REVISED: June 7, 2022

Housing Opportunities Commission
OF MONTGOMERY COUNTY

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

EXPANDED AGENDA

June 8, 2022

YouTube Link: https://youtu.be/Lgw7xl9d_sM

In order to continue to implement recommended social distancing guidelines, HOC will conduct its June 8, 2022 monthly meeting through a hybrid model. HOC's Board of Commissioners and certain staff will participate in-person. The public will continue to participate via an online platform and teleconference call until further notice.

			Res #
4:00 p.m. Page 6	**I. INFORMATION EXCHANGE** A. Community Forum B. Report of the Acting Executive Director C. Commissioner Exchange		
4:40 p.m. Page 14	**II. APPROVAL OF MINUTES** A. Approval of Minutes of May 4, 2022 B. Approval of Minutes of May 4, 2022 Closed Session		
4:50 p.m. Page 30 Page 32 Page 35	**III. CONSENT** A. Appointment of Secretary-Treasurer and Executive Director B. Approval to Appoint Commissioners to the Board of Directors of Various Development Corporations C. Approval to Increase Executive Leadership Service Pay Grade Schedule		22-38 (pg. 31) 22-39 (pg. 33) 22-40 (pg. 36)
	RECESS		
4:55 p.m.	**A. DEVELOPMENT CORPORATION ANNUAL MEETINGS AND ADOPTION OF FY 2023 BUDGETS**		
 Page 41 Page 48 Page 53 Page 61 Page 68 Page 73 Page 80	**1. Alexander House Development Corporation** a. Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets b. Authorization to Renew the Property Management Contracts for Alexander House **2. Barclay Apartments Development Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets **3. Brookside Glen Apartments Development Corporation** a. Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets b. Authorization to Renew the Property Management Contracts for Brookside Glen Apartments **4. Diamond Square Development Corporation** a. Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets b. Authorization to Renew the Property Management Contracts for Diamond Square		 22-001AH (pg. 46) 22-002AH (pg. 51) 22-001BC (pg. 58) 22-001BG (pg. 66) 22-002BG (pg. 71) 22-001DS (pg. 78) 22-002DS (pg. 83)

	5. Glenmont Crossing Development Corporation		
Page 86	a. Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{GC}$ (pg. 91)
Page 93	b. Authorization to Renew the Property Management Contracts for Glenmont Crossing		22-002$_{GC}$ (pg. 96)
	6. Glenmont Westerly Development Corporation		
Page 98	a. Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{GW}$ (pg. 103)
Page 105	b. Authorization to Renew the Property Management Contracts for Glenmont Westerly		22-002$_{GW}$ (pg. 108)
Page 110	**7. Magruder's Discovery Development Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{MD}$ (pg. 115)
	8. The Metropolitan Development Corporation		
Page 118	a. Approval of Minutes of May 4, 2022 Metropolitan Development Corporation		
Page 121	b. Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-003$_{ME}$ (pg. 126)
Page 129	**9. Montgomery Arms Development Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{MA}$ (pg. 134)
Page 137	**10. Paddington Square Development Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-002$_{PS}$ (pg. 142)
Page 145	**11. Pooks Hill Development Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{PH}$ (pg. 150)
Page 153	**12. RAD 6 Development Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{RAD6}$ (pg. 163)
Page 166	**13. Scattered Site One Development Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{SS1}$ (pg. 171)
Page 174	**14. Scattered Site Two Development Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{SS2}$ (pg. 179)
Page 182	**15. Sligo Hills Development Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{SH}$ (pg. 187)
Page 190	**16. TPM Development Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{TPM}$ (pg. 195)
Page 198	**17. VPC One Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{VPC1}$ (pg. 203)
Page 206	**18. VPC Two Corporation** – Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{VPC2}$ (pg. 211)
	19. Wheaton Metro Development Corporation		
Page 214	a. Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets		22-001$_{WM}$ (pg. 219)

Page 221 6:25 p.m. Page 226 Page 233	b. Authorization to Renew the Property Management Contracts for Wheaton Metro **20. The Oaks at Four Corners Development Corporation** a. Annual Meeting and Adoption of FY 2023 Operating and Capital Budgets b. Authorization to Renew the Property Management Contracts at The Oaks at Four Corners		22-002WM (pg. 224) 22-001OC (pg. 231) 22-002OC (pg. 236)
	RESUME HOC MONTHLY MEETING		
6:30 p.m.	**IV. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**		
Page 239 6:40 p.m. Page 243 6:50 p.m. Page 254	**A. Administrative and Regulatory Committee – *Com. Kelleher, Chair*** 1. Response to Management Letter Comments in the FY 2021 Audited Financial Statement 2. **Technology Policy and Acceptable Use Policy:** Approval of Information Technology and Acceptable Use Policy of Information Technology Infrastructure and Resources Policy to Reflect Current Processes and Risks 3. **Information Security Assurance Policy and Telework Policy**: Approval of Information Technology Security Assurance Policy to Incorporate Changes in Systems Infrastructure, New Technologies, and User Environment to Reflect Current Processes and Risks, and Approval of the HOC Telework Policy		 22-41 (pg. 246) 22-42A (pg. 259) 22-42B (pg. 260)
7:00 p.m. Page 314 7:10 p.m. Page 330 7:20 p.m. Page 334 7:30 p.m. Page 340 7:40 p.m. Page 346 7:50 p.m.	**B. Budget, Finance and Audit Committee – *Com. Nelson, Chair*** 1. **Fiscal Year 2022 (FY'22) Third Quarter Budget to Actual Statements:** Commission Acceptance of Third Quarter FY'22 Budget to Actual Statement 2. **Calendar Year 2022 (CY'22) First Quarter Budget Amendment**: Commission Approval of the FY'22 First Quarter Budget Amendment for MetroPointe Apartments 3. **Uncollectable Tenant Accounts Receivable**: Authorization to Write-Off Uncollectable Tenant Accounts Receivable (January 1, 2022 – March 31, 2022) 4. **Calendar Year 2021 Audits**: Acceptance of Calendar Year 2021 Low Income Tax Credit Partnership and Limited Liability Company Audits 5. **Extension of the Use of Credit Facilities**: Approval to Extend the use of the PNC Bank N.A. Line of Credit ("PNC LOC") and the Real Estate Line of Credit ("RELOC") to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership ("MHLP") VII, Fairfax Court Apartments, Lyttonsville (8800 Brookville Road), Lindsay Ford Holdings Site (Wheaton Gateway), HOC Fenwick & Second Headquarters, Brooke Park Apartments, MPDI I (64), Ambassador Apartments, Avondale Apartments and Year 15 LIHTC Properties		 22-43 (pg. 323) 22-44 (pg. 333) 22-45 (pg. 339) 22-46 (pg. 344) 22-47 (pg. 352)

Page 353	6. **Inspection Services Contract Extension**: Authorization to Extend Inspection Services Contract with Inspection Experts, Inc. ("IEI")		22-48 (pg. 356)
8:00 p.m. Page 357	7. **Procurement of Property Management Services**: Renewal of Property Management Contracts for Alexander House, Cider Mill Apartments, Fenton Silver Spring, Forest Oak Towers, Georgian Court Apartments, Greenhills Apartments, Stewartown Homes, Westwood Towers, and Wheaton Metro (MetroPointe)		22-49 (pg. 363)
8:10 p.m. Page 366	8. **Elizabeth House III**: Approval to Procure Property Management Services		22-50 (pg. 375)
8:20 p.m. Page 376	9. Adoption of the Fiscal Year 2023 Budget		22-51[A] (pg. 387) 22-51[B] (pg. 388)
8:30 p.m. Page 408	**C. Development and Finance Committee** – Com. Simon, Chair 1. **Single Family**: Approval of Structure, Cost of Issuance Budget, and Adoption of Series Resolution(s) for the Issuance of Single Family Mortgage Revenue Bonds		22-52[A] (pg. 422) 22-52[B] (pg. 426) 22-52[C] (pg. 472)
8:35 p.m. Page 556	2. **Financial Advisor Contract:** Approval of Firm to Serve the Commission as its Financial Advisor in Accordance with Request for Proposal (RFP) #2318		22-53 (pg. 567)
8:45 p.m. Page 568	3. Authorization to Enter into Interest Rate Hedge and/or Novation in Connection with Certain Single Family Mortgage Revenue Bonds and Multifamily Housing Development Bonds and to Execute and Deliver Documents in Connection Therewith		22-54 (pg. 571)
8:55 p.m.	**ADJOURN**		

NOTES:

1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing.
3. ***Times are approximate and may vary depending on length of discussion***.
4. *These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 627-9425 or email commissioners@hocmc.org.

Information Exchange

Report of the Acting Executive Director
Kayrine Brown
June 8, 2022

Resident Services – *Service Coordination*

The Service Coordination Unit provides assessment, counseling, information, referrals, and program services to HOC customers. During the month of May 2022, staff continued to provide services primarily virtually due to the COVID pandemic and the continued closure of HOC offices. Resident Counselors continued to engage HOC customers to determine their needs. During the month of May, customers were referred to our partners and received food and other assistance. Resident counselors continued to perform wellness checks with customers to ensure their safety and assess their needs. Customers with delinquent rent were referred to the COVID Rent Program and the Housing Stabilization Program.

During the month of May HOC customers also continued to receive referrals to unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, and other benefit programs. Housing Stabilization staff continued to process a vast number of applications for rental assistance. Though Resident Counselors continued working remotely, staff continues to come in as needed for emergencies and to assist with food distribution, vaccination clinics, and other activities. Resident Counselors also attend the Housing Resource Division ("HRD") virtual briefings for new voucher recipients to provide information on the services that Resident Services offers. Additionally, the Resource Services team continues to provide services to persons with disabilities to meet their service needs.

Highlights of Resident Counselors' during May include the following:

- **Rental Assistance:**
  - Outreach and assistance to customers in applying for COVID rental assistance under the Community Development Block Grant ("CDBG") program;
- **Workshops:**
  - Registered customers at Arcola Towers for technology workshops facilitated by Senior Connection;
  - Fundamentals of Housing workshops on May 18th and May 19th;
  - Resource Sharing workshops on May 24th and May 26th;
  - In partnership with Senior Planet Montgomery, facilitated a five-series of lecture programs for seniors covering topics that included computer skills, accessing home internet services, fully utilizing internet services, and mindfulness;
- **Relocation and Certification Assistance**
  - Assistance to customers relocating from Town Center Rockville to Residences on the Lane;
  - Outreach to customers who have failed to submit all required documents for recertification by the stated deadlines;
  - Ongoing customer assistance with relocations and other needs for RAD and renovation projects at Rockville Town Center, Stewartown, Shady Grove Apartments, Willow Manor, Bauer Park, Town Center Olney, Sandy Spring, and Georgian Court Apartments.
- **Cider Mill Outreach**
  - Participated in a meeting with the Street Outreach Network to plan programming activities for customers at Cider Mill for the summer.
- **Resident Wellbeing**
  - Community bingo activity at Forest Oak Towers on May 12th;
  - Partnered with Arts for the Aging to host a monthly virtual session that provided interactive singing and dance;

- Senior Fitness Exercise Program at Forest Oak Towers.
- **Food and Nutrition Support**
  - Senior Brown Bag food distribution at Elizabeth House on May 20th;
  - Nutritional Education and food distribution event at Waverly House each Friday during May;
  - Mother's Day bags distributed to customers at Tanglewood, Spring Gardens, and Manchester manor;

Resident Services – Programming

Resident Services Division continued to provide food resources and other support with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, the Capital Area Food Bank's Senior Brown Bag, and My Groceries To Go Programs. In May, 300 HOC customers were served.

Resident Services – HOC Academy

<u>*Youth Enrichment*</u>

The Afterschool Science, Technology, Engineering, Art, and Mathematics ("STEAM") enrichment for elementary-aged youth Grades 3 – 5 continued during the month of May with 24 participants at least three times a week. The youth have participated in different educational enrichment experiences, including Science, Technology, Engineering, and Mathematics (STEM) experiments (Mad Science) and healthy cooking activities.

HOC Academy staff completed the HOC's College Success Program for the academic year. Twelve (12) high school students received mentoring by First Generation College Bound, Inc. All of the eight graduating seniors were accepted into college/university and have committed to attend to which they were accepted in the fall of 2022. College enrollments include the University of Maryland College Park, Bowie State University, Morgan State University, Virginia Tech, Lincoln College of Technology, and Montgomery College.

<u>*Adult Education and Workforce Development*</u>

In May, the Small Business Strategy Course ("SBSC") Cohort #2 completed four (4) sessions of the 10-week class. There are currently seven (7) students in the course. Additionally, 13 customers attended the Small Business Resume Mastermind Webinar. Finally, HOC Academy staff re-engaged A Wider Circle to offer free career counseling sessions to HOC customers.

Customer Highlights:

- Sheri Edwards – obtained CNA Certification from Montgomery College;
- Daylyn Price – completed the 60-hour real estate certificate course; and,
- Leslie Momodu – completed two benchmarks and submitted Spring 2022 final grades with a successful end to the academic year;
- Jessica Listou – completed one benchmark and submitted final grades for spring 2022 with a 4.0 GPA.

Resident Services – Financial Literacy

The Financial Literacy Coach continued to work with HOC customers and individuals on the Housing Path waitlist on creating a financial foundation. During the month of May, the Financial Literacy Coach provided one-on-one financial literacy coaching to five HOC customers, and six individuals from the HousingPath waitlist. The coaching sessions continued to cover topics including creating a working budget; identifying disposable income; reading credit report; and, creating and accomplishing monthly financial goals. During the month of May, the Financial Literacy Coach facilitated financial literacy workshops, which five HOC customers and six individuals on the waitlist attended.

Resident Services – Supportive Housing

The Supportive Housing Program provides housing assistance and case management services to 237 participants who are formerly homeless and have disabilities. The program services some of the most vulnerable residents of the county. In May, program staff continued to conduct home visits with program participants. Program staff continues to wear the appropriate personal protective equipment and maintain distancing. Program staff also continued the process of planning for the conversion to a Leasing program structure. Program staff also continued to assist Emergency Voucher recipients with housing and financial assistance.

During the month of May, program staff continued to implement the Rent Supplement Program ("RSP"). The RSP provides a shallow rental subsidy (up to $600 monthly) to county residents who struggle to pay their full rent with their current income. The program serves a large number of seniors on fixed incomes. The program continues to struggle to fill all program slots. This is due to a lack of success in enrolling new participants from the waitlist. The program staff is working with counselors to identify customers at HOC sites who qualify and can benefit from the program. Additionally, program staff will work with the Department of Health and Human Services ("DHHS") to receive referrals for people in the homeless continuum of care. Because of the challenges of enrolling new participants, and the need to expand other programs, Resident Services staff met with staff from the Department of Housing and Community Affairs and a decision was made to shift funding from the Rent Supplement Program to the Move Up Initiative. The Move Up Initiative is a HOC administered program that provides rental assistance to individuals and families exiting permanent supportive housing programs.

Resident Services – Fatherhood Initiative

The Fatherhood Initiative is a national program funded by the U.S. Department of Health and Human Services. HOC is the first and only housing agency to be awarded a grant under the Fatherhood Initiative. HOC completed its first five-year grant as a best practice model. HOC was awarded a second five-year grant and is currently in year two of the five-year grant period. The program provides parenting education, case management services, financial assistance for educational classes and training, and participation incentives. In May, 38 new fathers were enrolled in the program and 28 fathers graduated.

HOC's Fatherhood Initiative also continued its participation in the Strengthening the Implementation of Responsible Fatherhood Programs ("SIRF") study. The study works closely with the program to identify and overcome the challenges the program may face along the lines of case management. The study also identifies challenges, helps implement possible solutions, examine those effects on the program, and makes adjustments when needed. The SIRF study will produce usable, broadly applicable lessons to inform emerging best practices in recruiting, engaging, and retaining fatherhood participants, as well as methods for implementing rapid cycle evaluations within Responsible Fatherhood programs. During the month of May, HOC was notified that it will be receiving additional funding based on the success it is having implementing the SIRF Study.

Housing Resources Division ("HRD") and Family Self Sufficiency ("FSS")

<u>Housing Resources</u>

Monthly, HOC selects applicants from the Housing Path Waitlist to achieve a 95% program utilization rate. The program baseline is 7,659, with a current utilization rate of 94%. Currently, 232 families with issued vouchers are searching for suitable units to rent and 105 contracts are pending execution. Last month, 150 families were selected from the HCV wait list. During the month of May, the Housing Resources Division received 13 requests for voucher extensions beyond the initial 90-day period. The requests include search records reflecting the efforts made to secure housing during the voucher term and the landlords contacted. Of the 13 requests, five families were notified to contact the Human Rights Commission for possible discrimination.

This year our utilization rate is affected by an uptick of program terminations, resulting from deaths and failure to complete the required annual recertification. The Resident Services Division worked in collaboration with the Housing Resources Division to assess client needs and determine why the recertifications are not being completed. Forty-eight customers were recommended for program termination effective June 1, 2022.

The Resident Services Counselors conducted outreach to every customer in the termination window to ascertain why the annual requirement was not completed and provide assistance. They were able to assist 27 families with the recertification requirement and overturn the termination. Staff will continue the termination proceedings for twenty-one families for the following reasons:

- 3 – Moved to a Nursing Home/Assisted Living;
- 3 – Deceased;
- 1 – Voluntarily left the program;
- 1 – Skipped, and;
- 13 – Unable to reach by phone or email. Counselors left messages.

The Housing Resources Division will continue to work collaboratively with the Resident Services Division to assist those customers facing termination.

Emergency Housing Vouchers

HOC has an allocation of 118 Emergency Housing Vouchers ("EHVs"). Currently, 58 families have successfully leased units and 53 families with issued vouchers are searching for suitable units to rent. EHV customers are referred to HOC from the Department of Health and Human Services. HOC received three referrals in the month of May and requires four additional referrals from HHS.

Family Self Sufficiency ("FSS") Update

HOC Administers the HCV Homeownership program. The program is offered to HCV participants who are either FSS graduates or current participants who have completed two years of participation in FSS. The minimum requirements are for eligible participants to have a credit score of 640 and an annual income of $40,000. The program has an allotment of 25 slots of which 12 are currently filled. On 5-12-2022, a call-up was completed. Thirty-five participants were selected from the waitlist. Six participants met the minimum requirements and were referred to the HCV homeownership specialist to begin the process.

In partnership with FSS, Emmanuel Seventh Day Adventist Church conducted a virtual Financial Literacy workshop for HOC customers on May 24, 2022. Thirty customers/FSS participants attended the session on "Homeownership: Resources for Low-income Families in Housing." The presentation by the presenter revolved around several unconventional resources for homeownership such as tax sale properties, foreclosed homes, and expired MLS listings. The participants were enlightened by this information, which resulted in an engaging interaction. In addition, the presenter re-iterated the importance of debt to income ratio and its impact on the homeownership application process for home loans. The participants departed with national, state, and county homeownership resources. Four participants were selected to each receive a $25 gift card.

