

15

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

June 3, 2015

15-06

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, June 3, 2015 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:00 p.m. Those in attendance were:

Present

Sally Roman, Chair
Jackie Simon, Vice Chair
Christopher Hatcher
Margaret McFarland
Richard Y. Nelson, Jr.
Roberto Piñero

Not Present

Jean Banks, Chair Pro Tem

Also Attending

Stacy Spann, Executive Director
Gina Smith
Kayrine Brown
Vivian Benjamin
Fred Swan
Terri Fowler
Rita Harris
Bonnie Hodge
Belle Seyoum
Ugonna Ibebuchi
Shaina Francis
Mary Ellen Ewing
Lynn Hayes
Lorie Seals
Marsha Smith
Lola Knights

Kelly McLaughlin, General Counsel
Jim Atwell
Gail Willison
Elsie Weinstein
Zachary Marks
Hyunsuk Choi
Ken Goldstraw
Ethan Cohen
Patrick Mattingly
Jennifer Arrington
Jay Shepherd
Bobbie DaCosta
Sheryl Hammond
Paul Vinciguerra
Bill Anderson
Gio Kaviladze

RAB

Yvonne Caughman

Commission Support

Patrice Birdsong, Spec. Asst. to Comm.

IT Support
Nick Monaco

The Consent Calendar was adopted upon a motion by Vice Chair Simon and seconded by Commissioner Piñero. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, McFarland, Nelson and Piñero. Commissioner Banks was necessarily absent and did not participate in the vote.

I. **CONSENT ITEMS**

- A. **Approval of Minutes of Regular Meeting of May 6, 2015** – The minutes were approved as submitted.

II. **INFORMATION EXCHANGE**

- A. **Report of the Executive Director** – No additional information was added to the Executive Director's written report.
- B. **Calendar and Follow-up Action** – No changes
- C. **Commissioner Exchange** – Commissioner Hatcher read his prepared statement to recuse himself from all discussions of the Woodfield Commons Development in Damascus, MD.

Vice Chair Simon reported on her walk through of a property purchased and renovated for wheelchair accessibility. CBP is the contractor for the project and Commissioner Simon was quite pleased with their work and knowledge.

Chair Roman and Vice Chair Simon attended the MARC-NAHRO Conference and complimented staff involved in planning the event.

- D. **Resident Advisory Board (RAB)** – Yvonne Caughan attended the meeting and announced that she's in the process of reviewing the By-laws.
- E. **Community Forum** – Gilda Federman, former HOC senior resident, addressed the Board via conference call requesting reinstatement of her housing assistance voucher. The Board upheld staff's decision to deny Ms. Federman's request according to HUD's rules and regulations. Housing Assistance Payment Contracts terminate automatically when 180 calendar days have elapsed of the owners last payment.
- F. **Status Report** – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Budget, Finance and Audit Committee – Commissioner Piñero, Chair

1. Acceptance of Third Quarter FY'15 Budget to Actual Statements

Gail Willison, Chief Financial Officer, and Terri Fowler, Budget Officer, were presenters.

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

Resolution: 15-39

Re: Acceptance of Third Quarter FY'15 Budget to Actual Statements

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

WHEREAS, the Commission reviewed the Third Quarter FY'15 Budget to Actual Statements during its June 3, 2015 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY'15 Budget to Actual Statements.

2. Approval of FY'15 Third Quarter Budget Amendment

Gail Willison, Chief Financial Officer, and Terri Fowler, Budget Officer, were presenters.

The following resolution was adopted upon a motion by Commissioner Piñero and seconded by Vice Chair Simon. Commissioner Nelson suggested that the Budget, Finance & Audit Committee packet memo include in its Timeframe a statement to state *"the Budget Finance and Audit Committee recommendation for the item"*. Commissioners Simon and Piñero confirmed their acceptance to include the statement in future packet items. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, McFarland, Nelson and Piñero. Commissioner Banks was necessarily absent and did not participate in the vote.

Resolution: 15-40

Re: Approval of FY'15 Third Quarter Budget Amendment

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'15 on June 4, 2014; 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'15 Budget; and

WHEREAS, the net effect of the FY'15 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'15 Operating Budget by increasing total revenues and expenses for the Agency from \$247.6 million to \$248.1 million.

3. Acceptance of CY'14 Tax Credit Audits

Gail Willison, Chief Financial Officer, and Belle Seyoum, Controller, were presenters.

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

Resolution: 15-41

Re: Acceptance of CY'14 Tax Credit Audits

WHEREAS, the Housing Opportunities Commission of Montgomery County has completed the CY'14 Tax Credit Audits for 13 tax credit partnership properties; and

WHEREAS, a standard unqualified audit opinion was received for all 13 of the CY'14 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits; and

WHEREAS, the audits for Shady Grove Apartments LP, Manchester Manor Apartments LP and The Willows of Gaithersburg Associates LP have not been finalized due to technical terminations of these partnerships; however, staff is currently reviewing drafts of these audits and there are not findings and no changes are anticipated.

