

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

October 3, 2018

18-10

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, October 3, 2018 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:00 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Richard Y. Nelson, Jr., Vice Chair
Edgar Rodriguez, Chair Pro Tem
Pamela Byrd
Roy Priest

Absent

Linda Croom
Margaret McFarland, Resignation Effective October 1, 2018

Also Attending

Stacy L. Spann, Executive Director
Patrick Mattingly
Christina Autin
Ellen Goff
Ethan Cohen
Ian Williams
Sherraine Rawlins
Zachary Marks
Marcus Ervin
Shauna Sorrells
Darcel Cox
Cornelia Kent
Leidi Reyes
Bonnie Hodge
Paulette Dudley

Aisha Memon, Acting General Council
Fred Swan
Eugenia Pascual
Rita Harris
Terri Fowler
Erik Smith
Ali Khademian
Lynn Hayes
John Vass
Kayrine Brown
Jennifer Arrington
Melody Stanford
Charnita Jackson
Eamon Lorincz
Kathryn Hollister

Resident Advisory Board

Yvonne Caughman, Vice Chair

Commission Support

Patrice Birdsong

IT Support

Irma Rodriguez
Gabriel Taube
Rony Joseph

Consent Calendar was adopted upon a motion by Commissioner Byrd and seconded by Commissioner Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Byrd, and Priest. Commissioner Croom was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

- A. Approval of Minutes of September 5, 2018 regular meeting** - The minutes were approved as submitted.
- B. Approval of Minutes of September 5, 2018 Administrative Session** – The minutes were approved as submitted.
- C. Approval of Minutes of September 28, 2018 Special Session** – The minutes were approved as submitted.
- D. Approval of Theresa Finney Dumais to the Board of Directors of The Housing Opportunities Community Partners, Inc.**

II. INFORMATION EXCHANGE

- A.** Report of the Executive Director – Nothing additional to add to the written report.
- B.** Commissioner Exchange – No Reports
- C.** Resident Advisory Board – Vice Chair Caughman reported that the Board is processing and receiving the programs and departments plan site visit and adding additional members to the Board

III. ADMINISTRATIVE AND SPECIAL SESSION RATIFICATIONS

- A. Ratification of Action Taken in Administrative Session on August 14, 2018: Authorization for the Executive Director to Negotiate and Execute a Purchase and Sale Agreement for the Acquisition of Real Property Located in Gaithersburg and Approval of Predevelopment Funding and the Formation of an Ownership Entity**

The following resolution was adopted upon a motion by Commissioner Byrd and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Rodriguez, Byrd, and Priest. Commissioner Nelson abstained. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 18-60R

RE: Authorization for the Executive Director to Negotiate and Execute a Purchase and Sale Agreement for the Acquisition of Real Property Located in Gaithersburg and Approval of Predevelopment Funding and the Formation of an Ownership Entity

WHEREAS, the Housing Opportunities Commission of Montgomery County, Maryland (the “Commission”), a public body corporate and politic duly created, organized and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of

the Housing and Community Development Article of the Annotated Code of Maryland, to carry out and effectuate the purpose of providing affordable housing; and

WHEREAS, to effect its corporate purpose, the Commission routinely acquires land and buildings in Montgomery County, Maryland for the development or preservation of multifamily housing developments that serve eligible households; and

WHEREAS, at an Administrative Session duly called and held on August 14, 2018, with a quorum present, the Commission duly adopted Resolution 18-60AS, Commissioners Simon, McFarland, and Priest voting in approval, which approved the execution of the Purchase Agreement for real property located in Gaithersburg, Maryland; approved a loan of from the Opportunity Housing Reserve Fund for an earnest money deposit and due diligence costs; approved the deposit of earnest money; and approved the creation of a single purpose entity for the purposes of acquiring and holding the property. Commissioner Nelson abstained and Commissioners Rodriguez, Croom, and Byrd were necessarily absent and did not participate in the vote.