Affordable Housing Takes Center Stage at the County Council

On Friday May 13, 2022, the Montgomery County Council voted unanimously to add to the FY23 budget an appropriation of $4 million in annual funding to pay the principal and interest on a second $50 million installment to the Housing Production Fund ("HPF"). As with the first installment, HOC will issue the bonds to add $50 million to the HPF, and the County will pay the principal and interest for the 20-year life of the bonds. Projects that utilize this funding will pay 5% interest back to the County to offset the cost of the annual appropriation. The $4 million in annual funding is coming from the Housing Initiatives Fund ("HIF"); so, the net annual cost to the

HIF is approximated to be $1.5 million. This is in comparison to the $600,000 annual cost to the HIF for the initial $50 million HPF installment.

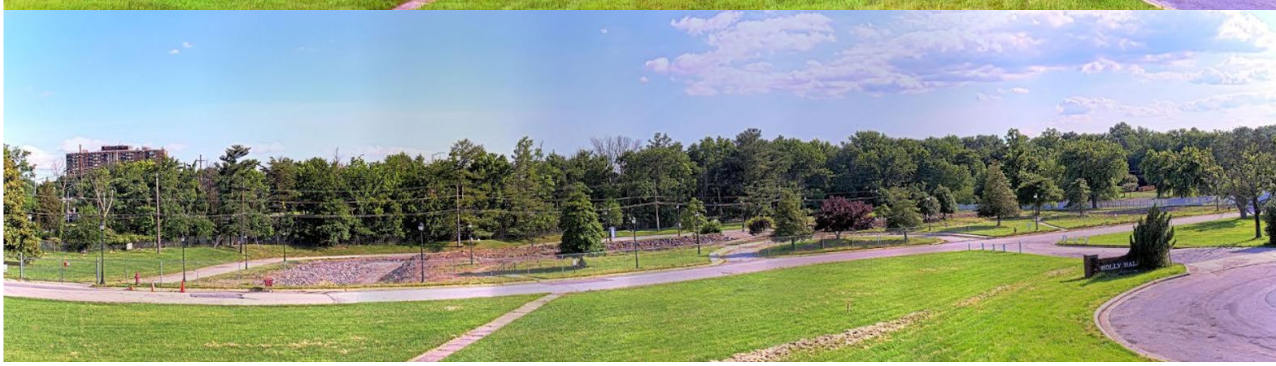
The Council also unanimously approved the full level of funding for housing in the recommended budget, including $40 million for Naturally Occurring Affordable Housing ("NOAH") preservation and directed Department of Housing and Community Affairs ("DHCA") to study and present to them ways to stand up a $100 million fund for affordable housing.

***Real Estate Activities – Wheaton* Gateway Update**

On May 25, representatives of the Wheaton Gateway development team including HOC, PS Ventures, the Duffie Companies, and Willco were in attendance virtually for the Planning Board hearing on the Wheaton Gateway Sketch Plan. The proposed 800+- unit, multi-phased mixed-income, mixed-use and sustainable development will seek to dramatically transform the parcels previously occupied by the former Ambassador Apartments, Mattress Firm, and the existing Lindsay Ford dealership located along the western portion of Veirs Mill Rd. The Planning Board was complementary of the plan in voting to approve the Sketch Plan. A preference was however expressed for the development team to explore bringing the Section Three building (Ambassador/Mattress Firm) forward as the first phase, which will be further examined for feasibility. At the upcoming July Commission meeting, HOC staff plans to present several design & engineering procurements related items, and additional predevelopment funding for approval to continue advancement of the Wheaton Gateway predevelopment efforts.

Real Estate Activities – Hillandale Gateway Update

At long last, the former Holly Hall Apartments have been demolished to make way for the proposed 463-unit Hillandale Gateway development anticipated for a Q12023 construction start. HOC staff and their development partners continue to work through financing plans for the respective 155-unit Age-Restricted (AR) and 308-unit Non-Age-Restricted (NAR) along with continued design permitting with Montgomery County Department of Permitting Services.



Real Estate Activities – Battery Lane Acquisition

On May 25, HOC completed the acquisition of three multifamily properties in the Woodmont Triangle area of downtown Bethesda from Aldon management. The three properties combined have 212 apartment units situated across a site area of 4.28 acres. All 212 units are naturally occurring affordable housing with no legal or regulatory restrictions on rents or household incomes. As naturally occurring affordable housing located in the Bethesda CBD, the Properties were at very high risk for significant future rent increases and potential displacement upon redevelopment. Control of the Properties is essential to preserving the existing housing stock and managing redevelopment in the future to avoid any permanent low- and moderate-income tenant displacement. This acquisition presents a unique opportunity for HOC to preserve currently naturally affordable residential units as well as significantly increase the number of affordable units in the area with a very high redevelopment future rent increase potential.

Currently, all unit rents are at or below 70% of the Washington, DC-MD-VA Metropolitan Statistical Area Median Income ("AMI") levels. HOC intends to implement two levels of affordability across the Properties: 10% of the units (21 units) will be formally restricted to households earning 70% or less of the area AMI. Additionally, 20% of the units (44 units) will be restricted to households earning 50% or less of the area AMI, Implementation of the restrictions will be phased in over the period of 2-3 years and will not displace any existing residents.

The acquisition of the Properties was completed using a short-term $48.45 million acquisition loan from EagleBank, HOC equity ($2.7 million), and HOC PNC Real Estate Line of Credit funds ($6 million). A HIF loan in the amount of $5.3 million, expected to be approved by the County DHCA in the near future, will replace the line of credit funds in the acquisition capital stack in the coming weeks.


Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes
May 4, 2022

22-05

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform and teleconference on Wednesday, May 4, 2022, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:14 p.m. Those in attendance were:

Present
Roy Priest, Chair
Frances Kelleher, Vice Chair
Linda Croom
Jeffrey Merkowitz
Jackie Simon

Present via Teleconference
Richard Y. Nelson, Jr., Chair Pro Tem

Absent
Pamela Byrd

Also Attending

Kayrine Brown, Acting Executive Director
Zachary Marks
Gio Kaviladze
Fred Swan
Jay Shepherd
Timothy Goetzinger
Bonnie Hodge
Karlos Taylor
Aisha Memon
Marcus Ervin
Nathan Bovelle
Patrick Mattingly
Hyunsuk Choi
Sewavi Agbodjan
Ian-Terrell Hawkins
Irma Rodriquez

Also Attending via Teleconference

Matt Husman
Terri Fowler
Lynn Hayes
Paige Gentry

IT Support
Aries Cruz

Commission Support
Patrice Birdsong, Spec. Asst. to the Commission

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

I. **Information Exchange**

Community Forum

- There were no participants signed up for the Community Forum.

Executive Director's Report

- Kayrine Brown, Acting Executive Director, provided an overview of the written report highlighting the 2022 State Legislative Session and various activities HOC coordinated and/or participated in. Lynn Hayes, Director of Housing Resources, addressed Commissioner's questions regarding increased terminations due to death or failure to complete annual recertifications. Ms. Hayes informed that subsequent notices are sent as a reminder, and to allow additional time to submit the materials. She suggested that her team would research some sort of additional outreach to assist. Commissioner Simon had a question regarding extensions. Ms. Hayes informed that a discussion to amend the terms of the Administrative Plan to allow for extensions is scheduled for discussion at the upcoming Administrative and Regulatory Committee scheduled for May 16, 2022. Acting Executive Director Brown addressed Commissioner Croom's questions regarding Youth Internship indicating that HOC would be hiring. (Commissioner Croom was a little under the weather so her voice was strained.). Chair Priest acknowledged the contribution made to the HOCP Board from the Boston Financial Group and the work that HOC Staff has done to position the Board to receive the funding. Chair Priest also acknowledged and thanked the Information Technology (IT) Team for their hard work.

Commissioner Exchange

- Chair Priest talked about an article regarding increasing interest rates. He also shared that the National Association of Housing for Housing and Redevelopment Officials (NAHRO) is onboarding the new Executive Director Mark Thiele and that the National Conference will be held in San Diego, CA.
- Commissioner Kelleher recognized and thanked Patrice Birdsong, Special Assistant to the Commission, for her support to the Board in honor of Administrative Assistants Day.
- Chair Priest reminded that the Affordable Housing Conference Summit will be held on May 20, 2022.
- Commissioner Simon recognized Susan Smith, Program Coordinator – Resident Services Division, who will be honored by Independence Now, Inc., a bi-county organization that services persons with disabilities. She also shared that she attended the County sponsored event "Save Our Neighborhood" that discussed the seriousness of bullying that is going on in the high schools.
- Chair Priest formerly welcomed Commissioner Jeffrey Merkowitz to his first in-person meeting. He also acknowledged and thanked the staff as well as Acting Executive Director Kayrine Brown, and Aisha Memon for all the hard work performed to keep the agency afloat.

II. **Approval of Minutes** - The minutes were approved as submitted with a motion by Commissioner Croom and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Croom, Merkowitz, and Simon. Commissioner Byrd was necessarily absent and did not participate in the vote.

A. Approval of Minutes of April 6, 2022

B. Approval of Minutes of April 6, 2022 Closed Session

III. **CONSENT** – The consent items were approved as submitted with a motion by Vice Chair Kelleher and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Croom, Merkowitz, and Simon. Commissioner Byrd was necessarily absent and did not participate in the vote.

A. Approval of Changes to the Collective Bargaining Agreement between the Housing Opportunities Commission of Montgomery County and the Municipal and County Government Employees Organization for the period of July 1, 2020 through June 30, 2022

RESOLUTION NO.: 22-29

RE: Approval of Changes to the Collective Bargaining Agreement between the Housing Opportunities Commission and the Municipal and County Government Employees Organization for the period of July 1, 2020 through June 30, 2022

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") is required by law to enter into a Collective Bargaining Agreement ("CBA") for Commission employees who are covered under the collective bargaining law that went into effect as of October 1, 1999; and

WHEREAS, the CBA between HOC and the Municipal County Government Employees Organization ("MCGEO") (the exclusive union representative for those employees in the bargaining units of Service, Labor, and Trades ("SLT"), and Office, Professional, and Technical ("OPT")) expired on June 30, 2020; and

WHEREAS, HOC and MCGEO agreed to continue the terms and conditions of the expired CBA and negotiate wage adjustments for Fiscal Year 2021 and 2022, negotiate revisions to HOC's Telework Program, and to adopt Tentative Agreements that were reached during the negotiation process;

WHEREAS, the negotiations began on October 15, 2021 and were successfully concluded on March 11, 2022; and

WHEREAS, the "Negotiated Agreement" reached by HOC and MCGEO includes the following:

1. Effective the first full pay period after January 1, 2022, Bargaining Unit Members shall receive a $1,064.00 General Wage Adjustment.
2. Effective the first full pay period after June 1, 2022, Bargaining Unit Members will receive a $1,684.00 General Wage Adjustment.
3. The minimum and maximum of the Pay Scales for each grade shall be increased commensurate with each General Wage Adjustment.
4. For Fiscal Year 2022, Bargaining Unit Members who have been rated as Fully Successful by the effective date shall receive a 3.5% Annual Pay Increment effective the first full pay date after January 1, 2022. A Bargaining Unit Member who is not Fully Successful the first full pay period after January 1, 2022, shall receive their Fiscal Year 2022 increment when they become Fully Successful.

Bargaining Unit Members who were not eligible for the Fiscal Year 2022 Annual Pay Increment because they have reached the Top of Grade shall receive an $825.00 bonus.

5. Bargaining Unit Members who have worked at least six months in Fiscal Year 2021 shall receive a 1.75% Annual Pay Increment, effective the first full pay period after June 1, 2022, and a 1.75% Annual Pay Increment effective the first full pay period after September 1, 2022. Bargaining Unit Members who are not eligible for the Fiscal Year 2021 increment because they are at Top of Grade shall receive a $412.50 bonus the first full pay period after June 1, 2022 and a $412.50 bonus the first full pay period after September 1, 2022.
6. Revisions to HOC's Telework Program, which outline roles, responsibilities, eligibility, and other standard administrative and operational terms and processes of the Telework Program.
7. Tentative Agreements to the CBA reached during the negotiation process, which were generally administrative, and include changes to Employee Benefit Sections to ensure the language is consistent with Montgomery County Group Insurance Plans; removal of outdated or obsolete language; updating sections to reflect current practices; and an agreement by the parties that the CBA will be revised to reflect gender neutral language.

WHEREAS, the collective bargaining law stipulates that the CBA shall be effective upon the approval of the Commission and the membership of the union representing the bargaining unit; and

WHEREAS, the union membership ratified the Negotiated Agreement on April 29, 2022.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves the Negotiated Agreement.

B. Approval of Fiscal Year Wage Adjustments and Annual Pay Increments for Non-Represented Merit System Staff for the period of July 1, 2020 through June 30, 2022

RESOLUTION NO.: 22-30 **RE: Approval of Fiscal Year Wage Adjustments and Annual**

Pay Increments For Non-Represented Merit System Staff
for the Period of July 1, 2020 Through June 30, 2022

WHEREAS, the Commission of Montgomery County ("HOC" or the "Commission") wishes to award a compensation package for Non-Represented Merit System staff ("Non-Represented Merit Staff") for the period of July 1, 2020 through June 30, 2022 that is fair, equitable, and consistent with that of represented employees; and

WHEREAS, the Commission proposes the following "FY 2021 and 2022 Compensation Package" for Non-Represented Merit Staff:

1. Effective the first full pay period after January 1, 2022, Non-Represented Merit Staff shall receive a $1,064.00 General Wage Adjustment.
2. Effective the first full pay period after June 1, 2022, Non-Represented Merit Staff will receive a $1,684.00 General Wage Adjustment.
3. The minimum and maximum of the Pay Scales for each grade shall be increased commensurate with each General Wage Adjustment.
4. For Fiscal Year 2022, Non-Represented Merit Staff who have been rated as Fully Successful by the effective date shall receive a 3.5% Annual Pay Increment effective the first full pay date after January

1, 2022. Non-Represented Merit Staff who are not Fully Successful the first full pay period after January 1, 2022, shall receive their Fiscal Year 2022 increment when they become Fully Successful. Non-Represented Merit Staff who were not eligible for the Fiscal Year 2022 Annual Pay Increment because they have reached the Top of Grade shall receive an $825.00 bonus.

5. Non-Represented Merit Staff who have worked at least six months in Fiscal Year 2021 shall receive a 1.75% Annual Pay Increment, effective the first full pay period after June 1, 2022, and a 1.75% Annual Pay Increment effective the first full pay period after September 1, 2022. Non-Represented Merit Staff who are not eligible for the Fiscal Year 2021 increment because they are at Top of Grade shall receive a $412.50 bonus the first full pay period after June 1, 2022 and a $412.50 bonus the first full pay period after September 1, 2022.

NOW, THEREFORE, BE IT RESOLVED, that the Housing Opportunities Commission of Montgomery County hereby approves the FY 2021 and 2022 Compensation Package for Non-Represented Merit Staff.

C. Approval to Amend the Housing Opportunities Commission Personnel Policy – Executive Leadership Series

RESOLUTION NO.: 22-31 | **RE: Approval to Amend HOC's Personnel Policy – Executive Leadership Service**

WHEREAS, in July 2006, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") amended its Personnel Policy to include Executive Leadership Service ("ELS"), which applies to employees in senior level positions who develop and implement policy, manage a significant number of employees, and carry out programs and services; and

WHEREAS, ELS was developed to increase accountability, provide organizational flexibility, acknowledge excellence in performance, and improve the Commission's ability to attract high performing executives; and

WHEREAS, ELS was established with two (2) occupational classes at different grade levels allowing for performance based pay, flexible administrative components, and a broad classification structure; and

WHEREAS, the Commission desires to establish a third occupational class at a different grade level to further broaden the ELS classification structure while continuing to provide performance based pay and flexible administration.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes a third occupational class with its own grade level in the ELS and amends Chapter 2000, Section 2020 of the Personnel Policy as follows:

2020 - Classification. For ELS, there shall be two (2) three (3) occupational classes. Each class shall have a generic job specification which defines the scope, complexity of work and delegation of authority to be established in the discretion of the Executive Director. A job title for a position in the ELS may be different than the classification. Job classifications with the "EX" designation shall be included in the ELS. The number of positions within ELS may be adjusted from time to time in the discretion of the Commission. An ELS employee may be transferred to another ELS position within the same pay tier in the discretion of the Executive Director.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Acting Executive Director, or her designee, is hereby 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 the execution and delivery of any documents related thereto.

IV. **COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION**

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

1. **The Metropolitan**: Emergency Procurement to Select Contracting Specialists Incorporated as the Waterproofing Contractor for Repair of the Green Roof at Metropolitan Apartments

Marcus Ervin, Director of Real Estate Development, introduced Hyunsuk Choi, Housing Acquisitions Manager, who was the presenter.

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

RESOLUTION NO.: 22-32

RE: Emergency Procurement to Select Contracting Specialists Incorporated as the Waterproofing Contractor for Repair of the Green Roof at Metropolitan Apartments

WHEREAS, The Metropolitan Apartments ("the "Property") was constructed in 1997 as a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda and currently consists of 216 market rate units and 92 affordable units; and

WHEREAS, the Property is owned by The Metropolitan of Bethesda Limited Partnership (the "Metropolitan LP"), which is wholly owned by the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC"), and The Metropolitan Development Corporation (the "Metropolitan Corporation"), which is wholly controlled by HOC; and

WHEREAS, the Property has a green roof plaza and testing has revealed ineffective drainage beneath the paved area of the plaza, which needs to be remediated immediately in order to prevent more extensive and expensive damage to the Property; and

WHEREAS, on February 2, 2022, the Commission approved selecting Smislova, Kehnemui & Associates, P.A ("SK&A") to (i) complete a plan for the necessary repairs, (ii) to evaluate proposals for the selection of a waterproofing services contractor, and (iii) to perform construction management services; and

WHEREAS, SK&A has conducted a review and analysis of the bids for the waterproofing services contractor from (1) Concrete Projection & Restoration, Inc., (2) The C.A. Lindman Inc., and (3) Contracting Specialists, Incorporated ("CSI"); and

WHEREAS, based on SK&A's review of the submitted proposals and project completion time, SK&A advises awarding a contract for waterproofing construction services to CSI in an amount not to exceed $4,499,450 because of their overall experience, lower bid price, and faster completion schedule; and

WHEREAS, staff recommends including a contingency in the amount of $450,000 to account for unforeseen conditions during completion of the work, which makes the total cost for the waterproofing construction $5,192,450 (the "Waterproofing Budget"); and

WHEREAS, staff was notified by a Montgomery County Delegate that the State Capital budget includes two separate allocations that are available to repair the green roof plaza: (1) a miscellaneous grant for $1,250,000, and (2) a Legislative Bond Initiative for $350,000, for a total of $1.6 million ("State Capital Contribution"); and

WHEREAS, the Waterproofing Budget will be funded by the State Capital Contribution and the Metropolitan Corporation operations ("Waterproofing Funding Sources"), provided that if the total cost exceeds the Waterproofing Funding Sources, cash flow generated by the Metropolitan Corporation in Fiscal Year 2023 will pay the balance; 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 $100,000,000, all or a portion of which may reimburse the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date, which is 60 days prior to the date hereof, but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that the project is placed in service (but in no event more than three years after the date of the original expenditure of such moneys); and

WHEREAS, HOC will continue to evaluate its options for construction and permanent financing, which may include the issuance of tax-exempt governmental bonds or such other tax-exempt bonds that are permissible under provisions of the Internal Revenue Code, the proceeds of which would fund a permanent mortgage that would be insured by FHA in accordance with the Risk Share mortgage program; and

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

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself on behalf of the Metropolitan LP, as its general partner, approves the selection of CSI as the Waterproofing Contractor for the repair of the green roof at the Property.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself on behalf of the Metropolitan LP, as its general partner, authorizes the Acting Executive Director, or her designee, to negotiate and execute a contract with CSI for an amount not to exceed $4,499,450.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself on behalf of the Metropolitan LP, as its general partner, approves a project contingency of $450,000.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself on behalf of the Metropolitan LP, as its general partner, (1) accepts the State Capital Contribution, and (2) authorizes the appropriation of the State Capital Contribution by the State of Maryland in its Capital Budget.