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

4. Authorization to Write-Off Bad Debt Related to Tenant Accounts Receivable

Gail Willison, Chief Financial Officer, and Belle Seyoum, Controller, were presenters.

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

Resolution: 15-42

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 April 1, 2014 through March 31, 2015 is \$1,847 from Public Housing, \$60,908 from Opportunity Housing, \$25,915 from Tax Credit properties, and \$6,301 from Supportive Housing, totaling \$94,971.

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 \$94,971 related to tenant accounts receivable.

5. Authorization to Write-Off Bad Debt Related to the Former Fannie Mae Closing

Gail Willison, Chief Financial Officer, and Kayrine Brown, Chief Investment & Real Estate Officer were presenters.

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

RESOLUTION: 15-43

RE: Authorization to Write-Off Bad Debt Related to the Former Fannie Mae Closing Cost Program

WHEREAS, between 1997 and 2002, the County Closing Cost Program was funded through a series of loans between HOC and Fannie Mae totaling \$8.65 million with the County posting collateral as insurance against potential losses; and

WHEREAS, all loans between HOC and Fannie Mae have been repaid and the residual collateral has been returned to the County when Fannie Mae withdrew from this initiative in 2002; and

WHEREAS, this program is altogether separate from the current Revolving Closing Cost Assistance Program which is funded from the Montgomery County Housing Initiatives Fund; and

WHEREAS, seven loans totaling \$12,377.05 from the program remain outstanding and have been in a delinquent status for many years with no attempts at repayment; and

WHEREAS, HOC funds were not used to make these loans; therefore, no HOC funds are at risk of loss from a write-off and if the said loans were paid any recovered funds would be returned to the County collateral fund.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to write-off the seven loans totaling \$12,377.05 as bad debt related to the Former Fannie Mae Closing Cost Program.

6. Approval of Loans and Advances to Non-HOC Owned Entities as of December 31, 2014 and as of June 30, 2014

Gail Willison, Chief Financial Officer, and Belle Seyoum, Controller, were presenters.

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

RESOLUTION: 15-44

**RE: Approval of Loans and Advances to
Non-HOC Owned Entities as of
December 31, 2014 and as of June 30, 2014**

WHEREAS, in accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties HOC does not own; and

WHEREAS, there was a net decrease in advances for operations to the tax credit partnerships of \$885 as of December 31, 2014; and

WHEREAS, total advances have decreased for 236 properties from \$862,518 on June 30, 2013 to \$689,609 as of June 30, 2014.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves \$39,441,262 in loans and advances to the tax credit partnerships as of December 31, 2014 and \$689,609 in advances to the 236 properties as of June 30, 2014.

7. **Approval to Extend the \$60 Million PNC Bank Line of Credit to Finance for MHLP VII and Fairfax Court Apartments**

Gail Willison, Chief Financial Officer, and Belle Seyoum, Controller, were presenters.

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

RESOLUTION: 15-45

RE: Approval to Extend the \$60 Million PNC Bank Line of Credit to Finance Montgomery Homes Limited Partnership (MHLP) VII and Fairfax Court Apartments

WHEREAS, MHLP VII and Fairfax Court Apartments mortgage loans are currently financed through the \$60 Million PNC Bank Line of Credit which will shortly expire; and

WHEREAS, it is proposed to extend the use of the \$60 Million PNC Bank Line of Credit to finance MHLP VII and Fairfax Court Apartments mortgage loans for a period not to exceed one year at the monthly LIBOR rate plus 90 basis points; and

WHEREAS, the estimated cost, as of April 27, 2015, under the Line of Credit is expected to be approximately \$13,740.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending the use of the \$60 Million PNC Bank Line of Credit to finance Montgomery Homes Limited Partnership (MHLP) VII and Fairfax Court Apartments through June 7, 2016.

8. Approval of the Agency FY'16 Budget Amendment

Gail Willison, Chief Financial Officer, and Terri Fowler, Budget Officer, were presenters.

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

RESOLUTION: 15-46 **RE: Amendment of the Agency FY'16 Budget,
Bond Draw Downs and Transfers**

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'16 on June 4, 2014; 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'16 Budget; and

WHEREAS, the net effect of the Agency FY'16 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'16 Operating Budget by decreasing total revenues and expenses for the Agency from \$247.8 million to \$237.7 million.

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:

\$ 1,381,908 from the 1996 Multifamily Housing Development Bond (MHDB) Indenture
\$ 1,607,764 from the 1979 Single Family Mortgage Revenue Bond (MRB) Indenture

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 \$1,283,963 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 amends the FY'16 Capital Budget by increasing revenues and expenses for the Agency from \$21.9 million to \$128.0 million.

The following resolution was adopted upon a motion by Commissioner Nelson and seconded by Commissioner Piñero. Affirmative votes were cast by Commissioners Roman,

Simon, Hatcher, McFarland, Nelson and Piñero. Commissioner Banks was necessarily absent and did not participate in the vote.