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-60R and any action taken since August 14, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-60R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**B. Ratification of Action Taken in Administrative Session on September 5, 2018:
Authorization to Accept at the Time of Closing the Assignment of Purchase and Sale
Contracts to Purchase Three Properties Located in Germantown, Olney, and Silver Spring;
and Approval of other Related Actions**

The following Resolution was adopted upon a motion by Vice Chair Nelson and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Simon, Nelson, Byrd, and Priest. Commissioner Rodriguez abstained. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 18-68R

**RE: Authorization to Accept at the Time of
Closing the Assignment of Purchase
and Sale Contracts to Purchase Three
Properties Located in Germantown,
Olney, and Silver Spring; and
Approval of Other Related Actions**

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 for the acquisition of rental housing properties which provide a public purpose; and

WHEREAS, at an Administrative Session duly called and held on September 5, 2018, with a quorum present, the Commission duly adopted Resolution 18-68AS, with Commissioners Simon, McFarland, Priest, Nelson, Croom, and Byrd voting in approval, which approved (1) the acceptance at the time of closing the assignment of three purchase and sale contracts for the acquisition of three properties located in Germantown, Olney, and Silver Spring; (2) retaining a management company for each property; (3) creating three single-purpose entities for the purpose of acquiring the properties; (4) a loan from the Opportunity Housing Reserve Fund to be used for due diligence activities; and (5) restricting the properties' cash flow to each of the respective properties. Commissioner Rodriguez was necessarily absent and did not participate in the vote.

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-68R and any action taken since September 5, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-68R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

C. Ratification of Action Taken in Administrative Session on September 5, 2018: Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund Conceptual Design and Predevelopment for Property Located in Silver Spring in the Amount of \$264,500

The following Resolution was adopted upon a motion by Commissioner Byrd and seconded by Vice Chair Nelson. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Byrd, and Priest. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 18-69R

RE: Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund Conceptual Design and Predevelopment for Property located in Silver Spring in the Amount of \$264,500

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") is studying property located in Silver Spring, MD (the "Property") to potentially acquire or lease; and

WHEREAS, the Commission wishes to begin feasibility and concept studies for the Property in advance of acquisition or lease, and the cost of such studies is estimated to be \$264,500; and

WHEREAS, the Commission may make draws on the PNC Bank, N.A. Line of Credit (the "LOC");
and

WHEREAS, at an Administrative Session duly called and held on September 5, 2018, with a quorum present, the Commission duly adopted Resolution 18-69AS, with Commissioners Simon, McFarland, Priest, Nelson, Croom, and Byrd voting in approval, which approved the draw of \$264,500 on the LOC to fund feasibility and concept studies for the Property. Commissioner Rodriguez was necessarily absent and did not participate in the vote.

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-69R and any action taken since September 5, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-69R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

D. Ratification of Action Taken in Administrative Session on September 5, 2018: Approval to Form a New Mezzanine Borrower Entity for Cider Mill Apartments; Approval for the Commission to Exit MV Gateway LLC ("MV Gateway"); Approval for New Mezzanine Borrower to Enter MV Gateway; and Approval to Amend the Operating Agreement for MV Gateway

The following Resolution was adopted upon a motion by Commissioner Byrd and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Byrd, and Priest. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 18-70R

RE: Approval to Form a New Mezzanine Borrower Entity for Cider Mill Apartments; Approval for the Commission to Exit MV Gateway LLC ("MV Gateway"); Approval for New Mezzanine Borrower to Enter MV Gateway; and Approval to Amend the Operating Agreement for MV Gateway

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 for the acquisition and permanent financing of multifamily rental housing properties for persons of eligible income which provide a public purpose; and

WHEREAS, at an Administrative Session duly called and held on September 5, 2018, with a quorum present, the Commission duly adopted Resolution 18-70AS, with Commissioners Simon, McFarland, Priest, Nelson, Croom, and Byrd voting in approval, in which the Commission approved the creation of a new mezzanine borrower entity ("New Borrower"); and the Commission, acting in its own

capacity and in its capacity as sole member of MV Gateway LLC ("MV Gateway), approved relinquishing its interest in MV Gateway, accepting New Borrower as a member of MV Gateway, and amending the Operating Agreement of MV Gateway. Commissioner Rodriguez was necessarily absent and did not participate in the vote.

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-70R and any action taken since September 5, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-70R and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

**E. Ratification of Action Taken in Special Administrative Session on September 28, 2018:
Authorization to Extend the Maturity Date of the Bridge Loan Drawn on the PNC Bank,
N.A. Line of Credit for the Acquisition of Cider Mill Apartments**

The following Resolution was adopted upon a motion by Commissioner Byrd and seconded by Commissioner Priest. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Byrd, and Priest. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 18-81R

**RE: Authorization to Extend the Maturity
Date of the Bridge Loan Drawn on
the PNC Bank, N.A. Line of Credit for
the Acquisition of Cider Mill
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 for the acquisition and permanent financing of multifamily rental housing properties for persons of eligible income which provide a public purpose; and

WHEREAS, at a Special Administrative Session duly called and held on September 28, 2018, with a quorum present, the Commission duly adopted Resolution 18-81AS, with Commissioners Simon, Priest, Nelson, and Byrd voting in approval, in which the Commission approved extending the maturity date of the PNC Bank, N.A. Line of Credit Bridge Loan until December 31, 2018. Commissioners Rodriguez, McFarland, and Croom were necessarily absent and did not participate in the vote.

