleher, and Merkowitz approved a non-binding letter of intent to acquire the property or to invest in the acquisition of the property in an amount not to exceed \$600,000, with the condition that staff obtain two appraisals. Commissioners Byrd and Croom abstained. Note: the resolutions presented by staff were not approved.

The closed session was adjourned at 6:32 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: July 7, 2021