RESOLUTION: 15-47

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF OR ITS AFFILIATE 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 **\$127,996,770**, *all or a portion of which may reimburse* the Commission or its affiliate 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 or its affiliate'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 or its affiliate 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 16 Capital Budget attached, including **Alexander House, Ambassador, Arcola Towers, The Barclay, Brookside Glen, Chelsea Towers, Chevy Chase Lake, Dale Drive, Diamond Square, Fairfax Court, Glenmont Crossing, Glenmont Westerly, Greenhills, Holiday Park, Jubilee Falling Creek, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, Magruder's Discovery, McHome, McKendree, MetroPointe, The**

Metropolitan, Montgomery Arms, MHLV VII, MHLV VIII, MPDU 2007 Phase II, MPDU I, TPM (Timberlawn, Pomander Court, and MPDU II), The Oaks at Four Corners, Paddington Square, Paint Branch, 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, VPC One and VPC Two (669 Scattered Site Properties), MPDU III, Southbridge, State Rental Combined, Strathmore Court, Waverly House, 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 and Opportunity Housing 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 **\$127,996,770 will be applied** to reimburse the Commission or its affiliate 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 – Commissioner Simon, Chair

1. Adoption of Bond Authorizing Resolution for Lakeview House Project

Kayrine Brown, Chief Investment & Real Estate Officer, and Vivian Benjamin, Asst. Director of Mortgage Finance, were presenters.

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

RESOLUTION: 15-48

**Re: Adoption of Bond Authorizing
Resolution for Lakeview House
Project**

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, AUTHORIZING THE EXECUTION AND DELIVERY BY THE COMMISSION OF ITS MULTIFAMILY NOTE RELATING TO LAKEVIEW HOUSE APARTMENTS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$39,000,000 FOR THE PURPOSE OF FINANCING THE ACQUISITION, REHABILITATION AND EQUIPPING OF A MULTIFAMILY RESIDENTIAL RENTAL DEVELOPMENT LOCATED IN MONTGOMERY COUNTY, MARYLAND AND INTENDED FOR OCCUPANCY, BY PERSONS OF ELIGIBLE INCOME AND KNOWN AS LAKEVIEW HOUSE APARTMENTS; DETERMINING THE FEASIBILITY OF THE FINANCING; AUTHORIZING THE PUBLIC PURPOSE SET-ASIDE COVENANTS; AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT, THE PROJECT LOAN AGREEMENT, THE REGULATORY AGREEMENTS AND THE OTHER COMMISSION DOCUMENTS AS DESCRIBED HEREIN; AUTHORIZING ONGOING DETERMINATIONS BY THE EXECUTIVE DIRECTOR; AUTHORIZING THE EXECUTION AND DELIVERY OF ANY OTHER DOCUMENTS NECESSARY FOR THE DELIVERY OF THE GOVERNMENTAL NOTE; AUTHORIZING THE CHAIRMAN, THE VICE CHAIRMAN OR THE CHAIRMAN PRO TEM AND THE EXECUTIVE DIRECTOR OF THE COMMISSION TO PROCEED WITH THE DELIVERY OF THE GOVERNMENTAL NOTE TO CITIBANK, N.A. OR TO AN AFFILIATE THEREOF UPON THE EXECUTION OF THE REQUIRED TRANSFEREE REPRESENTATIONS; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE GOVERNMENTAL NOTE; RATIFYING AND APPROVING THE ACTIONS OF THE STAFF OF THE COMMISSION IN ACCORDANCE WITH THE COMMISSION'S PROCUREMENT POLICY TO SECURE A FISCAL AGENT AND THE APPOINTMENT BY THE EXECUTIVE DIRECTOR OF A FISCAL AGENT; APPROVING CERTAIN COMMISSION FEES; AND PROVIDING AN EFFECTIVE DATE.

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 (the "Act"), and authorized thereby to issue and deliver its bonds and notes from time to time to fulfill its corporate purposes; and

WHEREAS, the Act declares that there exists within Montgomery County (the "County") a critical shortage of decent, safe, and sanitary housing that "persons of eligible income" (within the meaning of the Act) can afford to rent; and

WHEREAS, the Act empowers the Commission to make loans to qualified sponsors to provide for the acquisition, construction, rehabilitation, equipping and permanent financing of

multifamily residential housing units in the County for occupancy by persons of eligible income and to perform any other duties that the Commission considers necessary in carrying out the purposes of the Act; and

WHEREAS, at the request of Standard Lakeview Venture, LP, a Maryland limited partnership (the "Borrower"), and to provide a source of funds to fulfill its purposes authorized by and pursuant to the Act and that certain Funding Loan Agreement, dated as of June 1, 2015 (the "Funding Loan Agreement"), by and among the Commission, Citibank, N.A. (the "Funding Lender") and U.S. Bank, N.A. (the "Fiscal Agent"), the Funding Lender will advance funds in an aggregate amount not to exceed \$39,000,000 (the "Funding Loan") to, or for the account of, the Commission; and