BE IT FURTHER RESOLVED THAT:

Section 1. Declaration of Official Intent. The Commission presently intends and reasonably expects to finance costs related to the predevelopment, development, and equipping of the Property, with moneys currently contained in its Opportunity Housing Reserve Fund, and General Fund Property Reserve Account, County Revolving Fund accounts, and any other funds of the Commission so designated for use by the Commission.

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, will be incurred not earlier than 60 days prior to the date of this Resolution except preliminary expenditures 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 $100,000,000 will be applied to reimburse the Commission for its expenditures in connection with the project.

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 Property, 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 related to the Property which are 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.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself on behalf of the Metropolitan LP, as its general partner, authorizes and directs the Acting Executive Director, or her designee, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

2. **HOC Headquarters**: Approval of Construction Manager and Revised FY22 Predevelopment Budget and Funding Installment

Marcus Ervin, Director of Real Estate Development, introduced Jay Shepherd, Housing Acquisitions Manager, who was the presenter.

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

RESOLUTION NO.: 22-33A **RE: Approval of Construction Manager Selection and Revised 2022 Predevelopment Budget and Funding Installment**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"), has secured three lots located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910 as the site of a new headquarters building, projected to be approximately 83,000 gross square feet or the maximum allowed by the current zoning regulations (the "New HQ"); and

WHEREAS, on September 5, 2018, the Commission approved a predevelopment budget in the amount of $2,116,000 for the initial feasibility design and entitlement of the New HQ and a draw on the $60 million PNC Bank, N.A. Line of Credit ("PNC LOC") to fund the first installment of predevelopment funding in the amount of $264,500; and

WHEREAS, on May 6, 2020, in order to expedite the delivery of the New HQ, reduce overall costs, and minimize development period risk, the Commission approved submitting an application for the two-step process of Mandatory Referral; and

WHEREAS, On February 3, 2021, the Commission approved the submission of the second step of the Mandatory Referral process and a revised total predevelopment budget of $2,908,300 for the design and entitlement of the New HQ and the use of the PNC LOC as the source to fund the FY22 installment of $750,000; and

WHEREAS, on May 17, 2021, the Montgomery County Planning Board approved the New HQ Administrative Subdivision Plan Application; and

WHEREAS, costs for calendar year 2022 have been projected and additional predevelopment expenses are expected to escalate due to a combination of refined design development, increased material and labor costs, greater allowances for contingencies, increased costs due to permit and fee requirements, higher construction management service costs, and higher borrowing costs expected at the time of financing; and

WHEREAS, the current revised predevelopment budget for the New HQ is $5,020,756 and the final installment of $2,112,456 may be funded from the PNC LOC; and

WHEREAS, the Commission issued a Request for Proposals for construction management services ("RFP #2312") for the New HQ; and

WHEREAS, Jones Lang LaSalle ("JLL") received the highest score among respondents to RFP #2312; and

WHEREAS, the Commission desires to select JLL as the construction manager for the New HQ and authorize the Acting Executive Director to execute a contract with JLL ("CM Contract").

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves a revised total predevelopment budget of $5,020,756 for the design and entitlement of the New HQ and the use of the PNC LOC as the source to fund the final installment of $2,112,456.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the selection of JLL as the construction manager for the New HQ and authorizes the Acting Executive Director, or her designee, to execute the CM Contract that obligates HOC for only the preconstruction phase and allows HOC the right to terminate the contract prior to construction.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Acting Executive Director, or her designee, is hereby authorized, without any further action on its part, 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.

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

RESOLUTION NO.: 22-33B **RE: Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund a Fourth Installment of Predevelopment Funds for HOC's New Headquarters Building**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"), has secured three lots located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910, as the site of a new headquarters building, projected to be approximately 83,000 gross square feet or the maximum allowed by the current zoning regulations (the "New HQ"); and

WHEREAS, on September 5, 2018, the Commission approved a predevelopment budget in the amount of $2,116,000 for the initial feasibility design and entitlement of the New HQ and a draw on the $60 million PNC Bank, N.A. Line of Credit (the "PNC LOC") to fund the first installment of predevelopment funding in the amount of $264,500; and

WHEREAS, on May 6, 2020, the Commission approved a revised predevelopment budget in the amount of $2,650,150 and a second installment draw on PNC LOC for predevelopment funding of $793,800 to cover costs attributable to a required traffic engineering study and permit and application fees for the initial feasibility design and entitlement of the New HQ; and

WHEREAS, costs for calendar year 2022 have been projected and additional predevelopment expenses are expected to escalate due to a combination of refined design development, increased material and labor costs, greater allowances for contingencies, increased costs due to permit and fee requirements, higher construction management service costs, and higher borrowing costs expected at the time of financing; and

WHEREAS, the current revised predevelopment budget for the New HQ is $5,020,756 and the cost of the fourth installment of predevelopment funding is $2,112,456; and

WHEREAS, the Commission may make draws on the PNC LOC at a contractual rate based on the London Interbank Offered Rate ("LIBOR") index plus a spread.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes a fourth draw in the amount of $2,112,456 at the PNC LOC contractual rate, which is based on the 30-day LIBOR plus a spread, to fund a fourth installment of the total predevelopment budget to be repaid, including cost of interest, from the proceeds of the New HQ's construction-period financing, and that this draw shall have a due date that coterminous with the termination date of the PNC LOC, which is currently.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Acting Executive Director, or her designee, is hereby authorized, without any further action on its part, 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.

3. **Brooke Park**: Approval for the Acting Executive Director to Execute Change Order with Bennett Frank McCarthy Architects, Inc.

Marcus Ervin, Director of Real Estate Development, introduced Gio Kaviladze, Senior Financial Analyst, who was the presenter.

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

RESOLUTION NO.: 22-34 **RE: Approval for the Acting Executive Director to Execute a Change Order with Bennett Frank McCarthy Architects, Inc.**

WHEREAS, in 2013 the Montgomery County Department of Housing and Community Affairs ("DHCA") exercised its right of first refusal and assigned the right to the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") to purchase Brooke Park Apartments ("the Property") to preserve affordable housing units in this location of the county that lacked affordable housing and risked demolition and redevelopment as luxury townhomes for the affluent, and the displacement of 18 low- and moderate-income families; and

WHEREAS, DHCA funded an acquisition and development loan of $5,200,000 at the time of the acquisition and committed to provide additional funding as needed to complete the renovation; and

WHEREAS, in April 2020, DHCA provided a commitment to fund the net funding need of $3,747,829 through a combination of HOME and energy-efficiency improvement related funding sources; and

WHEREAS, the renovation activities started in 2019, concluded in 2021, and included significant site work that required additional design, engineering and permit approval related services from the project design team lead by Bennett Frank McCarthy Architects, Inc. ("BFM"); and

WHEREAS, staff proposes executing change orders to the existing contract with BFM in the combined amount of Nineteen Thousand and Twenty-Nine Dollars ($19,029) to compensate BFM for the additional time and services provided during construction.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes and directs the Acting Executive Director, or her designee, without any further action on its part, to execute change orders to the existing BFM contact in the amount of Nineteen Thousand and Twenty-Nine Dollars ($19,029), to be funded from the Property's development budget.

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

4. **Residence on The Lane**: Approval for the Acting Executive Director to Execute Change Order to Closeout Construction Management Services

Marcus Ervin, Director of Real Estate Development, introduced Jay Shepherd, Housing Acquisitions Manager, who was the presenter.

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

RESOLUTION NO.: 22-35

RE: Approval for the Acting Executive Director to Execute Change Order with CFI Construction, Inc. to Continue Construction Management Services at the Residences on The Lane Development

WHEREAS, on January 9, 2019 the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") approved the Final Development Plan for Upton II (later renamed Residences on The Lane) (the "Property"), which started construction in April 2019; and

WHEREAS, HOC is the managing member of HOC MM Upton II, LLC, which is the managing member of HOC at the Upton II, LLC ("Owner"), the owner of the Property; and

WHEREAS, on May 10, 2019, the Commission approved the selection of CFI Construction Corporation ("CFI") as construction manager for the project and CFI was awarded a contract in the amount of $249,000; and

WHEREAS, to bolster staffing shortages, on September 1, 2021, the Commission approved a change order to the CFI contract up to $150,000 (bringing their aggregate contract amount to $399,000) to provide continuing services for construction management at the Property, to be funded from the Property's development budget; and

WHEREAS, to ensure the efficient and timely completion of the development plan and delivery of equity credits, staff proposes an expanded role for CFI and approval of another change order to the contract to augment staff resources to handle construction management services for the closeout delivery of the building and to protect the Commission's interests.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and as the ultimate managing member of Owner, that it hereby approves a change order to the CFI contract not to exceed $200,000 (bringing their aggregate contract amount to $599,000) to provide continuing services for construction management at the Property through stabilized occupancy, and authorizes the Acting Executive Director, or her designee, to execute such change order to be funded from the Property's development budget.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and as the ultimate managing member of Owner, that the Acting Executive Director of HOC, or her designee, is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein including the execution of any documents related thereto.

5. **Westside Shady Grove**: Approval of Naming of Westside Shady Grove in Accordance with HOC Naming Guidelines

Marcus Ervin, Director of Real Estate Development, was the presenter.

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

RESOLUTION NO.: 22-36 **RE: Approval of Naming Westside Shady Grove in**
Accordance with HOC Naming Guidelines

WHEREAS, Westside Shady Grove Building D (the "Property") is currently under construction and will be a 268-unit mixed use apartment building with 21,000 square feet of retail space and serve as the Housing Opportunities Commission of Montgomery County's (the "Commission" or "HOC") Up-County Customer Service Center in the Westside Shady Grove area of Rockville, MD;

WHEREAS, the Property is owned by HOC at Westside Shady Grove, LLC ("Owner"), which is ultimately controlled by the Commission; and

WHEREAS, HOC staff, in alignment with the Guidelines for Naming of HOC Properties and Facilities (the "Guidelines"), developed a permanent name recognition; and

WHEREAS, the recommended permanent name aligns with the general principles set forth in the Guidelines, including: having a strong positive image that withstands the test of time; having appropriate regard for the Property's location and history; and recognizing outstanding accomplishments by individuals for the good of the community.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, on its behalf and on behalf of the Owner, as the sole member of its ultimate managing member, approves "The Laureate" as the permanent name for the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on its behalf and on behalf of the Owner, as the sole member of its ultimate managing member, that the

Acting Executive Director of HOC, or her designee, is authorized and directly, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the activities contemplated herein.

Chair Priest called a recess at 5:25 p.m. The meeting was reconvened at 5:28 p.m.

Chair Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Commissioner Croom seconded the motion, with Commissioners Priest, Kelleher, Nelson, Croom, Merkowitz, and Simon voting in approval. Commissioner Byrd was necessarily absent and did not participate in the vote.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 5:30 p.m. and reconvened in closed session at 5:45 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on May 4, 2022 at approximately 5:45 p.m. via hybrid platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(1), 3-305(b)(3), and 3-305(b)(13) to discuss two topics. The first topic was the appointment, employment, assignment, and compensation of the candidates for Secretary-Treasurer/Executive Director (pursuant to Section 3-305(b)(1)). The second topic was the acquisition/purchase of the fee simple interest of three multifamily properties located in Bethesda, Maryland (pursuant to Section 3-305(b)(3)), and the confidential commercial and financial terms of such acquisition (pursuant to Section 3-305(b)(13)).

The meeting was closed and the closing statement dated May 4, 2022 was adopted on a motion made by Roy Priest, seconded by Linda Croom, with Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Linda Croom, Jeffrey Merkowitz, and Jackie Simon voting in favor of the motion. Commissioner Byrd was necessarily absent and did not participate in the vote. The following persons were present for the discussion of Topic #1 (listed below): Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Linda Croom, Jeffrey Merkowitz, Jackie Simon, Kayrine Brown, Aisha Memon, John Broullire, Marcus Ervin, Jay Shepherd, Fred Swan, Karlos Taylor, Nathan Bovelle, Hyunsuk Choi, Timothy Goetzinger, Zachary Marks, Ian-Terrell Hawkins, and Patrice Birdsong. The following persons were present for the discussion of Topics #2 and #3 (listed below): Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Linda Croom, Jeffrey Merkowitz, and Jackie Simon.

In closed session, the Commission discussed the below topics and took the following actions:

1. **Topic**: The acquisition of the fee simple interest of three multifamily properties located in Bethesda, Maryland (pursuant to Section 3-305(b)(3)), and the confidential commercial and financial terms of such acquisition (pursuant to Section 3-305(b)(13)).

    a. **Action Taken**: With a quorum present, Commissioners Priest, Kelleher, Nelson, Croom, Merkowitz, and Simon adopted Resolution 22-37AS, which (i) authorized exiting the due diligence period and completing the acquisition of the properties, (ii) approved the financing plan, (iii) authorized accepting two loans to fund the acquisition of the properties, and (iv) authorized the Acting Executive Director to take any other actions necessary and proper to carry out the transaction.

2. **Topic**: The appointment, employment, assignment, and compensation of the candidates for Secretary-Treasurer/Executive Director (pursuant to Section 3-305(b)(1)).

    a. **Action Taken**: With a quorum present, Commissioners Priest, Kelleher, Nelson, Croom, Simon, and Merkowitz approved hiring Chelsea J. Andrews as Executive Director, and authorized Chair Priest to negotiate the terms of the final contract. Commissioner Byrd was necessarily absent and did not participate in the vote. No resolution was presented or passed.

3. **Topic**: The appointment, employment, assignment, compensation, and evaluation of the Acting Executive Director (to be the Deputy Executive Director) (pursuant to Section 3-305(b)(1)).

    a. **Action Taken**: With a quorum present, Commissioners Priest, Kelleher, Nelson, Croom, Simon, and Merkowitz approved the following for the Acting Executive Director: a one-time bonus (for her work as Acting Executive Director), and a base pay increase and the ability to retain the use of an HOC vehicle (in her role as Deputy Executive Director). Commissioner Byrd was necessarily absent and did not participate in the vote. No resolution was presented or passed.

        i. **NOTE:** HOC acknowledges that this item was not specifically listed as a topic to be discussed under Section 3-305(b)(1) in the Closing Statement dated May 4, 2022, and apologizes for the oversight.

The closed session was adjourned at 7:19 p.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer

/pmb

Note:
The Housing Opportunities Commission of Montgomery County (HOC) experienced technical difficulties during the live-stream of its May 4, 2022 Commission Meeting. The technical difficulties were caused by equipment failure and resulted in portions of the meeting being inaudible. This was HOC's first "hybrid" meeting; select staff attended the meeting in-person, and the public and the majority of staff attended the meeting virtually. HOC is diligently working to prevent similar issues at future meetings and apologizes for the inconvenience.

Consent

APPOINTMENT OF SECRETARY-TREASURER AND EXECUTIVE DIRECTOR

JUNE 8, 2022

- HOC's prior Secretary-Treasurer and Executive Director, Stacy L. Spann, announced his resignation effective as of July 31, 2021.

- Beginning on August 1, 2021, the Commission appointed Kayrine Brown as the Acting Secretary-Treasurer/Executive Director.

- The Commission has finalized its search for the Executive Director and desires to officially appoint such person.

- The Commission has appointed Chelsea J. Andrews as Secretary-Treasurer and Executive Director effective as of July 11, 2022.

RESOLUTION NO.: 22-38 **RE: Appointment of Chelsea J. Andrews as Secretary-Treasurer and Executive Director**

WHEREAS, Stacy L. Spann announced his resignation as the Secretary-Treasurer and Executive Director ("Secretary/ED") of the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") as of July 31, 2021;

WHEREAS, as of August 1, 2021, the Commission appointed Kayrine Brown as HOC's Acting Secretary-Treasurer and Executive Director and began a search for a new Secretary/ED; and

WHEREAS, the Commission has selected Chelsea J. Andrews as the Secretary/ED and desires to officially appoint her to the position and to delegate the necessary authority.

NOW, THEREFORE, BE IT RESOLVED that, as of July 11, 2022, the Housing Opportunities Commission of Montgomery County hereby appoints Chelsea J. Andrews as HOC's Secretary-Treasurer and Executive Director.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that, as of July 11, 2022, Chelsea J. Andrews, as HOC's Secretary-Treasurer and Executive Director, shall be vested with all the power and authority granted to HOC's Secretary/ED pursuant to state and local statutory/regulatory requirements, HOC's Bylaws, as amended, and any and all HOC policies, agreements, and resolutions, including but not limited to all signatory authority (except as may be limited by specific direction from the Commission).

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL TO APPOINT COMMISSIONERS TO THE BOARD OF DIRECTORS OF VARIOUS DEVELOPMENT CORPORATIONS

June 8, 2022

- The Development Corporations are special purpose entities that hold various HOC properties.

- The Bylaws of the Development Corporations provide that the Board of Directors shall be selected annually by the Housing Opportunities Commission of Montgomery County.

- This action seeks the Commission's approval to appoint the current HOC Commissioners to the Board of Directors of each Development Corporation.

RESOLUTION No.: 22-39 **RE: Approval to Appoint Commissioners to the Board of Directors of Various Development Corporations**

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

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

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

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

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

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

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

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 8, 2022.

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Patrice Birdsong
Special Assistant to the Commission

APPROVAL TO INCREASE

EXECUTIVE LEADERSHIP SERVICE PAY GRADE SCHEDULES

June 8, 2022

- The Acting Executive Director is seeking approval to increase the Executive Leadership Service ("ELS") Pay Grade Schedules consistent with the General Wage Adjustments for Non-Represented Merit System staff approved at the May 4, 2022 Commission meeting.