WHEREAS, consistent with the Commission's Amended and Restated Bylaws, the Commission wishes to ratify and affirm, in an open meeting with a quorum physically present, the action undertaken by the Commissioners in adopting Resolution 18-81R and any action taken since September 28, 2018 to effectuate the transaction contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Resolution 18-81R, and any subsequent actions taken in relation thereto, are hereby ratified and affirmed.

IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

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

1. Acceptance of Fourth Quarter FY'18 Budget to Actual Statements, and Approval to Transfer Funds from the General Fund Operating Reserve to the General Fund to Balance the FY'18 Budget

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

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

RESOLUTION NO.: 18-72

Re: Acceptance of Fourth Quarter FY'18 Budget to Actual Statements, and Approval to Transfer Funds from the General Fund Operating Reserve to the General Fund to Balance the FY'18 Budget

WHEREAS, the Budget Policy for the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) states that (1) quarterly budget to actual statements will be reviewed by the Commission, and (2) the Commission will end the fiscal year with a balanced budget; and

WHEREAS, the Commission reviewed the Fourth Quarter FY'18 Budget to Actual Statements during its October 3, 2018 meeting; and

WHEREAS, the Agency ended FY'18 with an operating deficit of \$181,678; and

WHEREAS, in order to balance the budget, it is recommended that \$181,678 be transferred from the General Fund Operating Reserve to the General Fund.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Fourth Quarter FY'18 Budget to Actual Statements.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes staff to transfer \$181,678 from the General Fund Operating Reserve to the General Fund to balance the FY'18 Budget.

2. Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable (April 1, 2018 – June 30, 2018)

Cornelia Kent, Chief Financial Officer, and Eugenia Pascual, Controller, were the presenters.

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

RESOLUTION NO.: 18-73

**RE: Authorization to Write off Bad Debt
Related to 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; 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, 2018 through June 30, 2018 is \$75,458 consisting of \$56,674 from Opportunity Housing properties, \$66 from RAD 6 properties, \$16,114 from Public Housing properties, \$0 from Tax Credit properties, \$959 from Supportive Housing properties, and \$1,645 from 236 properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, without further action on its part, to take any and all other actions necessary and proper to write off \$75,458 in bad debt related to (i) tenant accounts receivable 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.

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

1. Approval of Advance Funds from the Opportunity Housing Reserve Fund (the “OHRF”) for Consulting Services Related to Conversion of The Willows Apartments under Component II of the Rental Assistance Demonstration Program (“RAD”)

Zachary Marks, Director of Development, was the presenter.

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

RESOLUTION NO.: 18-75

**RE: Approval to Advance Funds from the
Opportunity Housing Reserve Fund (the
“OHRF”) for Consulting Services Related to the
Conversion of The Willows Apartments under
Component II of the Rental Assistance
Demonstration Program (“RAD”)**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) seeks to preserve Montgomery County’s existing affordable housing including those 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, The Willows Apartments at 429 West Diamond Avenue in Gaithersburg (“Willows”) previously received operating subsidy via a RAP contract and original construction financing via a Section 236 senior mortgage; and

WHEREAS, the RAP contract for Willows discontinued at maturity of the property’s Section 236 senior mortgage, which occurred in the third quarter of Calendar Year 2017; and

WHEREAS, residents at the Willows living in units covered by the RAP contract at the Willows at the time the RAP contract at the Willows discontinued became eligible for Section 8 subsidy (“Willows Section 8 Subsidy”); and

WHEREAS, the United States Department of Housing and Urban Development (“HUD”) offers Component II of its Rental Assistance Demonstration (“RAD”) program presents HOC with the opportunity to project base the Willows Section 8 Subsidy providing for the Willows’ ability to support timely capital expenditures and maintenance; and