WHEREAS, to evidence the Funding Loan, the Commission will execute and deliver to the Funding Lender a Governmental Note (together with one or more related notes as may be required in the best interest of the Commission, the "Governmental Note"); and

WHEREAS, the Commission will lend the proceeds of the Governmental Note (the "Project Loan") to the Borrower pursuant to that certain Project Loan Agreement, dated as of June 1, 2015 (the "Project Loan Agreement"), by and between the Commission and the Borrower, for the purpose of financing a portion of the costs of the acquisition, rehabilitation and equipping of a 152-unit multifamily residential rental development, for Elderly Households (consisting of 152 affordable units and 0 market rate units) to be owned and operated by the Borrower and occupied in substantial part by eligible persons, located in Montgomery County, Maryland, and known as Lakeview House Apartments (the "Project"); and

WHEREAS, to evidence its payment obligations under the Project Loan Agreement, the Borrower will execute and deliver to the Commission a Project Note (the "Project Note") dated the date of delivery of the Governmental Note (the "Closing Date"); and

WHEREAS, the obligations of the Borrower under the Borrower Note will be secured by a lien on and security interest in the Project pursuant to a Multifamily Deed of Trust, Assignment of Rents and Security Agreement (the "Security Instrument"), made by the Borrower in favor of the Commission; and

WHEREAS, the Borrower Note and the Security Instrument will be endorsed and assigned, respectively, by the Commission to the Funding Lender to secure the performance by the Commission of its limited obligations under the Governmental Note; and

WHEREAS, as set forth in the staff written presentation dated June 3, 2015, recommending to the Commission the adoption of this resolution, additional funds received from a tax credit investor to the Borrower will be applied to the financing of the Project; and

WHEREAS, the Borrower has covenanted to rent or hold available for rent at least 40% of the units in the Project to persons with incomes that do not exceed 60% of the Washington Metropolitan Statistical Area median income for the applicable family size (the "Public Purpose Set-Aside Covenants"); and

WHEREAS, compliance with the Public Purpose Set Aside Covenants will satisfy certain HUD and County requirements, and will cause the Project to constitute a “qualified residential rental project” within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), a “qualified low-income housing project” as such phrase is utilized in Section 42(g)(1)(B) of the Code, and a “housing project for persons of eligible income” within the meaning of the Act; and

WHEREAS, the Commission has determined that the execution and delivery of the Governmental Note, the application of the proceeds of the Project Loan to finance a portion of the costs of the acquisition, rehabilitation and equipping of the Project, and the Public Purpose Set-Aside Covenants are feasible and will accomplish a valid public purpose for the Commission; and

WHEREAS, in consideration of the execution and delivery of the Governmental Note and the financing of the Project, the Borrower has agreed to make payments of principal and interest for the benefit of the Funding Lender, as directed by the Commission in the Project Loan Agreement, in amounts fully sufficient to pay the principal of, premium, if any, and interest on the Governmental Note as the same become due and payable; and

WHEREAS, in further consideration of the execution and delivery of the Governmental Note and the financing of the Project, the Borrower has agreed to enter into and comply with the provisions of the Land Use Restriction Agreement, dated as of June 1, 2015, by and among the Commission, the Fiscal Agent and the Borrower (the “Land Use Restriction Agreement”), the Regulatory Agreement, dated as of June 1, 2015, by and between the Commission and the Borrower (the “Regulatory Agreement”) and the Tax Regulatory Agreement and No Arbitrage Certificate relating to the Governmental Note (the “Tax Regulatory Agreement,” and collectively with the Land Use Restriction Agreement and the Regulatory Agreement, the “Regulatory Agreements”); and

WHEREAS, there will be prepared in connection with the financing documents to be entered into by the Commission in connection with the execution and delivery of the Governmental Note and the financing of the Project, including but not limited to, (a) the Funding Loan Agreement, (b) the Project Loan Agreement; and (c) the Regulatory Agreements (collectively, with all other documents to be executed by the Commission in connection with the execution and delivery of the Governmental Note and the financing of the Project, the “Commission Documents”).

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

1. ***The Governmental Note.*** The Governmental Note is authorized to be issued pursuant to and under the Funding Loan Agreement in an aggregate principal amount not to exceed \$39,000,000 for the purpose of making funds available for the Project Loan for financing the costs of the acquisition, rehabilitation and equipping of the Project. The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director (hereinafter, “Executive Director” shall be interpreted to include any Acting

Executive Director appointed by the Commission) or the Authorized Representative (defined below) of the Commission are authorized to establish the dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security and other terms, and to approve the interest rate on the Governmental Note, all of the foregoing to be specified in the Funding Loan Agreement. The Governmental Note shall be a limited obligation of the Commission, secured by and payable solely from security pledged therefor under the Funding Loan Agreement.

2. **Approval of Financing.** The Commission hereby approves the financing of the Project pursuant to the terms and conditions set forth in the Funding Loan Agreement, the Project Loan Agreement and such other Commission Documents approved hereby and executed and delivered pursuant to this resolution and hereby finds that such financing as approved hereby is feasible.