- Staff recommends that the Commission increase the minimums and maximums of the ELS Pay Grade Schedules by $1,064, effective the first pay period after January 1, 2022, and by $1,684, effective the first pay period after June 1, 2022, to be fair and equitable with the approved changes to the Pay Grade Schedules for Non-Represented Merit System.

RESOLUTION No.: 22-40

RE: Approval to Increase Executive Leadership Service Pay Grade Schedules

WHEREAS, on May 4, 2022, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") approved General Wage Adjustments for Non-Represented Merit System employees, which increased the minimums and maximums of the Pay Grade Schedules by $1,064, effective the first pay period after January 1, 2022, and by an additional $1,684, effective the first pay period after June 1, 2022; and

WHEREAS, on May 4, 2022, the Commission also authorized a third occupational class with its own grade level in the Executive Leadership Service ("ELS"); and

WHEREAS, in order to be fair and equitable, the Commission desires to increase the Pay Grade Schedules for the three occupational classes of the ELS to be consistent with the changes made for Non-Represented Merit System staff.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes increasing the Pay Grade Schedules of the three occupational classes of ELS by $1,064, the first pay period after January 1, 2022, and by an additional $1,684, effective the first pay period after June 1, 2022, as shown on <u>Exhibit A</u>.

I HEREBY CERTIFY that the foregoing Resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

EXHIBIT A

AMENDED ELS PAY GRADE SCHEDULES

EXECUTIVE LEADERSHIP SERVICE
PAY GRADES
(as of January 8, 2022)

Pay Grade	Minimum	Midpoint	Maximum
EX-01	$131,598	$161,265	$190,933
EX-02	$149,400	$179,067	$208,734

EXECUTIVE LEADERSHIP SERVICE
PAY GRADES
(as of June 11, 2022)

Pay Grade	Minimum	Midpoint	Maximum
EX-01	$133,282	$122,500	$192,617
EX-02	$151,084	$181,751	$210,418
EX-03	$171,302	$200,594	$229,886

Recess

Development Corporation Annual Meetings And Approval of FY 23 Budgets

Alexander House Development Corporation

ALEXANDER HOUSE DEVELOPMENT CORPORATION

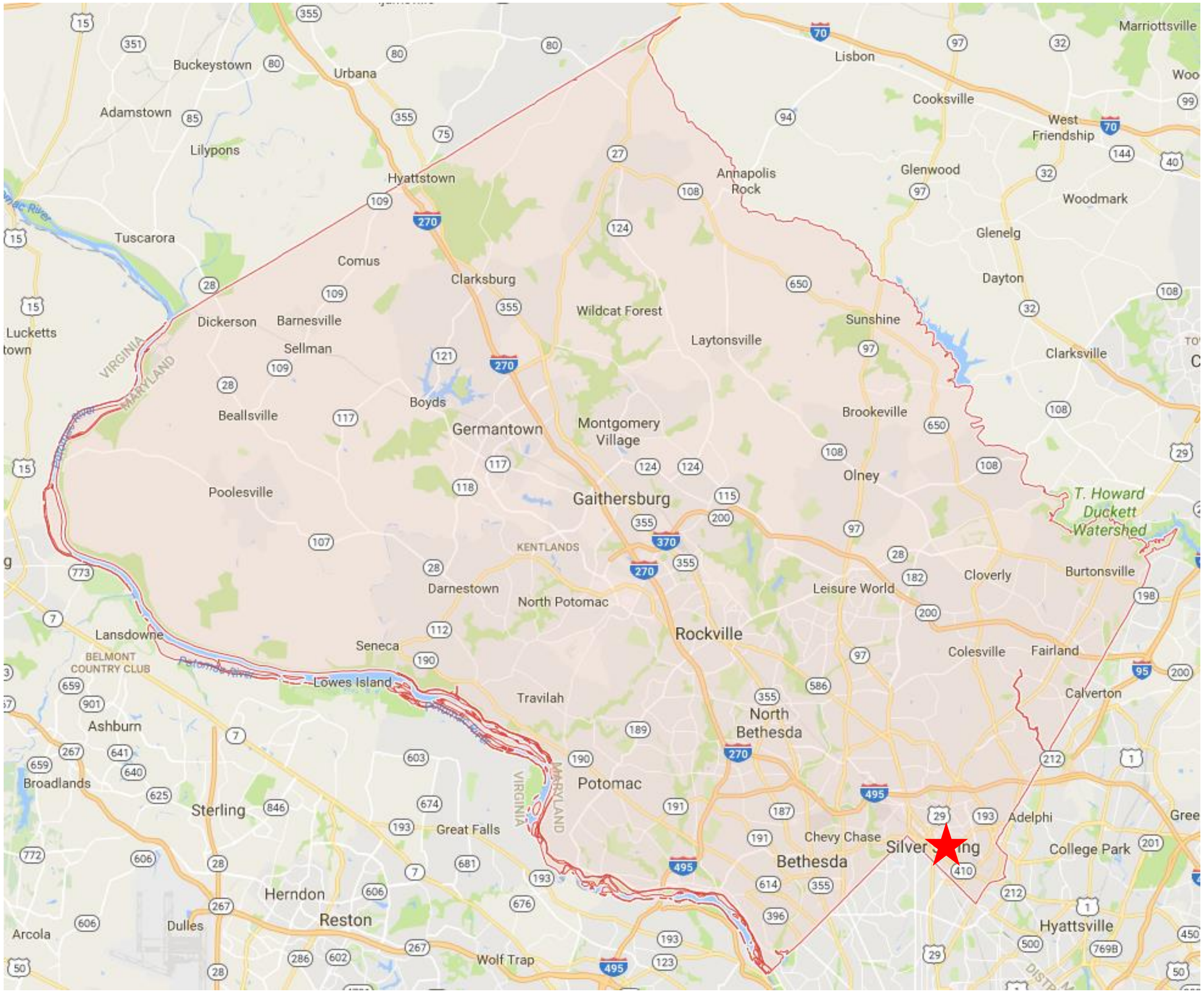
ANNUAL MEETING AND ADOPTION OF FY 2023 OPERATING & CAPITAL BUDGETS

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Alexander House Development Corporation



Property Snapshot:

- Located in Downtown Silver Spring.
- Originally constructed in 1992.
- Refinanced on January 31, 2017.
- Comprehensive renovations were completed in 2019.

Alexander House Development Corporation – FY 2023 Overview

Background

- **November 6, 1996** - Commission authorized the creation of Alexander House Development Corporation (the "Corporation") and approved the Articles of Incorporation.
- **December 11, 1996** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected HOC's seven Commissioners as the officers.
- **January 22, 1997 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **April 23, 1997** - Board of Directors approved a resolution that allowed for the incorporation of the Alexander House annual budget preparation and presentation into the HOC budget process.
- **January 31, 2017 -** Alexander House was refinanced using tax exempt bond financing in the amount of $70,495,686. The property now consists of two entities: Alexander House Development Corporation - 183 market rate units, and Alexander House Apartments Limited Partnership - 122 affordable tax credit units.
- **October 3, 2019 –** Construction loan converted to permanent mortgage funded by the Federal Financing Bank and insured by the FHA Risk Share Program.

8560 2nd Avenue, Silver Spring, MD 20910
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	25	7	32
1BR	86	75	161
2BR	72	40	112
Total Units	**183**	**122**	**305**

The Regulatory Agreement restricts 122 units at or below 60% AMI. The property also includes three commercial spaces.

Alexander House Development Corporation – FY 2023 Update

Property Management

- Within the market property, physical occupancy averaged 92.7% for 2021; however, delinquency greatly affected operations, as with the lack of an eviction system, economic occupancy averaged 72% for the year. Physical occupancy of the affordable component averaged 98% for 2021, while economic occupancy was also affected by the pandemic, averaging 81% for the period.

Annual Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
35%	92.7%	96.2%

Maintenance

- The largest volume of work order tickets in CY 2021 was for plumbing and appliance repairs. There was an increase in the number of work tickets in 2021 over the prior year.

Total Work Orders CY 2021	Average Days to Close
678	5

Capital Improvements

- A replacement reserve was established for unit turnover and other needed replacements. FY 2023 includes the replacement of the garage door.

Redevelopment/Refinancing

- The renovation of Alexander House was completed in 2019. Improvements included updates to unit fixtures and finishes, a new lobby and community room, a new cyber lounge, and a new fitness center.

Alexander House Development Corporation – FY 2023 Budget Summary

Alexander House Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$3,860,598**	**$3,724,777**	**$3,410,222**	**$3,417,347**	**$1,970,266**
Expenses:					
Operating - Admin	$327,683	$330,547	$353,544	$309,494	$357,328
Operating - Fees	$119,612	$114,897	$116,513	$119,898	$147,500
Bad Debt	$202,800	$150,000	$226,098	$18,587	$50,368
Tenant & Protective Services	$134,890	$136,932	$116,587	$113,997	$123,765
Taxes, Insurance & Utilities	$293,437	$320,348	$278,337	$258,535	$248,844
Maintenance	$370,223	$363,424	$385,863	$369,498	$365,757
Subtotal - Operating Expenses	**$1,448,645**	**$1,416,148**	**$1,476,942**	**$1,190,009**	**$1,293,562**
Net Operating Income ("NOI")	**$2,411,953**	**$2,308,629**	**$1,933,280**	**$2,227,338**	**$676,704**
Debt Service	$2,375,792	$2,375,793	$2,375,790	$1,547,547	$0
Replacement Reserves	$69,308	$67,296	$65,331	$42,700	$0
Asset Management Fees	$252,300	$195,800	$195,800	$195,920	$206,900
Development Corporation Fees	$0	$0	$0	$265,000	$469,804
Excess Cash Flow Restricted	$0	$0	$0	$176,171	$0
Subtotal - Expenses Below NOI	**$2,697,400**	**$2,638,889**	**$2,636,921**	**$2,227,338**	**$676,704**
NET INCOME	**($285,447)**	**($330,260)**	**($703,641)**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Computer Equipment	$0	$0	$0	$0	$869
Plumbing Supplies	$0	$0	$0	$0	$348
Doors	$0	$0	$0	$12,889	$540
Flooring and Carpeting	$16,470	$9,996	$10,692	$3,284	$0
Plumbing Equipment	$0	$0	$0	$300	$53,511
HVAC Equipment	$0	$0	$1,480	$0	$0
Appliance Equipment	$3,200	$1,200	$0	$192	$518
Plumbing Contracts	$0	$20,000	$7,891	$450	$10,268
Windows/Glass Contracts	$0	$0	$9,601	$1,399	$0
Flooring/Carpet Contracts	$0	$0	$0	$1,464	$0
Asphalt/Concrete Contracts	$0	$5,000	$0	$0	$0
Miscellaneous Contracts	$22,500	$0	$0	$8,399	$0
Total Capital Budget	**$42,170**	**$36,196**	**$29,664**	**$28,377**	**$66,054**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Property cash flow is budgeted at ($285,447). The projected shortfall will be funded from unrestricted cash flow in the Opportunity Housing portfolio.
- Capital is budgeted at $42,170.
- The operating budget will bear debt service in the amount of $2,375,792 in FY 2023.
- DSCR is 0.99.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Alexander House Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Alexander House Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001AH **RE: Alexander House Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Alexander House Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Alexander House Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Alexander House Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

AUTHORIZATION TO RENEW THE PROPERTY MANAGEMENT CONTRACT FOR ALEXANDER HOUSE DEVELOPMENT CORPORATION

June 8, 2022

- The property management contract for Alexander House Development Corporation is expiring on **June 30, 2022**. The contract with Edgewood Management Corporation provides for a one-year renewal through **June 30, 2023.**
- This represents the final renewal allowed under the contract and prior to its expiration, a full procurement for property management services will be untaken.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff's recommendation that the Board of Directors of Alexander House Development Corporation accept the recommendation to renew the property management contract for Alexander House Apartments for one year through June 30, 2023.

M E M O R A N D U M

TO: Board of Directors of the Alexander House Development Corporation

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Jay Berkowitz, Asset Manager Division: Property Management Ext. 9676

Nathan Bovelle, Interim Director Division: Property Management Ext. 9676

RE: Renewal of Property Management Contract Alexander House Development Corporation

DATE: June 8, 2022

STATUS: Committee Report: Deliberation __X____

BACKGROUND:

Staff recommends renewing the property management contract with Edgewood Management Corporation ("Edgewood") for Alexander House Apartments. The property is well-maintained and has stable occupancy. Amenities include a community room, business center, fitness room, and garage parking. Alexander House was constructed in 1992 and sits on 1.2 acres Downtown Silver Spring and has 16 stories. Alexander House is one of the three sites, which along with the original Elizabeth House and the now under-construction Elizabeth House III, make up Elizabeth Square. It underwent a major redevelopment that was completed in October 2019. A portion of the property (122 condominium units) was sold to a Low Income Housing Tax Credit owner; however, the entire property is managed by a single management company. The property is financed with a Federal Financing Bank loan and the mortgage is insured by FHA pursuant to its Risk Share Agreement with HOC.

Further detail is provided in the table below.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Alexander House Dev Corp.	Silver Spring	183	0	None	96%	96c

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Alexander House Dev Corp.	Edgewood	Dec 2017	$96,000	6/30/2022	7/1/2022-6/30/2023	0

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Alexander House Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Edgewood Management Corporation for Alexander House?

BUDGET IMPACT:

The renewal of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

TIME FRAME:

For formal action by the Board of Directors of Alexander House Development Corporation at its meeting on June 8, 2022.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Alexander House Development Corporation approve the property management contract renewal with Edgewood Management Corporation for Alexander House for one year through June 30, 2023.

RESOLUTION NO.: 22-002AH **RE: Authorization to Renew the Property Management Contract for Alexander House**

WHEREAS, Alexander House Development Corporation owns 186 units in the development known as Alexander House located in Silver Spring, Maryland; and

WHEREAS, staff desires to renew the current property management contract at Alexander House with Edgewood Management Corporation for one (1) year through June 30, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Alexander House Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a renewal of the property management contact at Alexander House with Edgewood Management Corporation for one (1) year through June 30, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Alexander House Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Alexander House Development Corporation at a meeting conducted on June 8, 2022.

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E **Patrice M. Birdsong**

A **Special Assistant to the Board of Directors**

L **of Alexander House Development**

Corporation

Barclay Apartments Development Corporation

Barclay Apartments Development Corporation

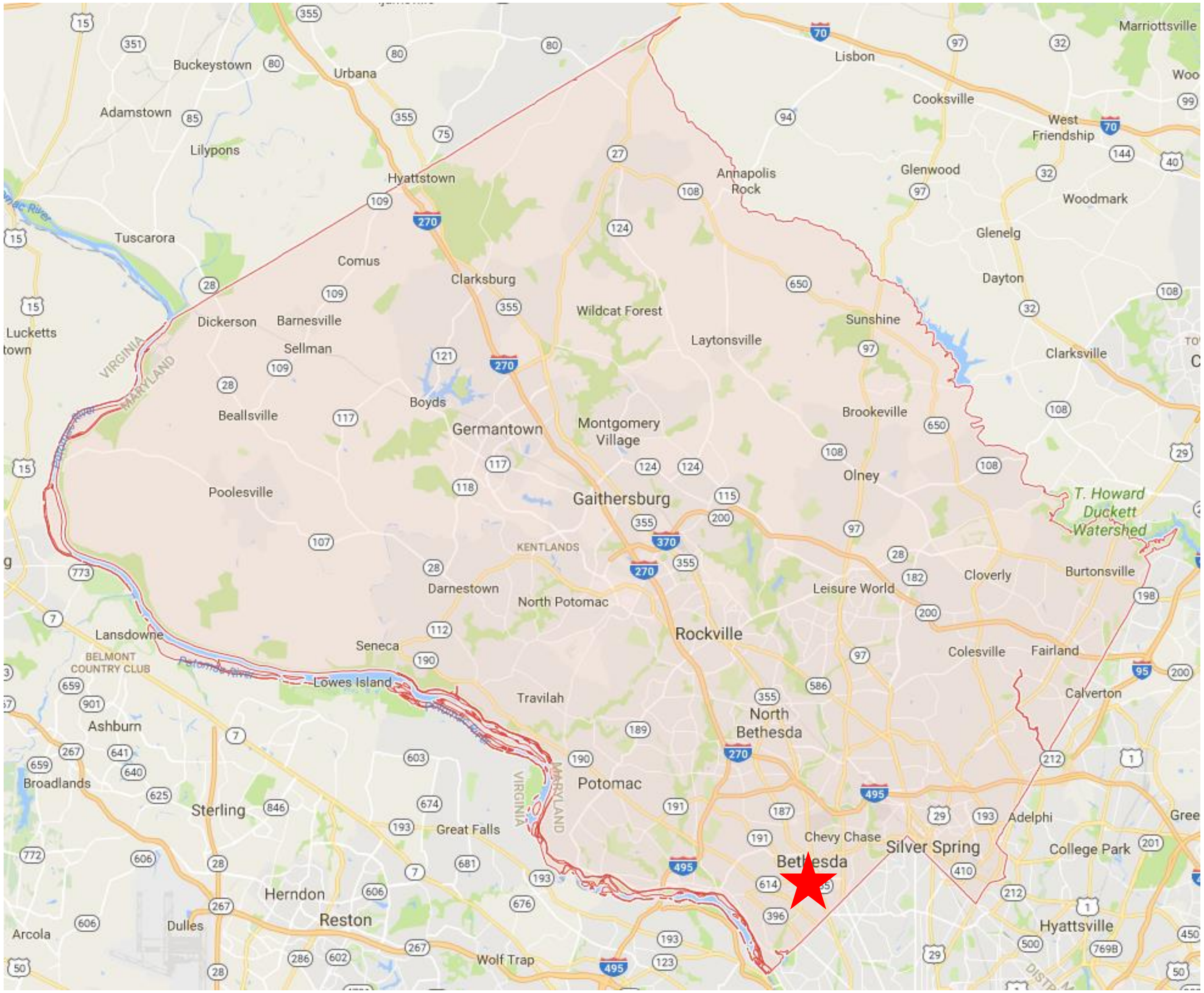
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Barclay Development Corporation



Property Snapshot:

- Located in Chevy Chase, near Bethesda's Central Business District.
- Constructed in 1955, interiors updated in 2005.
- Amenities include a Community Room, Fitness Room, Business Center, Controlled Building Access, and 24 Hour Laundry Facilities.

Barclay Development Corporation – FY 2023 Overview

Background

- **July 7, 2004** – Commission established Barclay One Associates Limited Partnership (the "Partnership"). The Commission also authorized the creation of Barclay Apartments Development Corporation (the "Corporation") and approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.

- **June 13, 2007 -** Corporation approved the purchase of 76 units from the Partnership and authorized the execution of the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget, 90 days prior to the commencement of each fiscal year. The Board also approved a resolution that allowed for the incorporation of the Barclay Apartments annual budget preparation and presentation into the HOC budget process.

- The Barclay consists of 157 units which are distributed as follows:
  - 81 tax credit units owned by Barclay One Associates LP with HOC as the General Partner.
  - 76 units owned by Barclay Development Corporation.