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

WHEREAS, on March 4, 2015, the Commission approved Morrison Avenue Capital Partners and Censeo, Inc. (“MACP & Censeo”), 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, on May 15, 2015, the Commission approved the selection of MACP & Censeo to provide financing and regulatory advisory services in support of the potential participation in Component II of the RAD program of several HOC-controlled properties; and

WHEREAS, pursuant to the approval given by the Commission on May 15, 2015, HOC entered into a contract with MACP & Censeo from which task orders were created to provide financing and regulatory advisory services in support of the potential participation in Component II of the RAD program of several HOC-controlled properties; and

WHEREAS, the Commission wishes to provide funding under a task order to pay to MACP & Censeo the consulting fees related to the conversion of The Willows Apartments under Component II of the RAD program.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves an advance of funds in the amount of \$140,000 from the Opportunity Housing Reserve Fund (“OHRF”) for consulting fees related to the conversion of The Willows Apartments to Project-Based Section 8 rental assistance via the Second Component of the RAD Program.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director of the Commission is hereby authorized, without any further action on their respective parts, to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

2. Approval to Add Freddie Mac HFA Advantage Conventional Mortgage Product to the Single Family Mortgage Purchase Program and Increase the Sales Price and Income Limits for the Program

Kayrine Brown, Chief Investment and Real Estate Officer, and Jennifer Arrington, Assistant Director Bond Management, were the presenters.

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

RESOLUTION NO.: 18-76

RE: Approval to Add Freddie Mac HFA Advantage Conventional Mortgage Product to the Single Family Mortgage Purchase Program and Increase the Sales Price and Income Limits for the Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) has operated the Single Family Mortgage Purchase Program (“MPP” or the “Program”) since 1979, issuing approximately \$1.6 billion of taxable and tax-exempt Mortgage Revenue Bonds (“MRB”) to finance more than 11,000 single family mortgage loans; and

WHEREAS, the MPP currently offers government and conventional mortgage loans, insured by the Federal Housing Administration and the Federal National Housing Mortgage Association or Fannie Mae, respectively, and looks to expand the Program’s loan products; and

WHEREAS, the Federal Home Loan Mortgage Corporation or Freddie Mac offers a loan product known as the Freddie Mac HFA Advantage, a conventional mortgage loan offered only to Housing Finance Agencies, under which qualified borrowers may obtain a 30-year fixed rate mortgage with a loan to value of up to 97%; and

WHEREAS, on April 1, 2018, the U.S. Department of Housing and Urban Development published new national income limits, and on April 23, 2018, the Internal Revenue Service published new revenue procedures setting forth average area purchase price applicable to the Program; and

WHEREAS, the Commission approves income and sales price limits which apply to the MPP, subject to rules and regulations governing MRBs; and

WHEREAS, the Development and Finance Committee, at its September 21, 2018 meeting, considered and recommended approval of (i) expanding the Program’s loan products to include the Freddie Mac HFA Advantage and (ii) increasing the Program’s sales price and income limits.

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

1. The Single Family Mortgage Purchase Program shall add the Federal Home Loan Mortgage Corporation or Freddie Mac HFA Advantage conventional mortgage loan product to the Single Family Mortgage Purchase Program.
2. The maximum allowed sales price for Mortgage Purchase Program shall increase to \$625,765.
3. The maximum income limits for the Single Family Mortgage Purchase Program shall increase as follows:

Household Size	Maximum Income
1	\$98,448
2	\$140,640
3+	\$164,080

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

3. Approval to Add Freddie Mac HFA Advantage Conventional Mortgage Product to the Single Family Mortgage Purchase Program and Increase the Sales Price and Income Limits for the Program

Kayrine Brown, Chief Investment and Real Estate Officer, and Erik Smith, Junior Financial Analyst, were the presenters

The following resolution was adopted upon a motion by Commissioner Vice Chair Nelson and seconded by Chair Pro Tem Rodriguez. Affirmative votes were cast by Commissioners Simon, Nelson, Rodriguez, Byrd, and Priest. Commissioner Croom was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 18-74

RE: Approval of the Development Plan for Upton II and Approval to Increase the Predevelopment Budget and a Second Installment of Predevelopment Funding from the Opportunity Housing Reserve Fund(“OHRF”) to Fund Related Expenses