3. **Approval of Public Purpose Set-Aside Covenants.** The Commission hereby finds that the Public Purpose Set-Aside Covenants will accomplish a valid public purpose of the Commission under the Act, and, as such, the Commission hereby approves such Public Purpose Set-Aside Covenants.

4. **Commission Documents.** The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director are hereby authorized and directed to execute and deliver the Commission Documents in such forms as shall be prepared and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, their execution and delivery of the Commission Documents being conclusive evidence of such approval and of the approval of the Commission, and the Secretary of the Commission, or any other Authorized Officer of the Commission, is hereby authorized and directed to affix the seal of the Commission to the Commission Documents and to attest the same.

5. **Authorizing Ongoing Determinations under Commission Documents.** The Executive Director is hereby authorized, without further authority from the Board of Commissioners, to perform any act, to execute any documents, and to make any ongoing determinations as may be required to be made on behalf of the Commission from time to time pursuant to the terms of the Commission Documents, including, but not limited to, the determination of other terms to be in effect with respect to the Governmental Note, the giving or withholding of consents, and the selection and removal of purchasers of the Governmental Note and other professionals.

6. **Execution and Delivery of Governmental Note.** The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the "Authorized Representative") is authorized to proceed with the delivery of the Governmental Note to the Funding Lender or to an affiliate thereof or to any other initial purchaser of the Governmental Note as shall be determined to be in the best interest of the Commission, which Funding Lender shall be required to execute transferee representations in the form approved by the Commission to be attached to the Funding Loan Agreement.

7. **Other Action.** The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director and the Authorized Representative of the Commission are hereby authorized and directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this resolution, the Commission Documents or relating to the execution and delivery or other disposition of the Governmental Note and the financing and the ongoing operations of the Project, as the case may be.

8. **Appointment of Financial Advisor and Bond Counsel.** Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the execution and delivery of the Governmental Note.

9. **Procurement of Fiscal Agent Services; Appointment of Fiscal Agent.** The actions of the staff of the Commission, in accordance with Section III.B. of the Commission's Procurement Policy, adopted on October 9, 1991 and as amended on December 6, 2006, for the procurement of an entity to provide the professional services of Fiscal Agent under the Funding Loan Agreement, the selection by the Executive Director from the proposal submissions of entities for service as Fiscal Agent under the Funding Loan Agreement, and the appointment by the Executive Director of the entity to serve as Fiscal Agent as shall be determined to be in the best interest of the Commission are hereby ratified and approved. The Executive Director is hereby authorized to execute any such documents as shall be necessary to evidence such appointment.

10. **Financing Fee; Ongoing Monitoring Fee.** A fee (the "Financing Fee") in an amount equal to 1% of the original principal amount of the Governmental Note, to be paid by the Borrower to the Commission in connection with the execution and delivery of the Governmental Note, is hereby approved. The Financing Fee shall be payable on the date of execution and delivery of the Governmental Note. The Borrower pursuant to the requirements of the Regulatory Agreement shall also pay to the Commission a monitoring fee equal to 0.25% of the original principal amount of the Project Loan (the "Monitoring Fee"), which Monitoring Fee is hereby approved, or such greater amount as shall be approved by the Commission and agreed to by the Borrower. The Monitoring Fee shall be payable annually, in monthly installments, on the first day of each month commencing with the first month following the Closing Date.

11. **No Personal Liability.** No stipulation, obligation or agreement herein contained or contained in the Governmental Note, the Commission Documents or in any other agreement or document executed on behalf of the Commission shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the Governmental Note or be subject to personal liability or accountability by reason of the execution and delivery thereof.

12. **Action Approved and Confirmed.** All acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this resolution and in the furtherance of the execution and delivery of the Governmental Note and the financing of the Project approved hereby and the execution, delivery and performance of the documents and agreements authorized hereby are in all respects approved and confirmed.

13. **Severability.** If any provision of this resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provision to be invalid, inoperative or unenforceable to any extent whatsoever.

14. **Effective Date.** This resolution shall take effect immediately.

2. Approval of Revised Development Plan for Greenhills Apartments

Kayrine Brown, Chief Investment & Real Estate Officer, and Hyunsuk Choi, Senior Financial Analyst, were presenters

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

RESOLUTION: 15-49

**RE: Approval of Revised Development Plan
for Greenhills Apartments**

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

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

WHEREAS, the Property is wholly owned by HOC; and

WHEREAS, there has been no major improvements to the buildings since initial construction; and

WHEREAS, on March 7, 2012, the Commission approved a Preliminary Development Plan to refinance and renovate the Property along with a \$36,000 loan from the Opportunity Housing Reserve Fund ("OHRF") to fund predevelopment costs; and

WHEREAS, on March 13, 2013, the Commission approved the 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 \$3.58 million; and