- In November 2019, the Barclay tax credit units were purchased by HOC and are now included in Opportunity Housing.

4716 Bradley Blvd., Chevy Chase, MD 20815
Manager: Residential One

Unit Mix	Market	Affordable	Total
Studio	11	13	24
1BR	40	51	91
2BR	25	17	42
Total Units	76	81	157

The regulatory agreement restricts 25 units at or below 30% AMI and 56 units at or below 55% AMI.

Barclay Development Corporation – FY 2023 Update

Property Management

- Average occupancy declined from 94% in 2019 to 89% in 2020 as residents moved out of Bethesda in favor of lower cost submarkets such as Gaithersburg and Germantown. Concessions increased as management worked to stabilize occupancy. Occupancy increased in 2021 to 92%

Annual Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
33%	92%	95%

Maintenance

- The largest volume of work tickets was for plumbing, appliance, and HVAC repairs.
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020. Starting in 2021 regular work orders were addressed, which has resulted in a increased number of completed work orders.

Total Work Orders CY 2021	Average Days to Close
330	4

Capital Improvements

- The capital budget includes funding for unit turnover activity including flooring and appliances along with the replacement of shut off valves, Hot Water heaters and pipe replacements.

Redevelopment/Refinancing

- Staff is currently evaluating redevelopment possibilities for the Barclay site.

Barclay Development Corporation – FY 2023 Budget Summary

Barclay Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$1,200,358**	**$1,238,794**	**$1,157,559**	**$1,230,796**	**$1,265,152**
Expenses:					
Operating - Admin	$106,860	$96,939	$103,570	$144,102	$76,487
Operating - Fees	$53,404	$51,347	$51,496	$48,562	$54,578
Bad Debt	$57,300	$78,000	$52,289	$62,232	$10,848
Tenant & Protective Services	$10,968	$0	$5,626	$20,307	$4,491
Taxes, Insurance & Utilities	$142,114	$153,132	$152,020	$94,110	$116,157
Maintenance	$193,356	$177,823	$197,433	$159,274	$122,377
Subtotal - Operating Expenses	**$564,002**	**$557,241**	**$562,434**	**$528,587**	**$384,940**
Net Operating Income ("NOI")	**$636,356**	**$681,553**	**$595,125**	**$702,209**	**$880,212**
Debt Service	$670,874	$672,569	$674,247	$675,740	$677,223
Replacement Reserves	$22,800	$22,800	$22,800	$22,800	$22,800
Asset Management Fees	$104,780	$81,310	$81,310	$81,370	$85,930
Development Corporation Fees	$0	$0	$0	($77,701)	$94,259
Subtotal - Expenses Below NOI	**$798,454**	**$776,679**	**$778,357**	**$702,209**	**$880,212**
NET INCOME	**($162,098)**	**($95,126)**	**($183,232)**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$1,399	$1,882	$3,185
Plumbing Supplies	$0	$0	$0	$1,618	$1,082
Grounds/Landscaping Sup.-Cap.	$2,760	$2,760	$5,619	$2,759	$0
Windows and Glass	$5,000	$5,000	$182	$0	$0
Doors	$0	$0	$24,614	$0	$0
Flooring and Carpeting	$6,228	$10,472	$3,927	$8,538	$1,286
Miscellaneous Supplies	$0	$0	$4,594	$17,741	$0
Electrical Equipment	$0	$0	$934	$4,715	$0
Plumbing Equipment	$25,000	$25,000	$3,993	$0	$21,616
HVAC Equipment	$6,000	$6,000	$27,261	$0	$18,338
Appliance Equipment	$9,000	$8,995	$7,141	$8,915	$1,197
Tools	$0	$0	$0	$0	$20
Plumbing Contracts	$55,296	$55,296	$0	$0	$0
Windows/Glass Contracts	$0	$0	$0	$6,927	$0
Flooring/Carpet Contracts	$18,900	$18,900	$8,705	$845	$11,951
Elevator Contracts	$0	$0	$0	$1,370	$0
Security System	$0	$0	$5,690	$18,145	$0
Total Capital Budget	**$128,184**	**$132,423**	**$94,059**	**$73,455**	**$58,675**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($162,098). The projected shortfall will be funded from unrestricted cash flow in the Opportunity Housing portfolio.
- Capital is budgeted at $128,184.
- DSCR is 0.91.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Barclay Apartments Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Barclay Apartments Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001BC **RE: Barclay Apartments Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Barclay Apartments Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Barclay Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Barclay Apartments Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Barclay Apartments Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Brookside Glen Apartments Development Corporation

Brookside Glen Limited Partnership

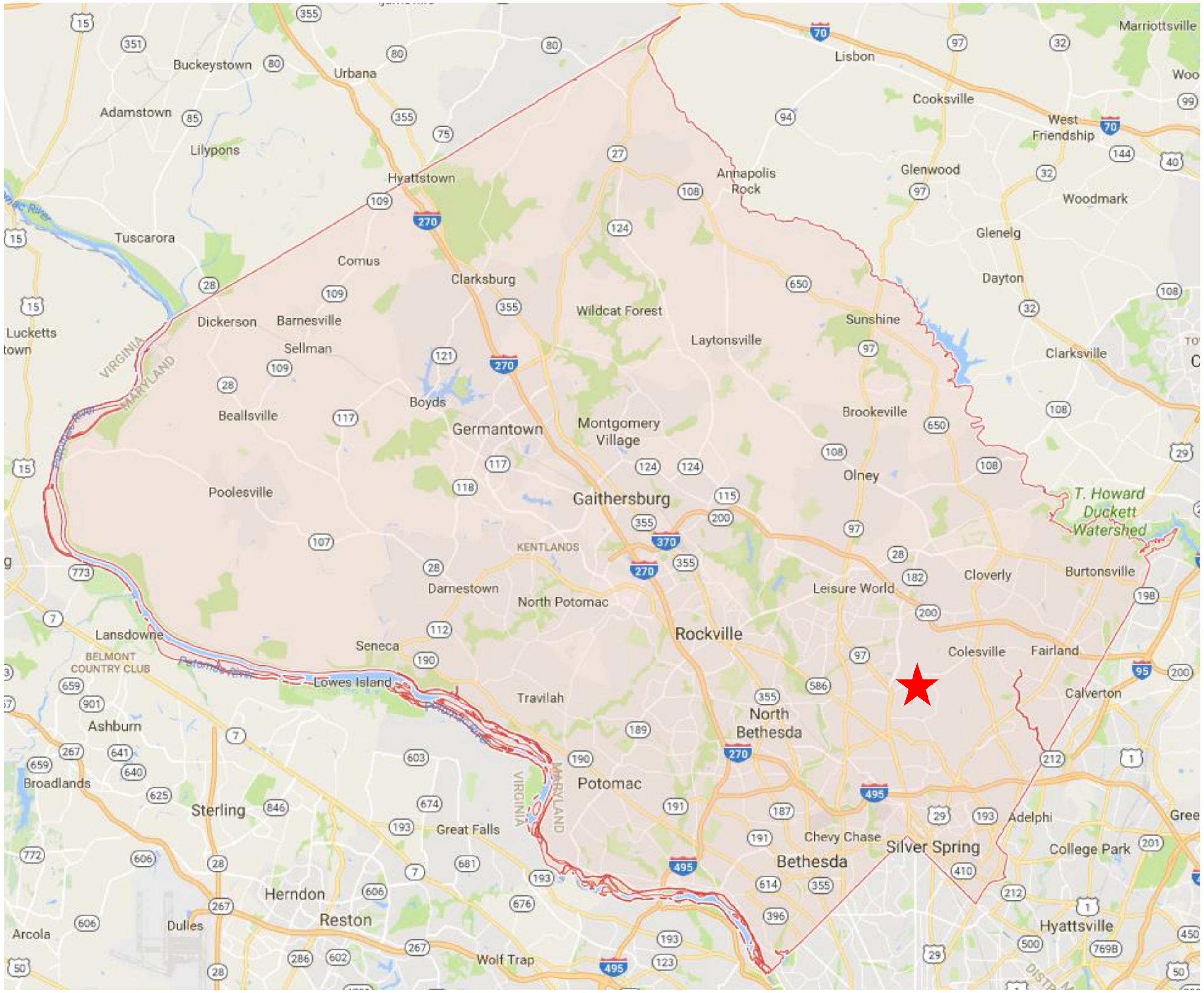
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Brookside Glen Limited Partnership



Property Snapshot:

- Located in Wheaton, Maryland.
- Constructed in 1995; comprehensive renovation completed in 2015.
- Garden-style community with 84 townhome style units and six 2-BR flats.
- Amenities include a Club Room, Washer/Dryer in the Unit, Free Onsite Parking, Decks/Patios, and a Business Center.

Brookside Glen Limited Partnership – FY 2023 Overview

Background

- **June 20, 2003** - Commission established Brookside Glen Limited Partnership (the "Partnership").
    - HOC, as limited partner, owns 99.9% of the partnership interest.
    - Brookside Glen Apartments Development Corporation, as general partner, owns .1% of the interest in the Partnership.
- The limited partnership was established to own this property because, under its regulations, the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation even if controlled by HOC. As a result, the limited partnership was created and the development corporation used as the general partner.
- The Commission also approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **June 20, 2003 –** Partnership authorized the execution of the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year. The Partnership also approved a resolution that allowed for the incorporation of the Brookside Glen annual budget preparation and presentation into the HOC budget process.

2399 Jones Lane, Wheaton, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
2BR	23	32	55
3BR	22	13	35
Total Units	**45**	**45**	**90**

Home Regulatory Agreement dated June 23, 1994 requires restricted income/rents for 29 units at 40% of area median and 16 units at 50% of area median.

Brookside Glen Limited Partnership – FY 2023 Update

Property Management

- Brookside Glen maintained occupancy of 97% for the CY 2021. However, like many communities in Montgomery County, was affected by high delinquency. ERAP collections were modest for the year with a large forecast of bad debt write-offs during CY 2022.

Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
17%	97%	97%

Maintenance

- The largest volume of work tickets during the past year were to research high water bills (toilet and kitchen sinks as well as issues with the HVAC/ Mechanical. The property had an increase in work orders over the prior year.

Total Work Orders CY 2021	Average Days to Close
165	5

Capital Improvements

- The property maintains a capital reserve for needed replacements. The FY 2023 Capital budget is primarily for flooring, plumbing, HVAC and appliance replacements.

Redevelopment/Refinancing

- A comprehensive renovation was completed in 2015. There are no further plans underway for redevelopment or refinancing for Brookside Glen.

Brookside Glen Limited Partnership – FY 2023 Budget Summary

Brookside Glen Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$1,557,538**	**$1,543,230**	**$1,531,102**	**$1,517,102**	**$1,563,987**
Expenses:					
Operating - Admin	$184,549	$179,087	$156,982	$179,857	$196,517
Operating - Fees	$60,782	$57,496	$54,897	$54,747	$62,908
Bad Debt	$108,000	$42,000	$50,848	$22,434	$50,982
Tenant & Protective Services	$13,200	$2,004	$3,122	$6,251	$12,566
Taxes, Insurance & Utilities	$226,774	$193,550	$208,632	$149,726	$145,719
Maintenance	$223,507	$225,481	$197,627	$191,373	$207,290
Subtotal - Operating Expenses	**$816,812**	**$699,618**	**$672,108**	**$604,388**	**$675,982**
Net Operating Income ("NOI")	**$740,726**	**$843,612**	**$858,994**	**$912,714**	**$888,005**
Debt Service	$493,897	$495,213	$459,550	$491,521	$498,803
Operating Reserves	$16,248	$16,248	$17,604	$16,250	$16,250
Replacement Reserves	$57,552	$56,148	$107,484	$102,360	$97,488
Asset Management Fees	$124,080	$96,290	$96,290	$96,350	$101,750
Excess Cash Flow Restricted	$48,949	$179,713	$178,066	$206,233	$173,714
Subtotal - Expenses Below NOI	**$740,726**	**$843,612**	**$858,994**	**$912,714**	**$888,005**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$83	$0
Windows and Glass	$0	$0	$819	$1,662	$0
Doors	$0	$0	$0	$2,700	$0
Flooring and Carpeting	$36,000	$0	$16,676	$24,216	$0
Plumbing Equipment	$0	$28,360	$63,969	$73,992	$4,427
HVAC Equipment	$15,600	$0	$1,535	$0	$216
Appliance Equipment	$12,000	$23,626	$24,782	$38,235	$13,451
Tools	$0	$0	$0	$0	$839
Plumbing Contracts	$18,000	$0	$0	$0	$2,213
Flooring/Carpet Contracts	$0	$36,766	$0	$0	$18,441
Total Capital Budget	**$81,600**	**$88,752**	**$107,781**	**$140,888**	**$39,587**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $48,949 and will be restricted to the property.
- Capital is budgeted at $81,600.
- DSCR is 1.38.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Brookside Glen Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Brookside Glen Limited Partnership by the Board of Directors.

RESOLUTION NO.: 22-001BG **RE: Brookside Glen Apartments Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Brookside Glen Apartments Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Brookside Glen Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Brookside Glen Apartments Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Apartments Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

AUTHORIZATION TO RENEW THE PROPERTY MANAGEMENT CONTRACT FOR BROOKSIDE GLEN DEVELOPMENT CORPORATION

June 8, 2022

- The property management contract for Brookside Glen Development Corporation is expiring on **June 30, 2022**. The contract with Edgewood Management Corporation provides for a one-year renewal through **June 30, 2023.**
- This represents the final renewal allowed under the contract and prior to its expiration, a full procurement for property management services will be untaken.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff's recommendation that the Board of Directors of Brookside Glen Development Corporation accept the recommendation to renew the property management contract for Brookside Glen Apartments for one year through June 30, 2023.

M E M O R A N D U M

TO: Board of Directors of the Brookside Glen Development Corporation

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Jay Berkowitz, Asset Manager Division: Property Management Ext. 9676
Nathan Bovelle, Interim Director Division: Property Management Ext. 9708

RE: Renewal of Property Management Contract Brookside Glen Development Corporation

DATE: June 8, 2022

STATUS: Committee Report: Deliberation __X____

BACKGROUND:

Brookside Glen Apartments is a garden style community that was constructed in 1995 and sits on 6 acres in Wheaton. Many of these units were renovated upon unit turnover and most of those renovations were completed in 2015.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Brookside Glen	Wheaton	90	45	35% - 55% AMI	96%	86c*

** Deductions were made due to building exterior (i.e. dry rot) and unit repairs (i.e. missing escutcheon ring around sprinkler head) that have since been completed.*

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Brookside Glen	Edgewood	July 2019	$43,000	6/30/2021	7/1/2021-6/30/2022	One

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Brookside Glen Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Edgewood Management Corporation for Brookside Glen?

BUDGET IMPACT:

The renewal of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

TIME FRAME:

For formal action by the Board of Directors of Brookside Glen Development Corporation at its meeting on June 8, 2022.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Brookside Glen Development Corporation approve the property management contract renewal with Edgewood Management Corporation for Brookside Glen for one year through June 30, 2023.

RESOLUTION NO.: 22-002BG | **RE: Authorization to Renew the Property Management Contract for Brookside Glen**

WHEREAS, Brookside Glen Development Corporation is the general partner of Brookside Glen Limited Partnership ("Brookside Glen LP"), and Brookside Glen LP owns the development known as Brookside Glen located in Wheaton, Maryland; and

WHEREAS, staff desires to renew the current property management contract at Brookside Glen with Edgewood Management Corporation for one (1) year through June 30, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Brookside Glen Development Corporation, acting for itself an on behalf of Brookside Glen LP, that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a renewal of the property management contact at Brookside Glen with Edgewood Management Corporation for one (1) year through June 30, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Brookside Glen Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of Brookside Glen Development Corporation

Diamond Square Development Corporation

Diamond Square Limited partnership

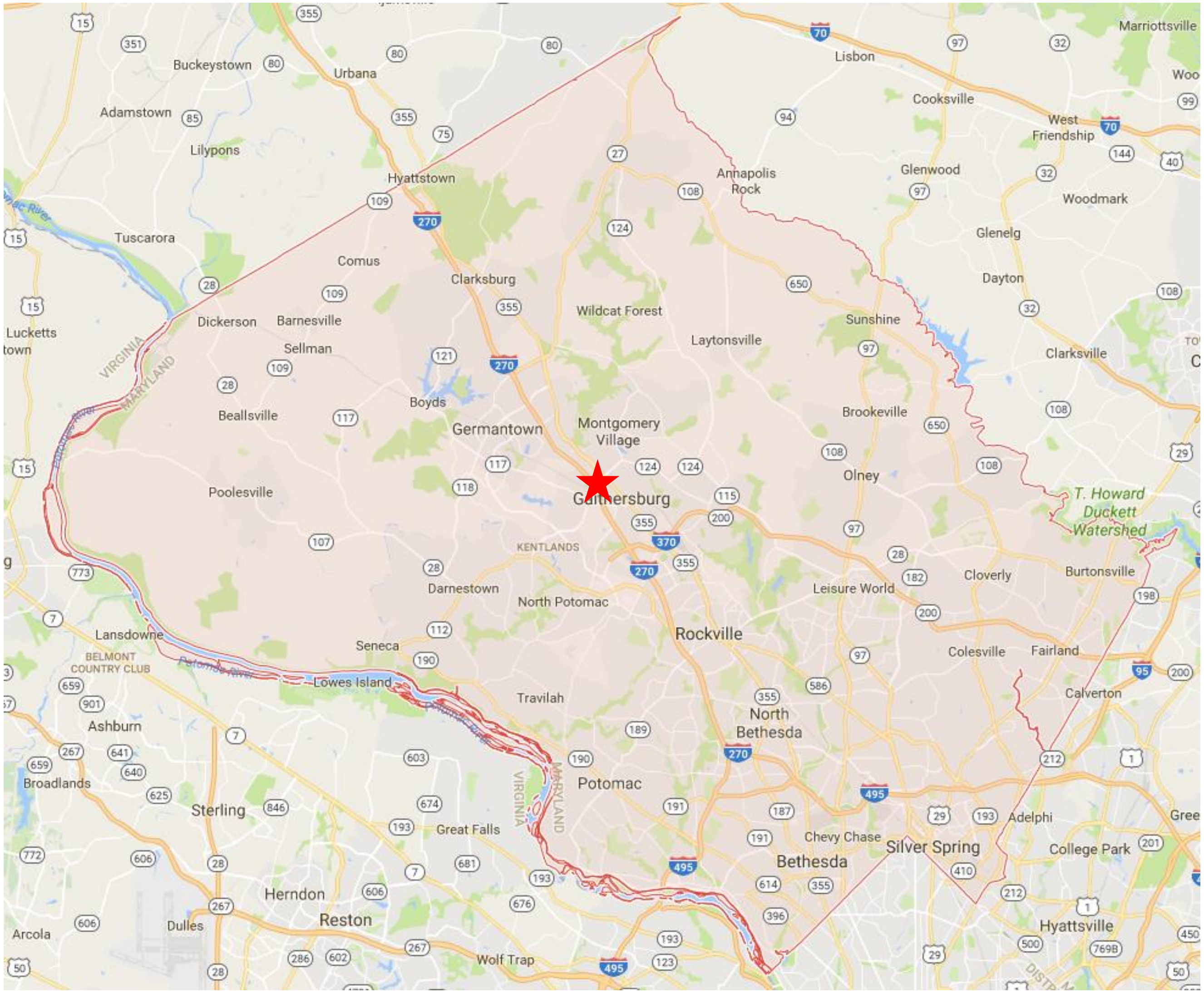
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Diamond Square Limited Partnership



Property Snapshot

- Located in Gaithersburg, Maryland.
- Five-story midrise constructed in 1985 as a Quality Inn Hotel.
- Renovated in 1991 to 120 single room occupancy ("SRO") units and two 1-BR units.
- Main Lobby, Offices, Community Room.