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, Upton II is a planned development in Rockville that is entitled under current zoning and planning requirements for retail, public parking, and up to 400 apartments, of which HOC and Victory Housing, Inc. (“VHI”) will own and operate a condominium unit containing 150 apartments and a share of parking and general common elements in a single purpose entity known as HOC at The Upton II, LLC (“HOC Upton Development”) and Duball LLC or an affiliate will own and operate a second condominium unit comprising the remainder of the development; and

WHEREAS, the HOC Upton Development proposes to serve seniors across a wide income range through the implementation of the new income averaging component of the Low Income Housing Tax Credit (“LIHTC”) program, which will allow households with income from 40% up to 80% of the Washington DC Area Median Income (“AMI”) to enjoy rent protection without impairing the LIHTC equity for the development; and

WHEREAS, HOC staff developed and proposed the Development Plan, which estimates the total development cost of the HOC Upton Development of \$45,831,928 to be funded with HOC-issued tax-exempt bonds, LIHTC equity, subordinate financing from Montgomery County, deferred developer fee, and Developer equity; and

WHEREAS, the HOC Upton Development will be owned by a 0.01% general partner comprised of HOC (the “Developer”) and VHI and a 99.99% to-be-determined investor limited partner; and

WHEREAS, the HOC Upton Development is an important element in HOC’s portfolio because its development will replace housing for the 112 seniors who currently reside in Town Center Apartments in Rockville; and

WHEREAS, a development team led by Duball LLC has been assembled, construction permit drawings will be finalized over the next six months with expected permit issuance in late calendar year 2018, and the HOC Upton Development is projected to be delivered in May of 2021; and

WHEREAS, the development team have been preparing a development plan for the HOC Upton Development and have funded such efforts from a loan of \$1,155,198 from the Opportunity Housing Reserve Fund (the “HOC Upton Predevelopment Loan”) for design and permitting costs, which loan was approved by the Commission on October 17, 2017; and

WHEREAS, the HOC Upton Development will include design elements that are appropriate for the targeted senior population, including an urban lifestyle with market rate unit finishes complemented with unique multifamily accessibility accommodations throughout; and

WHEREAS, HOC at The Upton II, LLC seeks an increase in the amount of the Upton Predevelopment Loan of \$300,000, which will bring the total predevelopment budget to \$1,455,198;

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Development Plan for the construction of HOC Upton Development is hereby approved to include an estimated development cost of \$45,831,928, the delivery of 150 apartment units which will

serve seniors 62 years and older and of which 90% (135 units) will be restricted to those earning 40% to 80% of the area median income.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it authorizes an increase in the amount of the HOC Upton Predevelopment Loan of \$300,000 from the Opportunity Housing Reserve Fund, for a total outstanding amount of \$1,455,198 to be repaid at closing from construction financing proceeds.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of HOC at the Upton II, LLC, as its sole member, that it hereby approves an increase to the predevelopment budget by \$300,000, funded by an increase in the HOC Upton Predevelopment Loan by the same amount, bringing the total predevelopment budget to \$1,455,198.

V. ITEMS REQUIRING DELIBERATION and/or ACTION

A. Approval to Renew the Primary Audit Contract with CliftonLarsonAllen LLP for One Additional Year

Cornelia Kent, Chief Financial Officer, and Eugenia Pascual, Controller, were the presenters

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

RESOLUTION NO.: 18-77

RE: Approval to Renew the Primary Audit Contract with CliftonLarsonAllen LLP for one additional year

WHEREAS, on September 7, 2016 the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) renewed the primary audit contract with CliftonLarsonAllen LLP (“CLA”) to complete HOC’s financial audit for fiscal years 2017 and 2018; (the “Contract”); and

WHEREAS, the Contract expires as of December 31, 2018; and

WHEREAS, the Contract provides for one (1) additional two-year renewal; and

WHEREAS, HOC has had three different audit partners and several different audit managers throughout the 14 years; and

WHEREAS, CLA also currently serves as the auditor for Montgomery County, Maryland (“County”), and the CLA audit contract with the County expires after completion of the FY2019 audit; and

WHEREAS, HOC is a component unit of the County, and having the same external auditor assists in the coordination and preparation of the County Comprehensive Annual Financial Report; and

WHEREAS, staff has determined it would be beneficial to renew the Contract with CLA for a one (1) year term in order to complete the FY 2019 audit and to coincide with the expiration of the County CLA audit contract.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves renewing the primary audit contract with CliftonLarsonAllen LLP for one (1) additional year, with an expiration date of December 31, 2019.

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

The open session adjourned at 5:40 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: November 7, 2018