WHEREAS, on June 5, 2013, the Commission approved the Financing Plan to refinance and renovate the Property to increase the renovation cost to amount up to \$4.1 million; and

WHEREAS, because of construction price increases and concerns over apartment demand in the market, staff decided not to proceed with the Final Development Plan as approved on March 13, 2013; and

WHEREAS, staff now recommends a Revised Development Plan using Low Income Housing Tax Credit ("LIHTC") equity and tax-exempt bond financing to fund the rehabilitation of the Property and increase the number of restricted units and transfers the Property into a new limited partnership owner; and

WHEREAS, having developed a Revised Preliminary Development Plan, staff also requests an increase of \$43,000 to the existing predevelopment budget loan to be funded from the OHRF to prepare a LIHTC application for submission to the Maryland Department of Housing and Community Development ("DHCD"); and

WHEREAS, bridge financing (not to exceed \$1,500,000) from the OHRF is needed to complete the structure of the transaction; and

WHEREAS, staff will present the Commission with a revised Final Development Plan once the costs and budget are more understood and developed, and such revised plan will identify the sources of funds to finance all costs and repay all loans made from the OHRF.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the Revised Preliminary Development Plan for Greenhills Apartments, including an estimated total development cost of \$26.6 million.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves the obligation of up to \$1,500,000 from the OHRF to complete the financing structure and funding at closing.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves an increase in predevelopment funds of \$43,000 from the OHRF, bringing the total to \$79,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized, 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. Approval to Accept County Funding Related to the Permanent Relocation of Residents of Ambassador Apartments

Kayrine Brown, Chief Investment & Real Estate Officer, and Zachary Marks, Asst. Director of New Development, were presenters

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

RESOLUTION: 15-50

RE: Approval to Accept County Funding Related to the Permanent Relocation of Residents 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 limited partnership whose compliance period has expired called Wheaton-University Boulevard Limited Partnership ("WUBLP"); and

WHEREAS, in 2005, the Housing Opportunities Commission ("HOC") 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 on the first floor, to HOC; and

WHEREAS, in June 2010, the Commission approved a feasibility/predevelopment budget of up to \$75,000 to consider options for redevelopment; 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 January 9, 2014, due to extreme weather conditions which caused pipes to freeze, the Property was exposed to water loss due to a county water main break causing fire sprinkler and central boiler systems failures; and

WHEREAS, as a consequence to the building's water being shut-off, the County temporarily condemned the building, causing residents to be relocated for a 24-hour period; and

WHEREAS, on June 10, 2014, the building was found to have shifted to where it leaned upon an adjacent building; and

WHEREAS, Montgomery County may have funding in the amount of \$500,000 available to aid HOC in beginning a permanent relocation of residents from the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it accepts the funding offered by the County in an amount up to \$500,000 to aid HOC in beginning a permanent relocation of residents from the Property; and

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director to execute all documents related to the acceptance of funding offered by the County in an amount up to \$500,000 to aid HOC in beginning a permanent relocation of residents from the Property.

4. Approval to Increase Contract Value for the Holly Hall Sprinkler System

Kayrine Brown, Chief Investment & Real Estate Officer, and Paul Vinciguerra, Project Manager, were presenters.

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

RESOLUTION: 15-51

**RE: Approval to Increase Contract Value
for the Holly Hall Sprinkler System**

WHEREAS, Holly Hall (the "Property") is a 96-unit Public Housing development serving seniors and located at 10110 New Hampshire Ave. in the White Oak section of Silver Spring; and

WHEREAS, the County previously appropriated funding in its FY2010-2018 Capital Improvements Program (CIP) for the installation of sprinkler systems at Public Housing and deeply subsidized affordable housing properties occupied by seniors of which \$1,642,496 was allocated to the Property; and

WHEREAS, on November 7, 2012, a new water service contract was awarded to Advanced Fire Protection Services (the "Contract") to extend the water line connection to meet

the water main on New Hampshire Avenue to satisfy Washington Suburban Sanitary Commission ("WSSC") requirements; and

WHEREAS, WSSC initially indicated that the water main connection was in the southbound traffic lanes of New Hampshire Avenue, closer to the Property, but upon further investigation it was found to be in the northbound lanes, approximately 51 feet away; and

WHEREAS, in early 2014, Advanced Fire Protection Services advised that the labor and materials necessary to connect to the actual location of the water main would increase the cost of the work; and

WHEREAS, on March 5, 2014, staff requested and the Commission approved an increase in the Contract by \$153,138 – plus a 15% contingency of \$22,971 – for a total of \$176,129 to complete the water main connection and finalize the fire safety system; and

WHEREAS, as the project nears conclusion, all costs and available CIP funds are known; therefore, staff has requested an increase of \$100,000 in the existing contract with Advanced Fire Protection Services to complete items necessary to obtain final permits, revise drawings and complete remaining infrastructure work to be able to activate the sprinkler system, bringing the total contract amount to \$616,909; and

WHEREAS, funding for this increase will be from remaining CIP funds, requiring no new appropriation by the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to approve an amendment to the AFPS contract value of \$100,000 and funded by available County Capital Improvements Program monies.