Diamond Square Limited Partnership – FY 2023 Overview

Background

- **June 6, 1990** - Agreement executed with Montgomery County, the City of Gaithersburg, and the Housing Opportunities Commission ("HOC") to jointly acquire the Quality Inn Hotel located in Gaithersburg. Per Agreement, Montgomery County assigned its contract to purchase the property to HOC. The City contributed $500,000 for its share of the purchase price, with title to the property held by HOC.

- **2003** - Commission established Diamond Square Limited Partnership.
  - HOC, as limited partner, owns 99.9% of the partnership interest.
  - Diamond Square Development Corporation, as general partner, owns .1% of the interest in the Partnership.

- The limited partnership was established to own this property because, under its regulations, the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation even if controlled by HOC. As a result, the limited partnership was created and the development corporation serves as the general partner.

- The Commission also approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.

80 Bureau Dr, Gaithersburg, 20878
Manager : Residential One

Unit Mix	Market	Affordable	Total
Studio	41	81	122
1BR	2	0	2
Total Units	**43**	**81**	**124**

The regulatory agreement restricts 41 units at or below 50% AMI, and the Partnership Rental Housing Program (PRHP) loan restricts 40 units at or below 45% of state median income.

Diamond Square Limited Partnership – FY 2023 Update

Property Management

- The property operates under guidance from the Board of Governance ("BOG"), which consists of one representative each from Montgomery County, the City of Gaithersburg, and HOC.

- Property occupancy remains very high. Leasing strategies include direct marketing to local businesses, resident referrals, employers, Catholic Charities and calls from prospects who have visited the HOC website.

- Property received a 97b on it most recent REAC inspection on February 9, 2022.

Annual Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
18%	98.12%	98.58%

Maintenance

- The majority of service requests in CY 2021 were for plumbing (16%), HVAC (13%), electrical (74%) and unit make ready (10%).

- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020. In 2021, maintenance started working on regular work tickets, which has resulted in a higher number of completed work orders.

Total Work Orders CY 2021	Average Days to Close
568	2

Capital Improvements

- The Capital Budget includes replacement of carpet, HVAC and appliances in units on turnover. The FY 2022 capital budget included the replacement of the elevators that might have to be pushed to FY 2023.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing of Diamond Square.

Diamond Square Limited Partnership – FY 2023 Budget Summary

Diamond Square Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$1,356,078**	**$1,337,400**	**$1,340,508**	**$1,342,727**	**$1,296,624**
Expenses:					
Operating - Admin	$145,848	$162,252	$164,154	$162,836	$255,217
Operating - Fees	$76,761	$71,400	$66,130	$73,043	$73,655
Bad Debt	$11,500	$30,000	$33,788	$4,442	$4,043
Tenant & Protective Services	$7,200	$8,538	$2,339	$179,131	$9,491
Taxes, Insurance & Utilities	$208,776	$220,222	$191,980	$194,861	$201,653
Maintenance	$253,417	$229,386	$255,155	$221,135	$240,243
Subtotal - Operating Expenses	**$703,502**	**$721,798**	**$713,546**	**$835,448**	**$784,302**
Net Operating Income ("NOI")	**$652,576**	**$615,602**	**$626,962**	**$507,279**	**$512,322**
Debt Service	$116,656	$116,991	$117,302	$117,569	$117,905
Operating Reserves	$19,920	$19,920	$19,920	$19,920	$19,920
Replacement Reserves	$126,003	$121,158	$116,494	$112,020	$107,364
Asset Management Fees	$26,810	$26,030	$25,270	$24,530	$23,820
Excess Cash Flow Restricted	$363,187	$331,503	$347,976	$233,240	$243,313
Subtotal - Expenses Below NOI	**$652,576**	**$615,602**	**$626,962**	**$507,279**	**$512,322**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Computer Equipment	$1,524	$1,500	$0	$0	$973
Kitchen and Bath Supplies	$12,000	$0	$0	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$0	$4,990
Doors	$2,436	$2,400	$0	$0	$0
Miscellaneous Supplies	$4,056	$3,996	$0	$0	$2,771
Plumbing Equipment	$0	$0	$0	$514	$0
HVAC Equipment	$15,262	$14,424	$15,053	$0	$15,658
Appliance Equipment	$24,132	$23,796	$5,675	$0	$7,692
Tools	$2,640	$0	$0	$0	$1,947
Electrical Contracts	$0	$0	$0	$319	$0
Plumbing Contracts	$12,180	$4,124	$56,000	$12,009	$0
Cleaning/Janitorial Contracts-Cap.	$0	$0	$0	$140	$0
HVAC Contracts	$5,880	$0	$0	$0	$5,880
Flooring/Carpet Contracts	$22,812	$22,500	$0	$0	$22,450
Elevator Contracts	$0	$283,248	$0	$0	$0
Fencing Contracts	$0	$0	($4,990)	$4,990	$0
Asphalt/Concrete Contracts	$4,608	$4,536	$0	$0	$0
Miscellaneous Contracts	$0	$0	$0	$0	$15,380
Total Capital Budget	**$107,530**	**$360,524**	**$71,738**	**$17,972**	**$77,741**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $363,187 and will be restricted to the property.
- Capital is budgeted at $107,530.
- DSCR is 4.51.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Diamond Square Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 9, 2021 meeting. The Governing Board approved the FY 2023 budget on May 19, 2022.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Diamond Square Limited Partnership by the Board of Directors.

RESOLUTION NO.: 22-001$_{DS}$ **RE: Diamond Square Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Diamond Square Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Diamond Square Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Diamond Square Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

AUTHORIZATION TO RENEW THE PROPERTY MANAGEMENT CONTRACT FOR DIAMOND SQUARE DEVELOPMENT CORPORATION

June 8, 2022

- The property management contract for Diamond Square Limited Partnership ("Diamond Square") is expiring on **June 30, 2022**. The contract with Residential One provides one-year renewals through **June 30, 2023.**

- This represents the final renewal allowed under the contract and prior to its expiration, a full procurement for property management services will be untaken.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff's recommendation that the Board of Directors of Diamond Square Development Corporation accept the recommendation to renew the property management contract for Diamond Square Apartments for one year through June 30, 2023.

M E M O R A N D U M

TO: **Diamond Square Development Corporation**

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Jay Berkowitz, Asset Manager Division: Property Management Ext. 9676
Nathan Bovelle, Interim Director Division: Property Management Ext. 9708

RE: Renewal of the Property Management Contract for Diamond Square Limited Partnership.

DATE: June 8, 2022

BACKGROUND:

Staff recommends renewing the property management contract for Diamond Square Apartments for one year with Residential One Management.

Diamond Square was constructed in 1985 and sits on 22 acres in Gaithersburg. It is a five story mid-rise building. It was originally built as a Quality Inn. The property was converted to rental housing (single room occupancy units) in a joint venture between HOC, Montgomery County, and the City of Gaithersburg in 1990. The property was renovated from 2000-2005 and upgrades included construction of a community room and garden.

Further detail is provided in the table below.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Diamond Square Dev Corp.	Gaithersburg	124	81	50% AMI	96%	97b

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining. The management fee will be performance based.

Property	Units	Current Vendor	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Start Date/End Date	Contract Terms (Remaining Renewals)
Diamond Square	124	Residential One, LLC	$55,800	6/30/2021	7/1/2022-6/30/2023	0

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the Executive Director to execute a One Year Renewal of the property management services contract with Residential One Management for property management services at Diamond Square?

BUDGET IMPACT:

The renewal of the property management contract for Diamond Square for one year will not have a budget impact as the costs associated with the services were factored into the FY2021 property budget. Additionally, the renewal will be performance based so the management fee would be lower if revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC scoring.

TIME FRAME:

At the February 23 meeting, the Budget, Finance and Audit Committee informally reviewed staff's recommendation to renew the property management contract for Diamond Square for one year. For formal Commission action at the June 8 , 2022 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission approve the property management contract renewal with Residential One Management for one year at Diamond Square Apartments.

RESOLUTION NO.: 22-002DS **RE: Authorization to Renew the Property Management Contract for Diamond Square**

WHEREAS, Diamond Square Development Corporation is the general partner of Diamond Square Limited Partnership ("Diamond Square LP"), and Diamond Square LP owns the development known as Diamond Square located in Gaithersburg, Maryland ("Diamond Square"); and

WHEREAS, staff desires to renew the current property management contract at Diamond Square with Residential One for one year through June 30, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Diamond Square Development Corporation, acting for itself and on behalf of Diamond Square Limited Partnership, as its general partner, that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contact with Residential One for one year through June 30, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Diamond Square Development Corporation, acting for itself and on behalf of Diamond Square Limited Partnership, as its general partner, that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation at an open meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors of
Diamond Square Development Corporation

Glenmont Crossing Development Corporation

Glenmont Crossing Development Corporation

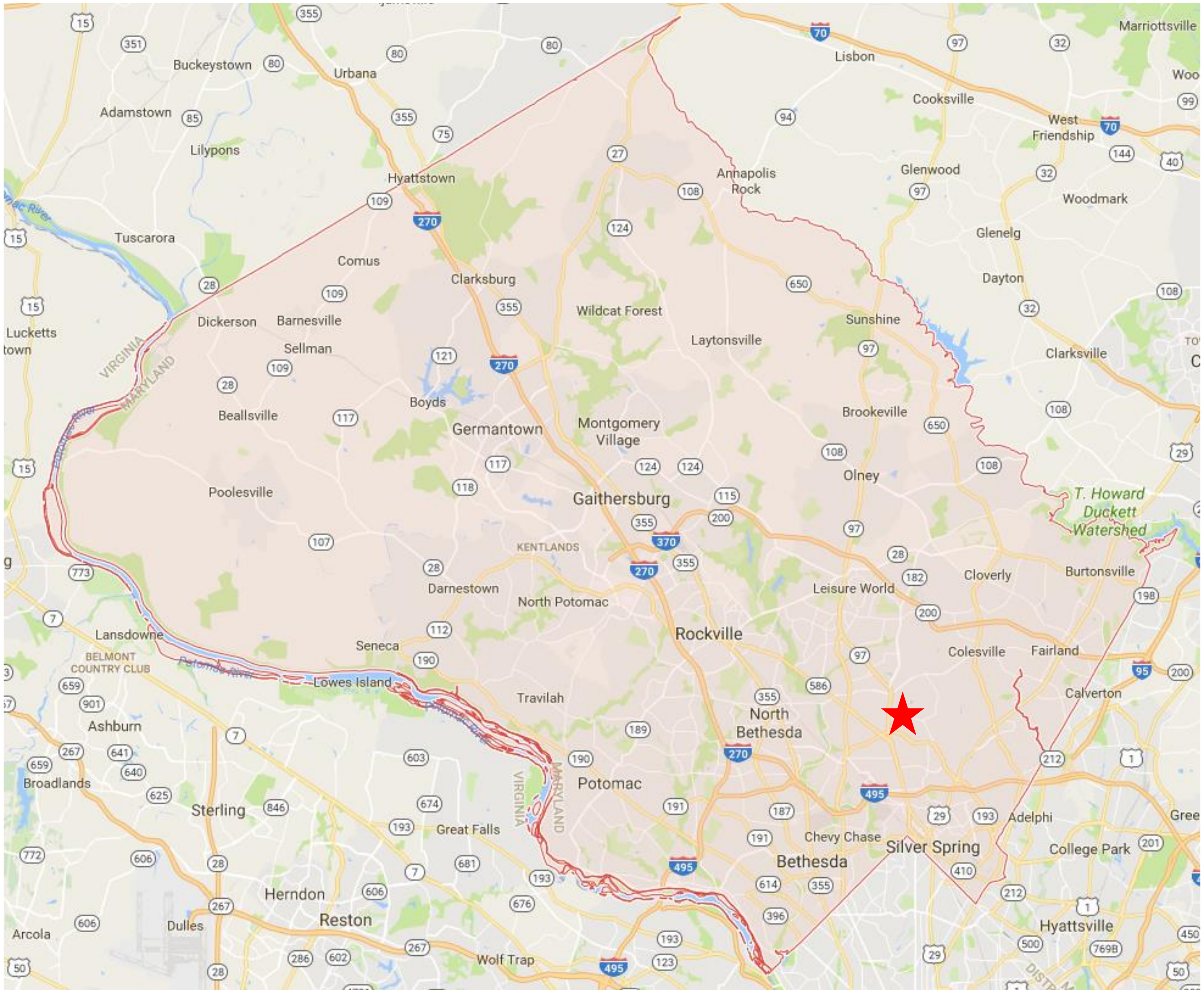
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Glenmont Crossing Development Corporation



Property Snapshot:

- Located in Wheaton.
- Constructed in 1965.
- Amenities include Washer/Dryer in Unit, Free Onsite Parking, and Outdoor Community Space.
- Loan refinancing was completed in 2019.

Glenmont Crossing Development Corporation – FY 2023 Overview

Background

- **October 3, 2012 -** Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly) using the County's Right of First Refusal Ordinance for the purpose of preservation by acquisition.

- **November 20, 2012 -** Glenmont Crossing Development Corporation was formed to acquire the 97 townhome unit portion of the project, referred to as "Woodberry" and the second parcel containing 102 garden units referred to as "Westerly" was acquired by Glenmont Westerly Development Corporation.

- **December 5, 2012** - The Board of Directors for the Development Corporation adopted the By-laws, which provide for the operations and functions of the Corporation, and elected the seven Commissioners as the officers.

- **December 31, 2012 -** Corporation executed the Asset Management Agreement, which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.

- **March 6, 2013** - Board of Directors approved a resolution that allowed for the incorporation of the Glenmont Crossing annual budget preparation and presentation into the HOC budget process.

- **November 1, 2019**- Glenmont Crossing Development Corporation loan was refinanced. A new $14.1 million loan from Federal Financing Bank paid off the CBRE Fannie Mae loan.

2309 Shorefield Road, Wheaton, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
2BR	9	12	21
3BR	38	38	76
Total Units	**47**	**50**	**97**

The regulatory agreement restricts 20 units at or below 50% AMI and 30 units at or below 80% AMI.

Glenmont Crossing Development Corporation – FY 2023 Update

Property Management

- Glenmont Crossing consistently maintains occupancy of 98% or greater. Turnover decreased from 16% in 2020 to 13.4% in 2021.

Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
13.4%	98%	98%

Maintenance

- The largest volume of work order tickets was related to electrical, appliances and plumbing repairs.

- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020, However, the maintenance staff has started to address regular work orders which has resulted in a increase in the number of work completed orders.

Work Orders CY 2021	Average Days to Close
784	7

Capital Improvements

- Capital costs consist primarily of appliance and flooring replacements at turnover or as needed.

Redevelopment/Refinancing

- Refinancing of Glenmont Crossing was completed in 2019.

Glenmont Crossing Development Corporation – FY 2023 Budget Summary

Glenmont Crossing Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$1,898,019**	**$1,869,707**	**$1,872,031**	**$1,887,294**	**$2,135,452**
Expenses:					
Operating - Admin	$159,441	$151,359	$140,515	$138,995	$163,068
Operating - Fees	$63,881	$62,551	$61,943	$60,066	$69,750
Bad Debt	$31,200	$30,000	$37,460	$27,168	$11,790
Tenant & Protective Services	$0	$2,000	$1,300	$45,801	$4,342
Taxes, Insurance & Utilities	$158,428	$146,510	$227,138	$158,735	$275,853
Maintenance	$220,797	$240,449	$146,949	$138,668	$331,900
Subtotal - Operating Expenses	**$633,747**	**$632,869**	**$615,305**	**$569,433**	**$856,703**
Net Operating Income ("NOI")	**$1,264,272**	**$1,236,838**	**$1,256,726**	**$1,317,861**	**$1,278,749**
Debt Service	$675,967	$675,962	$675,964	$652,592	$828,913
Replacement Reserves	$78,535	$58,200	$58,200	$58,200	$58,200
Asset Management Fees	$133,730	$103,780	$103,780	$103,850	$109,670
Development Corporation Fees	$376,040	$270,607	$290,493	$146,850	$31,275
Excess Cash Flow Restricted	$0	$128,289	$128,289	$356,369	$250,691
Subtotal - Expenses Below NOI	**$1,264,272**	**$1,236,838**	**$1,256,726**	**$1,317,861**	**$1,278,749**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$3,000	$0	$0	$2,532
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$83	$0
Windows and Glass	$0	$0	$1,502	$1,069	$0
Doors	$0	$13,896	$192	$0	$1,150
Flooring and Carpeting	$18,000	$28,176	$34,980	$29,046	$0
HVAC Equipment	$0	$0	$2,305	$4,974	$0
Appliance Equipment	$18,000	$33,140	$42,592	$32,760	$24,094
Miscellaneous Equipment	$0	$0	$90	$0	$0
Plumbing Contracts	$0	$0	$0	$0	$10,968
Roofing/Gutter Contracts	$0	$0	$0	$0	$14,000
HVAC Contracts	$52,800	$12,000	$0	$0	$1,989
Flooring/Carpet Contracts	$0	$24,996	$0	$0	$45,185
Asphalt/Concrete Contracts	$0	$253,637	$0	$0	$1,472
Miscellaneous Contracts	$0	$0	$60	$0	$0
Total Capital Budget	**$88,800**	**$368,845**	**$81,721**	**$67,932**	**$101,390**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased 1.4%, but upon turnover will be increased to the prevailing "market rate".
- Property cash flow is budgeted at $376,040.
- Capital is budgeted at $88,800.
- DSCR is 1.75.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Glenmont Crossing Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Glenmont Crossing Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001GC **RE: Glenmont Crossing Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Glenmont Crossing Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Glenmont Crossing Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Glenmont Crossing Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

AUTHORIZATION TO RENEW THE PROPERTY MANAGEMENT CONTRACT FOR GLENMONT CROSSING DEVELOPMENT CORPORATION

- The property management contract for Glenmont Crossing Development Corporation is expiring on **June 30, 2022**. The contract with Edgewood Management Corporation provides for a one-year renewal through **June 30, 2023.**
- This represents the final renewal allowed under the contract and prior to its expiration, a full procurement for property management services will be untaken.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff's recommendation that the Board of Directors of Glenmont Crossing Development Corporation accept the recommendation to renew the property management contract for Glenmont Crossing Apartments for one year through June 30, 2023.

MEMORANDUM

TO: Board of Directors of the Glenmont Crossing Development Corporation

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Jay Berkowitz, Asset Manager Division: Property Management Ext. 9676
Nathan Bovelle, Interim Director Division: Property Management Ext. 9708

RE: Renewal of Property Management Contract Glenmont Crossing Development Corporation

DATE: June 8, 2022

STATUS: Committee Report: Deliberation __X____

BACKGROUND:

Staff recommends renewing the property management contract with Edgewood Management Corporation ("Edgewood") for Glenmont Crossing Apartments.

Glenmont Crossing was built in 1967 and sits on 6.69 acres in Wheaton. Loan refinancing was completed in 2019. The property is financed with a Federal Financing Bank loan and the mortgage is insured by FHA pursuant to its Risk Share Agreement with HOC.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Glenmont Crossing	Wheaton	97	50	50% - 80% AMI	99%	N/A*

**There has not been a REAC inspection since Edgewood began managing the property in July 2019.*

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Glenmont Crossing	Edgewood	July 2019	$50,000	6/30/2021	7/1/2021-6/30/2022	One

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Glenmont Crossing Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Edgewood Management Corporation for Glenmont Crossing?

BUDGET IMPACT:

The renewal of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

TIME FRAME:

For formal action by the Board of Directors of Glenmont Crossing Development Corporation at its meeting on June 8, 2022.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Glenmont Crossing Development Corporation approve the property management contract renewal with Edgewood Management Corporation for Glenmont Crossing for one year through June 30, 2023.

RESOLUTION NO.: 22-002GC **RE: Authorization to Renew the Property Management Contract for Glenmont Crossing**

WHEREAS, Glenmont Crossing Development Corporation owns the development known as Glenmont Crossing located in Wheaton, Maryland; and

WHEREAS, staff desires to renew the current property management contract at Glenmont Crossing with Edgewood Management Corporation for one (1) year through June 30, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Glenmont Crossing Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a renewal of the property management contact at Glenmont Crossing with Edgewood Management Corporation for one (1) year through June 30, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Glenmont Crossing Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Crossing Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of Glenmont Crossing Development Corporation

Glenmont Westerly Development Corporation

Glenmont Westerly Development Corporation

Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

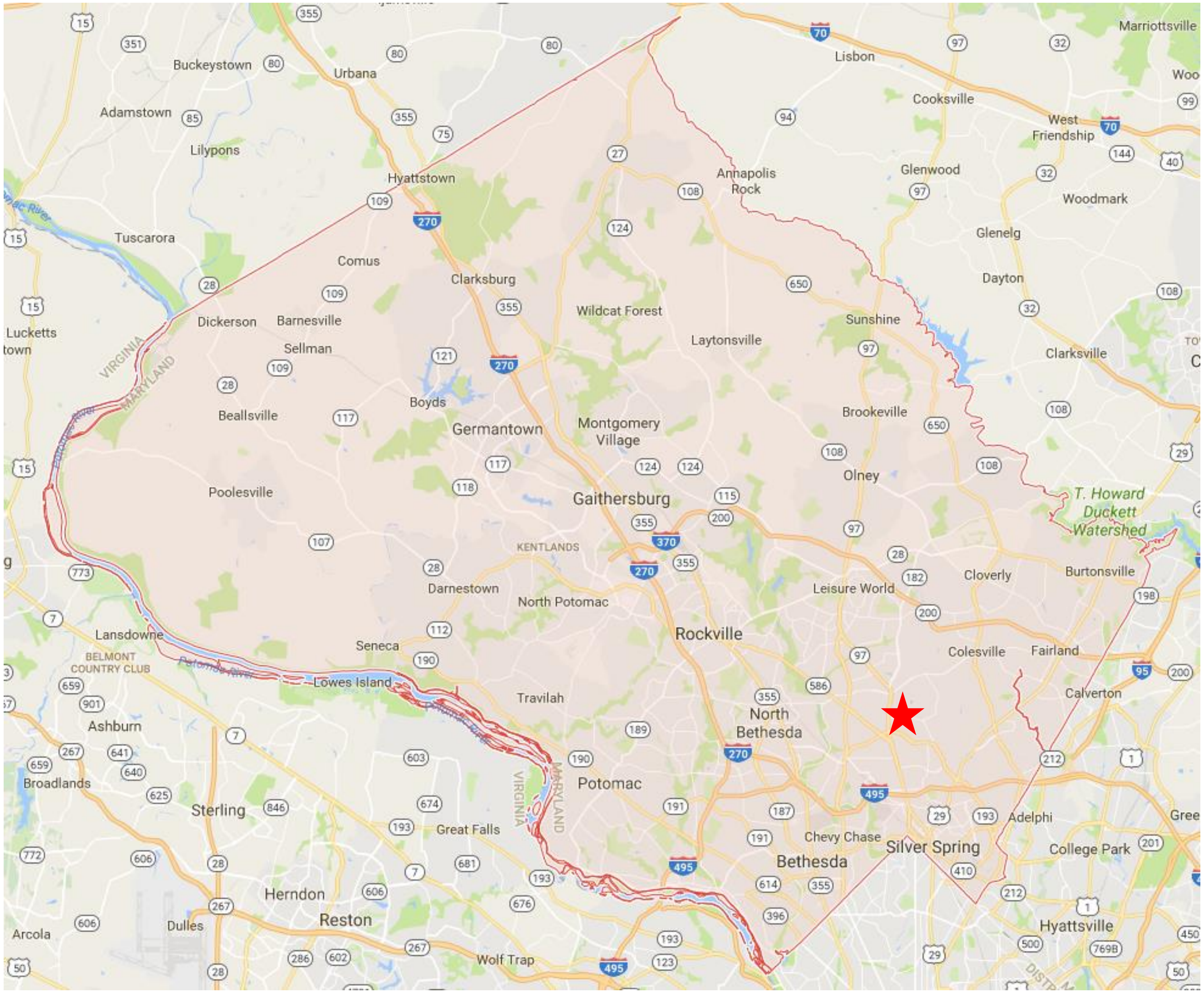
Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

Housing Opportunities Commission of Montgomery County

June 8, 2022

Glenmont Westerly Development Corporation



Property Snapshot:

- Located in Wheaton.
- Constructed in 1965.
- Washer/Dryer in Unit, Free Onsite Parking, Outdoor Community Space.
- Loan refinancing was completed in 2019.

Glenmont Westerly Development Corporation – FY 2023 Overview

Background

- **October 3, 2012 -** Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly) using the County's Right of First Refusal Ordinance for the purpose of preservation by acquisition.

- **November 20, 2012 -** Glenmont Westerly Development Corporation was formed to acquire the 102 garden unit portion of the project, referred to as "Westerly" and the second parcel containing 97 townhome units referred to as "Woodberry" was acquired by Glenmont Crossing Development Corporation.

- **December 5, 2012** - The Board of Directors for the Development Corporation adopted the By-laws, which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.

- **December 31, 2012 -** Corporation executed the Asset Management Agreement, which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.

- **March 6, 2013** - Board of Directors approved a resolution that allowed for the incorporation of the Glenmont Westerly annual budget preparation and presentation into the HOC budget process.

- **November 1, 2019**- Glenmont Westerly Development Corporation loan was refinanced. A new $14 million loan from Federal Financing Bank paid off the CBRE Fannie Mae loan.

2309 Shorefield Road, Wheaton, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
1BR	7	12	19
2BR	44	39	83
Total Units	**51**	**51**	**102**

The regulatory agreement restricts 21 units at or below 50% AMI and 30 units at or below 90% AMI.

Glenmont Westerly Development Corporation – FY 2023 Update

Property Management

- Glenmont Westerly's average occupancy was 97% for 2021. This was unchanged from 2020.

Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
17%	97%	96%

Maintenance

- The largest volume of work orders for 2021 relate to plumbing, HVAC, tub clogs, and appliance repairs.

Work Orders CY 2021	Average Days to Close
684	8

Capital Improvements

- Primary capital costs in 2023 Budget included flooring, appliance and HVAC replacements.

Redevelopment/Refinancing

- Refinancing of Glenmont Westerly was completed in 2019.

Glenmont Westerly Development Corporation – FY 2023 Budget Summary

Glenmont Westerly Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$1,649,432**	**$1,628,857**	**$1,649,105**	**$1,667,275**	**$1,852,631**
Expenses:					
Operating - Admin	$172,474	$174,319	$163,185	$171,293	$173,232
Operating - Fees	$67,128	$65,285	$66,538	$60,426	$68,491
Bad Debt	$39,600	$36,996	$40,943	$22,142	$772
Tenant & Protective Services	$2,400	$2,000	$2,227	$52,423	$5,656
Taxes, Insurance & Utilities	$137,107	$130,501	$156,612	$88,058	$196,297
Maintenance	$191,813	$248,886	$173,923	$156,850	$255,088
Subtotal - Operating Expenses	**$610,522**	**$657,987**	**$603,428**	**$551,192**	**$699,536**
Net Operating Income ("NOI")	**$1,038,910**	**$970,870**	**$1,045,677**	**$1,116,083**	**$1,153,095**
Debt Service	$673,172	$671,171	$671,171	$553,222	$538,833
Replacement Reserves	$69,916	$61,200	$61,200	$61,200	$61,200
Asset Management Fees	$140,630	$109,130	$109,130	$109,200	$115,320
Development Corporation Fees	$87,231	$0	$39,926	$186,398	$136,957
Excess Cash Flow Restricted	$67,961	$129,369	$164,250	$206,063	$300,785
Subtotal - Expenses Below NOI	**$1,038,910**	**$970,870**	**$1,045,677**	**$1,116,083**	**$1,153,095**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$3,000	$226	$605	$0
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$83	$0
Windows and Glass	$0	$500	$1,216	$901	$0
Flooring and Carpeting	$12,000	$27,000	$23,742	$26,866	$0
Plumbing Equipment	$0	$0	$4,042	$0	$0
HVAC Equipment	$114,240	$19,965	$225	$7,350	$0
Appliance Equipment	$7,800	$19,438	$27,671	$40,718	$16,326
Miscellaneous Equipment	$0	$0	$94	$0	$0
Roofing/Gutter Contracts	$0	$5,832	$0	$0	$0
HVAC Contracts	$0	$0	$0	$0	$433
Flooring/Carpet Contracts	$0	$0	$0	$0	$16,023
Paint/Wallcovering Int. Cont.	$0	$0	$600	$0	$0
Paint/Wallcovering Ext. Cont	$0	$6,480	$0	$0	$0
Asphalt/Concrete Contracts	$0	$68,709	$0	$0	$3,650
Miscellaneous Contracts	$0	$0	$420	$0	$0
Total Capital Budget	**$134,040**	**$150,924**	**$58,236**	**$76,523**	**$36,432**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $155,192, of which $67,961 restricted.
- Capital is budgeted at $134,040.
- DSCR is 1.44.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Glenmont Westerly Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Glenmont Westerly Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001GW **RE: Glenmont Westerly Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Glenmont Westerly Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Glenmont Westerly Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Glenmont Westerly Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

AUTHORIZATION TO RENEW THE PROPERTY MANAGEMENT CONTRACT FOR GLENMONT WESTERLY DEVELOPMENT CORPORATION

June 8, 2022

- The property management contract for Glenmont Westerly Development Corporation is expiring on **June 30, 2022**. The contract with Edgewood Management Corporation provides for a one-year renewal through **June 30, 2023.**
- This represents the final renewal allowed under the contract and prior to its expiration, a full procurement for property management services will be untaken.
- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff's recommendation that the Board of Directors of Glenmont Westerly Development Corporation accept the recommendation to renew the property management contract for Glenmont Westerly Apartments for one year through June 30, 2023.

M E M O R A N D U M

TO:	Board of Directors of the Glenmont Westerly Development Corporation
VIA:	Kayrine Brown, Acting Executive Director
FROM:	Staff: Jay Berkowitz, Asset Manager Division: Property Management Ext. 9676 Nathan Bovelle, Interim Director Division: Property Management Ext. 9708
RE:	Renewal of Property Management Contract Glenmont Westerly Development Corporation
DATE:	June 8, 2022

STATUS: Committee Report: Deliberation __X____

BACKGROUND:

Staff recommends renewing the property management contract with Edgewood Management Corporation ("Edgewood") for Glenmont Westerly Apartments.

Glenmont Westerly was constructed in 1967 and sits on 4.6 acres in Wheaton. Loan refinancing was completed in 2019. The property is financed with a Federal Financing Bank loan and the mortgage is insured by FHA pursuant to its Risk Share Agreement with HOC.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Glenmont Westerly	Wheaton	102	51	50% - 90% AMI	96%	N/A*

**There has not been a REAC inspection since Edgewood began managing the property in July 2019.*

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Glenmont Westerly	Edgewood	July 2019	$52,000	6/30/2021	7/1/2021-6/30/2023	0

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Glenmont Westerly Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Edgewood Management Corporation for Glenmont Westerly?

BUDGET IMPACT:

The renewal of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

TIME FRAME:

For formal action by the Board of Directors of Glenmont Westerly Development Corporation at its meeting on June 8, 2022.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Glenmont Westerly Development Corporation approve the property management contract renewal with Edgewood Management Corporation for Glenmont Westerly for one year through June 30, 2023.

RESOLUTION NO.: 22-002GW **RE: Authorization to Renew the Property Management Contract for Glenmont Westerly**

WHEREAS, Glenmont Westerly Development Corporation owns the development known as Glenmont Westerly located in Wheaton, Maryland; and

WHEREAS, staff desires to renew the current property management contract at Glenmont Westerly with Edgewood Management Corporation for one (1) year through June 30, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Glenmont Westerly Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a renewal of the property management contact at Glenmont Westerly with Edgewood Management Corporation for one (1) year through June 30, 2023.

BE IT FURTHER RESOLVED by the Board of Directors of Glenmont Westerly Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Glenmont Westerly Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of Glenmont Westerly Development Corporation

Magruder's Discovery Development Corporation

MAGRUDER'S DISCOVERY DEVELOPMENT CORPORATION

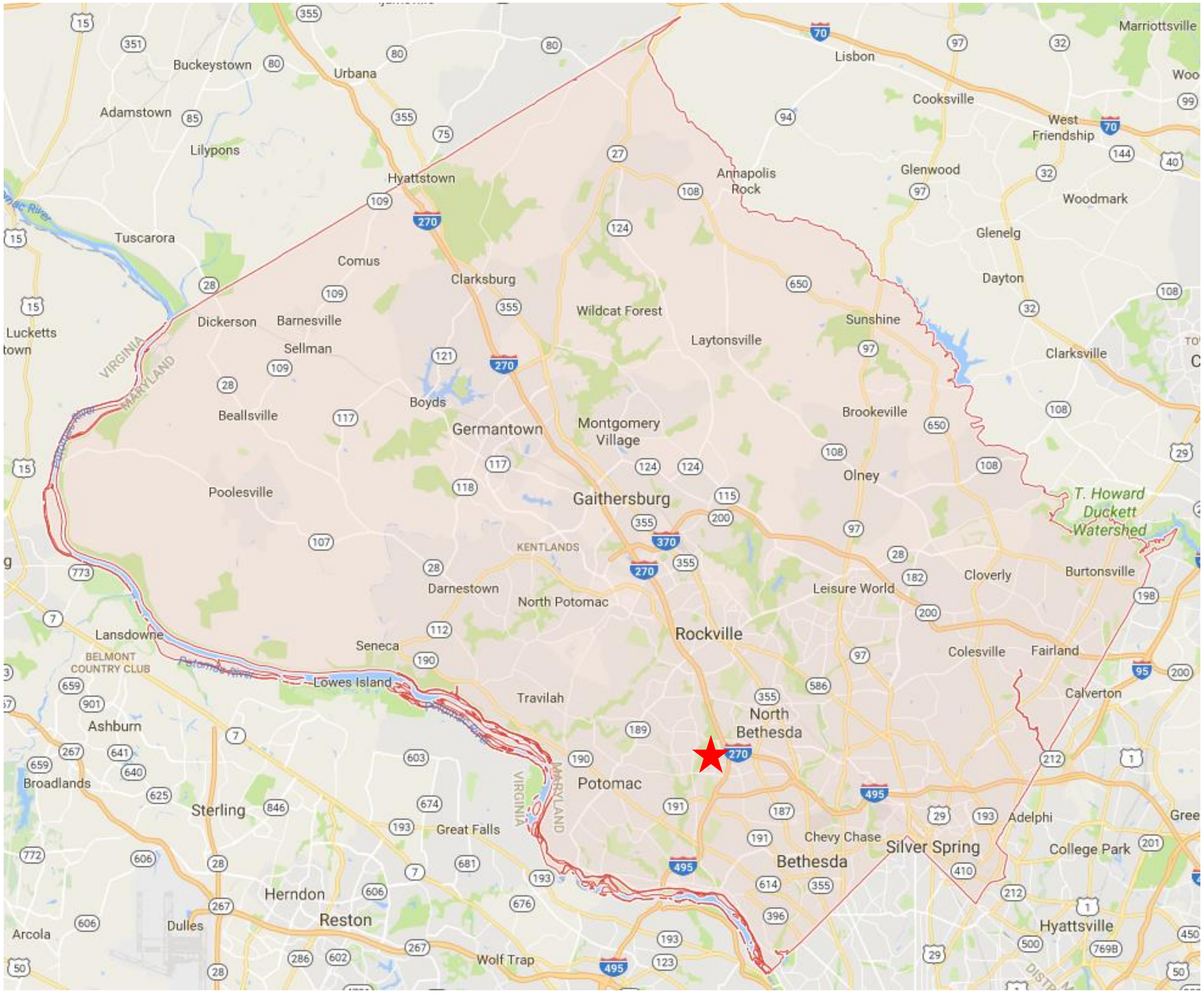
ANNUAL MEETING AND ADOPTION OF FY 2023 OPERATING & CAPITAL BUDGETS

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Magruder's Discovery Development Corporation



Property Snapshot:

- Located in Bethesda.
- Consists of two-story and terrace level buildings constructed in 1980.
- Interiors updated in 2007.
- Amenities include a Community Room, Recreation Center, Controlled Building Access, and onsite laundry.
- Two playgrounds and ample green space.

Housing Opportunities Commission OF MONTGOMERY COUNTY

Magruder's Discovery Development Corporation – FY 2023 Overview

Background

- **August 2008** - Commission authorized the establishment of Magruder's Discovery Development Corporation, a wholly controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.

- **June 3, 2009** - the Board adopted the By-laws and elected Directors. The property was transferred to Magruder's Discovery Development Corporation on June 17, 2010, and was refinanced with a new mortgage loan in the amount of $11,780,518 secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.

- The Corporation executed an Asset Management Agreement, which requires submission of an annual budget to the Owner an annual budget 90 days prior to each fiscal year and approved a resolution that allowed for the incorporation of the annual budget preparation and presentation into the HOC budget process.