5. Approval to Select Contractor to Complete Sprinkler Installation at Arcola Towers

Kayrine Brown, Chief Investment & Real Estate Officer, and Jay Shepherd, Senior Financial Analyst, were presenters.

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

RESOLUTION: 15-52

RE: Approval to Select Contractor to Complete Sprinkler Installation at Arcola Towers

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") receives funding from the Montgomery County under its Capital Improvements Program ("CIP") for use by HOC at its Public Housing and deeply subsidized affordable housing properties; and

WHEREAS, Arcola Towers is a Public Housing-assisted, age-restricted development approved for participation in the Rental Assistance Demonstration ("RAD") program, which converts Public Housing rental assistance to Project-Based Section 8 rental assistance; and

WHEREAS, staff solicited an Invitation For Bid (IFB #1950 Fire Protection and Code Upgrades at Arcola Towers) and received two responses, one of which was deemed not qualified; and

WHEREAS, the Commission desires to award a contract to Advanced Fire Protection Systems, LLC the sole qualified bidder under IFB# 1950 Fire Protection and Code Upgrades at Arcola Towers and related repairs that are to be funded from County CIP funds prior to the RAD conversion.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized to award a contract to Advance Fire Protection Systems, LLC for the installation of fire protection systems and equipment including, but not limited to, sprinkler and fire alarm systems and related repairs including furniture relocation of occupied units and other miscellaneous work as defined by the Housing Opportunities Commission not to exceed \$2,659,858.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is authorized and directed, without further action on the part of the Commission; to take any and all other actions necessary and proper to carry out the transaction contemplated herein including, without limitation, the negotiation and execution of related documents.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

A. Authorization for the Executive Director to Enter into Consulting Contracts with Morrison Avenue Capital Partners and Censeo, Inc. for Developing and Financing Services for Town Center Apartments and Bauer Park

Kayrine Brown, Chief Investment & Real Estate Officer, and Zachary Marks, Asst. Director of New Development, were presenters.

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

RESOLUTION: 15-53

RE: Authorization for the Executive Director to Enter into Consulting Contracts with Morrison Avenue Capital Partners and Censeo, Inc. for Developing and Financing Services for Town Center Apartments and Bauer Park

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") seeks to preserve Montgomery County's existing affordable housing including that subsidized by Rental Assistance Payment ("RAP") contracts and Section 236 financing facing growing sustainability challenges – most prominently, functional obsolescence and pervasive systems issues as a result of age; and

WHEREAS, two existing elderly properties – Bauer Park Apartments at 14639 Bauer Drive in Rockville ("Bauer Park") and Town Center Apartments at 90 Monroe Street in Rockville ("Town Center") – currently receive subsidy via RAP contracts and interest reduction payments, and whose construction was originally financed with Section 236 senior mortgages, which are still outstanding; and

WHEREAS, the RAP contracts for Bauer Park and Town Center will discontinue at maturity of the properties' Section 236 senior mortgages set to occur in the second quarter of Calendar Year 2018; and

WHEREAS, the United States Department of Housing and Urban Development ("HUD") offers the Second Component of its Rental Assistance Demonstration program (the "RAD Program") which presents Bauer Park and Town Center with the opportunity to secure Project-based Section 8 subsidy providing for their rehabilitation and permanent financing; and

WHEREAS, from time to time, the Commission will procure for consulting and advisory services to assist staff with real estate development and financing transactions; and

WHEREAS, on March 4, 2015, the Commission approved Morrison Avenue Capital Partners and Censeo, Inc., who jointly responded to Request for Qualifications #1938 ("RFQ #1938"), as a pre-qualified firm able to participate in the pool formed pursuant to RFQ 1938; and

WHEREAS, to provide the best outcomes for Bauer Park and Town Center, the Commission wishes to engage Morrison Avenue Capital Partners and Censeo, Inc. ("Consultants").

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director to execute a contract for financing consulting services related to the conversion of Bauer Park to Project-based Section 8 rental assistance via the Second Component of the RAD Program with the Morrison Avenue Capital Partners and Censeo, Inc. venture for \$152,400; and

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director to execute a contract for financing consulting services related to the conversion of Town Center to Project-based Section 8 rental assistance via the Second Component of the RAD Program with the Morrison Avenue Capital Partners and Censeo, Inc. venture for \$193,691; and

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes an advance of \$225,000 from the Opportunity Housing Reserve Fund ("OHRF") to fund on an interim basis the consulting services herein proposed to be provided by the Consultants. The funds advanced from the OHRF would be paid back by proceeds from the construction financing for the renovation of Bauer Park and Town Center.

V. FUTURE ACTION ITEMS

None

VI. INFORMATION EXCHANGE (CONT'D)

None

VII. NEW BUSINESS

Approval of a 30-Day Bridge Loan to Tanglewood and Sligo LP to Repay the Capital One Bank N.A. Construction Loan Prior to Closing of the Permanent FHA Section 223(F) Mortgage

Kayrine Brown, Chief Investment & Real Estate Officer, and Richard Hanks, Housing Acquisition Manager, were presenters.

The following resolution was adopted, as amended, upon a motion by Commissioner Piñero and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, McFarland, Nelson and Piñero. Commissioner Banks was necessarily absent and did not participate in the vote.

Resolution: 15-54

Re: Approval of a 30-Day Bridge Loan to Tanglewood and Sligo LP to Repay the Capital One Bank, N.A. Construction Loan Prior to Closing of the Permanent FHA Section 223(F) Mortgage

WHEREAS, on September 3, 2014, the Housing Opportunities Commission of Montgomery County ("Commission") approved an amendment to the financing plan for Tanglewood Apartments ("Property") to permit Tanglewood and Sligo L.P. ("Partnership") to obtain permanent financing for the Property from AGM Financial Services, Inc. (AGM Financial), or its assignee, through the U.S. Federal Housing Administration (FHA) Section 223(f) Low Income Housing Tax Credit (LIHTC) Pilot Program in the amount of \$12,033,076 ("Permanent Loan"); and

WHEREAS, the Commission is the sole member of HOCMC, LLC (the "Company"), which is the general partner of the Partnership, and Hudson Tanglewood LLC is the limited partner and tax credit investor of the Partnership ("Tax Credit Investor"); and

WHEREAS, the Tax Credit Investor and the Commission previously approved a permanent loan in the amount of \$12,510,000; and

WHEREAS, the closing of the permanent loan is scheduled to occur on Friday June 5, 2015, the date by which the construction loan must be repaid but as insurance against a delay and to technical default under the construction loan documents, the Commission is being asked to fund an interim 30-day bridge loan of \$9,395,831.19 to Tanglewood and Sligo LP to repay the Capital One Bank, N.A. construction loan prior to the closing of the permanent FHA Section 223(f) construction loan; and

WHEREAS, HOC had previously provided a permanent loan commitment to the project from proceeds available from the FHA Risk Sharing reserves and said funds are available to fund the request herein.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes a loan of \$9,395,831.19 to Tanglewood and Sligo LP from the FHA Risk Sharing reserves and acting for the Company in its own capacity and as the general partner of and on behalf of the Partnership, the Partnership is authorized to accept the interim 30-day bridge loan of \$9,395,831.19 to repay the Capital One Bank, N.A. construction loan for Tanglewood and Sligo LP prior to the closing of the FHA Section 223(f) permanent loan.

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized and directed, without further action on the part of the Commission or Company, to take any and all other actions necessary and proper to carry out the transaction contemplated herein including, without limitation, the negotiation and execution of commitments and other related loan documents.

VIII. EXECUTIVE SESSION FINDINGS
None

There was a brief recess at 6:48 p.m. to transition into the Development Corporation and Limited Partnership Annual Meetings. The meeting reconvened at 6:56 p.m.

The following resolutions were adopted upon a motion by Commissioner Piñero and seconded by Commissioner McFarland. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, McFarland, Nelson and Piñero. Commissioner Banks was necessarily absent and did not participate in the vote.

Development Corporation Annual Meetings and Amendment of the FY'16 Operating and Capital Budgets:

1. Resolution 15-01: Alexander House Development Corporation
 2. Resolution 15-01: Barclay Apartments Development Corporation
 3. Resolution 15-01: Chevy Chase Lake Development Corporation
 4. Resolution 15-01: Glenmont Crossing Development Corporation
 5. Resolution 15-01: Glenmont Westerly Development Corporation
 6. Resolution 15-01: Magruder's Discovery Development Corporation
 7. Resolution 15-01: The Metropolitan Development Corporation
 8. Resolution 15-01: Montgomery Arms Development Corporation
 9. Resolution 15-01: The Oaks at Four Corners Development Corporation
 10. Resolution 15-01: Paddington Square Development Corporation
 11. Resolution 15-01: Pooks Hill Development Corporation
 12. Resolution 15-01: RAD 6 Development Corporation
 13. Resolution 15-01: Scattered Site One Development Corporation
 14. Resolution 15-01: Scattered Site Two Development Corporation
 15. Resolution 15-01: Sligo Hills Development Corporation
 16. Resolution 15-01: TPM Development Corporation
 17. Resolution 15-01: VPC One Development Corporation
 18. Resolution 15-01: VPC Two Development Corporation
 19. Resolution 15-01: Wheaton Metro Development Corporation
-

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

Limited Partnership Annual Meetings and Approval of Amendments to the FY'16 Operating and Capital Budgets

1. Resolution 15-01: Brookside Glen Limited Partnership
 2. Resolution 15-01: Diamond Square Limited Partnership
-

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

Development Corporation Annual Meeting

1. Resolution 15-01: Damascus Gardens Development Corporation

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 7:08 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'Stacy L. Spann', written in a cursive style.

Stacy L. Spann
Secretary-Treasurer

/pmb