- Magruder's Discovery Development Corporation consists of 134 units all of which are supported with Project-Based/New Construction Section 8 subsidy.

10508 Westlake Dr., Bethesda, MD 20817
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
1BR	0	36	36
2BR	0	98	98
Total Units	0	134	134

Magruder's Discovery Development Corporation – FY 2023 Update

Property Management

- Occupancy continues to remain stable. Applications are pulled from Housing Path.
- Property scored a 98b on its most recent REAC inspection on September 20, 2019.

Annual Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
5%	98.61%	99%

Maintenance

- The largest volume of work tickets was for plumbing (29%) followed by appliance repairs (15%), and Electrical repairs (12%).
- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020. However, in 2021 maintenance has started to address regular work orders.

Total Work Orders CY 2021	Average Days to Close
781	8

Capital Improvements

- Budget for FY 2023 includes replacement of underground pipes, flooring, Carpet, appliances and seven (7) HVAC replacements.

Redevelopment/Refinancing

- There are currently no plans for redevelopment or refinancing for Magruder's Discovery.

Magruder's Discovery Development Corporation – FY 2023 Budget Summary

Magruders Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$2,734,606**	**$2,679,518**	**$2,570,919**	**$2,429,068**	**$2,317,809**
Expenses:					
Operating - Admin	$144,519	$122,110	$124,576	$114,122	$128,034
Operating - Fees	$71,593	$69,449	$72,927	$52,925	$114,981
Bad Debt	$0	$1,500	($32,822)	$0	$72,283
Tenant & Protective Services	$0	$0	$40,378	$41,316	$39,040
Taxes, Insurance & Utilities	$196,323	$185,214	$185,364	$166,308	$124,619
Maintenance	$340,315	$277,732	$307,467	$266,516	$260,615
Subtotal - Operating Expenses	**$752,750**	**$656,005**	**$697,890**	**$641,187**	**$739,572**
Net Operating Income ("NOI")	**$1,981,856**	**$2,023,513**	**$1,873,029**	**$1,787,881**	**$1,578,237**
Debt Service	$922,356	$923,658	$924,849	$926,113	$927,100
Replacement Reserves	$43,944	$42,876	$41,832	$40,812	$39,816
Asset Management Fees	$90,050	$90,050	$90,050	$90,050	$0
Development Corporation Fees	$925,506	$966,929	$816,298	$721,858	$611,321
Excess Cash Flow Restricted	$0	$0	$0	$9,048	$0
Subtotal - Expenses Below NOI	**$1,981,856**	**$2,023,513**	**$1,873,029**	**$1,787,881**	**$1,578,237**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$2,760	$0	$854	$0
Electrical Supplies	$0	$0	$0	$1,078	$63
Appliance Supplies	$0	$0	$0	$1,136	$23
Plumbing Supplies	$0	$0	$0	$463	$317
Windows and Glass	$3,600	$0	$0	$0	$0
Doors	$0	$1,000	$0	$0	$0
Hardware Supplies	$0	$0	$2,553	$0	$92
HVAC Supplies	$0	$0	$0	$2,775	$0
Flooring and Carpeting	$6,900	$0	$0	$3,296	$0
Paint and Wallcoverings	$0	$0	$0	$2,810	$1,425
Miscellaneous Supplies	$0	$0	$0	$176	$143
Plumbing Equipment	$0	$810	$0	$425	$0
HVAC Equipment	$31,500	$3,450	$0	$470	$3,477
Appliance Equipment	$16,608	$6,245	$13,783	$11,080	$14,850
Electrical Contracts	$0	$0	$0	$254	$0
Plumbing Contracts	$30,000	$22,992	$23,000	$0	$350
Cleaning/Janitorial Contracts-Cap.	$0	$0	$0	$2,000	$0
Grounds/Landscaping Contr-Cap.	$0	$1,000	$0	$200	$4,835
Windows/Glass Contracts	$0	$0	$0	$1,120	$0
Roofing/Gutter Contracts	$4,500	$6,000	$0	$6,365	$19,095
HVAC Contracts	$0	$9,600	$0	$0	$0
Flooring/Carpet Contracts	$9,000	$6,290	$0	$10,901	$28,712
Paint/Wallcovering Int. Cont.	$0	$6,000	$0	$10,661	$13,065
Paint/Wallcovering Ext. Cont	$0	$3,000	$0	$19,940	$0
Fencing Contracts	$0	$0	$0	$0	$3,738
Asphalt/Concrete Contracts	$0	$0	$0	$5,130	$0
Miscellaneous Contracts	$0	$0	$0	$0	$950
Total Capital Budget	**$102,108**	**$69,147**	**$39,336**	**$81,134**	**$91,135**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 2.5% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 1.4 %.
- Property cash flow is budgeted at $925,506.
- Capital is budgeted at $102,108.
- DSCR is 2.10.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Magruder's Discovery Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Magruder's Discovery Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001$_{MD}$ **RE: Magruder's Discovery Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Magruder's Discovery Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Magruder's Discovery Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Magruder's Discovery Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Magruder's Discovery Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

The Metropolitan Development Corporation

THE METROPOLITAN DEVELOPMENT CORPORATION

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

Minutes
May 4, 2022

22-002

Mr. Priest convened the meeting of The Metropolitan Development Corporation on May 4, 2022 at 5:25 p.m. via hybrid platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland. Those in attendance were:

Present
Roy Priest, Chair
Frances Kelleher, Vice Chair
Linda Croom
Jeffrey Merkowitz
Jackie Simon

Via Zoom
Richard Y. Nelson, Chair Pro Tem

Absent
Pamela Byrd

Also Attending

Kayrine Brown, Acting Executive Director
Zachary Marks
Gio Kaviladze
Fred Swan
Jay Shepherd
Timothy Goetzinger
Bonnie Hodge
Karlos Taylor

Aisha Memon, General Counsel
Marcus Ervin
Nathan Bovelle
Patrick Mattingly
Hyunsuk Choi
Sewavi Agbodjan
Ian-Terrell Hawkins
Irma Rodriquez

Via Zoom
Matt Husman
Terri Fowler

Via Zoom Cont'd
Lynn Hayes
Paige Gentry

IT Support
Aries "AJ" Cruz

Support to Development Corporation
Patrice Birdsong, Spec. Asst. to the Commission

Mr. Priest reported that there was one item on the Agenda for consideration by the Corporation.

A. **Metropolitan Development Corporation:** Emergency Procurement to Select Contracting Specialists Incorporated as the Waterproofing Contractor for Repair of the Green Roof at Metropolitan Apartments

The following resolution was adopted upon a motion by Frances Kelleher, and seconded by Jackie Simon. Affirmative votes were cast by Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Linda Croom, Jeffrey Merkowitz, and Jackie Simon. Pamela Byrd was necessarily absent and did not participate in the vote.

RESOLUTION NO.: 22-002$_{ME}$ **RE: Emergency Procurement to Select Contracting Specialists Incorporated as the Waterproofing Contractor for Repair of the Green Roof at Metropolitan Apartments**

WHEREAS, The Metropolitan Apartments ("the "Property") was constructed in 1997 as a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda and currently consists of 216 market rate units and 92 affordable units; and

WHEREAS, the Property is owned by The Metropolitan of Bethesda Limited Partnership (the "Metropolitan LP"), which is wholly owned by the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC"), and The Metropolitan Development Corporation (the "Metropolitan Corporation"), which is wholly controlled by HOC; and

WHEREAS, the Property has a green roof plaza and testing has revealed ineffective drainage beneath the paved area of the plaza, which needs to be remediated immediately in order to prevent more extensive and expensive damage to the Property; and

WHEREAS, on February 2, 2022, the Metropolitan Corporation approved selecting Smislova, Kehnemui & Associates, P.A ("SK&A") to (i) complete a plan for the necessary repairs, (ii) to evaluate proposals for the selection of a waterproofing services contractor, and (iii) to perform construction management services; and

WHEREAS, SK&A has conducted a review and analysis of the bids for the waterproofing services contractor from (1) Concrete Projection & Restoration, Inc., (2) The C.A. Lindman Inc., and (3) Contracting Specialists, Incorporated ("CSI"); and

WHEREAS, based on SK&A's review of the submitted proposals and project completion time, SK&A advises awarding a contract for waterproofing construction services to CSI in an amount not to exceed $4,499,450 because of their overall experience, lower bid price, and faster completion schedule; and

WHEREAS, staff recommends including a contingency in the amount of $450,000 to account for unforeseen conditions during completion of the work, which makes the total cost for the waterproofing construction $5,192,450 (the "Waterproofing Budget"); and

WHEREAS, staff was notified by a Montgomery County Delegate that the State Capital budget includes two separate allocations that are available to repair the green roof plaza: (1) a miscellaneous grant for $1,250,000, and (2) a Legislative Bond Initiative for $350,000, for a total of $1.6 million ("State Capital Contribution"); and

WHEREAS, the Waterproofing Budget will be funded by the State Capital Contribution and the Metropolitan Corporation operations ("Waterproofing Funding Sources"), provided that if the total cost exceeds the Waterproofing Funding Sources, cash flow generated by the Metropolitan Corporation in Fiscal Year 2023 will pay the balance; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Metropolitan Development Corporation approves the selection of CSI as the Waterproofing Contractor for the repair of the green roof at the Property.

BE IT FURTHER RESOLVED that the Board of Directors of the Metropolitan Development Corporation authorizes HOC's Acting Executive Director, or her designee, to negotiate and execute a contract with CSI for an amount not to exceed $4,499,450.

BE IT FURTHER RESOLVED that the Board of Directors of the Metropolitan Development Corporation approves a project contingency of $450,000.

BE IT FURTHER RESOLVED that the Board of Directors of the Metropolitan Development Corporation (1) accepts the State Capital Contribution, and (2) authorizes the appropriation of the State Capital Contribution by the State of Maryland in its Capital Budget.

BE IT FURTHER RESOLVED that the Board of Directors of the Metropolitan Development Corporation approves the Waterproofing Budget, approves the Waterproofing Funding Sources, and authorizes use of cash flow generated in Fiscal Year 2023 to pay any shortfall.

BE IT FURTHER RESOLVED that the Board of Directors of the Metropolitan Development Corporation authorizes and directs HOC's Acting Executive Director, or her designee, without any 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.

Based upon this report and there being no further business to come before this open session the meeting adjourned at 5:28 p.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer
The Metropolitan Development Corporation

/pmb

Note:
The Housing Opportunities Commission of Montgomery County (HOC) experienced technical difficulties during the live-stream of its May 4, 2022 Commission Meeting. The technical difficulties were caused by equipment failure and resulted in portions of the meeting being inaudible. This was HOC's first "hybrid" meeting; select staff attended the meeting in-person, and the public and the majority of staff attended the meeting virtually. HOC is diligently working to prevent similar issues at future meetings and apologizes for the inconvenience.

METROPOLITAN DEVELOPMENT CORPORATION

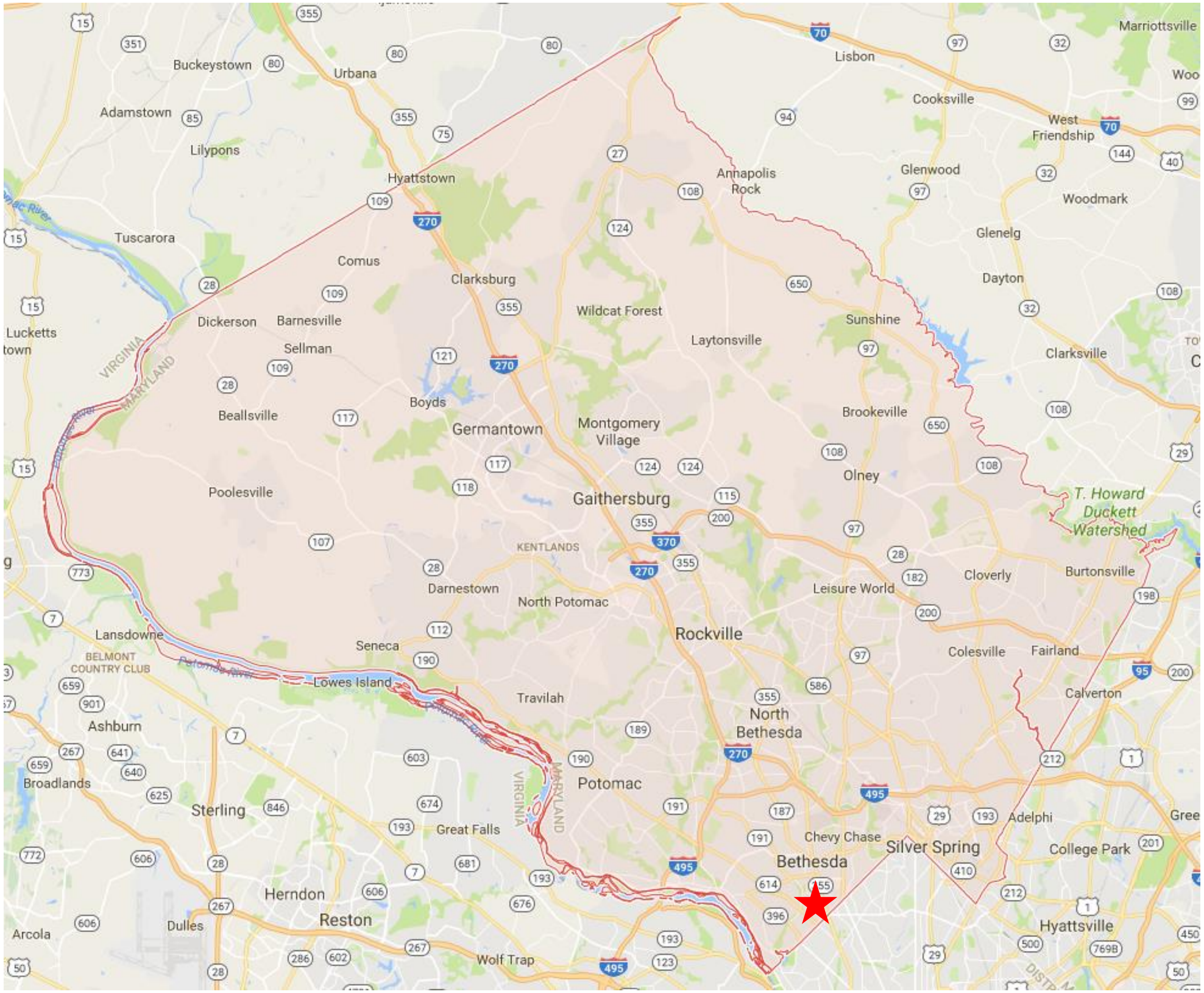
ANNUAL MEETING AND ADOPTION OF FY 2023

OPERATING & CAPITAL BUDGETS

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance
June 8, 2022

Metropolitan Development Corporation



Property Snapshot:

- Located in Downtown Bethesda.
- Luxury High-Rise community.
- Constructed in 1998.
- Renovations of market units completed 2012. A renovation of the entire property is expected to begin by the first quarter of Calendar Year 2023.
- Amenities include a Club Room, Fitness Center, Business Center, Garage Parking, Onsite Storage, 24-hour Concierge and Rooftop Swimming Pool.

Metropolitan Development Corporation – FY 2023 Overview

Background

- **May 28, 1997 -** Commission authorized the creation of a wholly- controlled corporate instrumentality known as The Metropolitan Development Corporation, adopted By-laws which provide for the operations and functions of the Corporation, and approved the appointment of the Commissioners as the Corporation's Board of Directors.

- **August 27, 1997 -** Board approved the purchase of The Metropolitan Apartment Development (216 units) from HOC and authorized the execution of the appropriate documents necessary to purchase the property and secure the loans from HOC.

- **August 27, 1997** – Board authorized the execution of the Asset Management Agreement, which requires submission of an annual budget to the Owner 90 days prior to each fiscal year and approved a resolution that allowed for incorporation of the annual budget preparation and presentation into the HOC budget process.

  - The Metropolitan consists of 308 units distributed as follows:

    - 92 tax credit units owned by the Metropolitan of Bethesda LP with HOC as the General Partner.

    - 216 units owned by the Metropolitan Development Corporation, including five retail spaces .

- In November 2019, the Metropolitan tax credit units were purchased by HOC and are now included in Opportunity Housing.

7620 Old Georgetown Road, Bethesda, 20814
Manager: Bozzuto (utilizes Yieldstar)

Unit Mix	Market	Affordable	Total
Efficiency	13	23	36
1BR	113	43	156
2BR	78	24	102
3BR	12	2	14
Total Units	**216**	**92**	**308**

The regulatory agreement restricts 43 units at or below 30% AMI, 30 units at or below 40% AMI, and 19 units at or below 50% AMI. The property also includes 6 commercial spaces.

Metropolitan Development Corporation – FY 2023 Update

Property Management

- Occupancy remains stable and has begun to show a higher demand for high-rise, dense downtown locations. Using Yieldstar's dynamic pricing system helped keep occupancy above 93%. Net rents were 1.7% above prior year.

Annual Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
44%	93%	94%

Maintenance

- The largest volume of work order tickets was related to appliances, lighting, and plumbing.

Total Work Orders CY 2021	Average Days to Close
1522	2

Capital Improvements

- Capital improvements were kept to a minimum due to the upcoming renovation. During 2021, capital costs included necessary replacements of flooring, plumbing, and HVAC replacements.

- Emergency Procurement to Select Contracting Specialists Incorporated as the Waterproofing Contractor for Repair of the Green Roof at Metropolitan Apartments.

Redevelopment/Refinancing

- A re-syndication of the affordable units under the Low Income Housing Tax Credit ("LIHTC") program and a refinancing of both the affordable and market units is expected to occur by the first quarter of Calendar Year 2023.

- As part of the re-syndication and refinancing, a comprehensive renovation of all units and common areas, along with a major upgrade to all systems and water piping, is planned.

Metropolitan Development Corporation – FY 2023 Budget Summary

Metropolitan Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$6,166,286**	**$6,633,310**	**$6,605,339**	**$6,471,644**	**$6,685,875**
Expenses:					
Operating - Admin	$681,581	$715,285	$734,664	$724,389	$666,188
Operating - Fees	$182,674	$227,589	$238,096	$195,318	$177,006
Bad Debt	$14,400	$9,996	$16,957	$320	($27)
Tenant & Protective Services	$66,937	$36,504	$98,471	$103,599	$123,815
Taxes, Insurance & Utilities	$494,362	$483,809	$472,004	$490,133	$456,639
Maintenance	$538,055	$583,153	$536,240	$543,802	$616,239
Subtotal - Operating Expenses	**$1,978,009**	**$2,056,336**	**$2,096,432**	**$2,057,561**	**$2,039,860**
Net Operating Income ("NOI")	**$4,188,277**	**$4,576,974**	**$4,508,907**	**$4,414,083**	**$4,646,015**
Debt Service	$1,526,957	$2,294,035	$2,298,123	$2,301,957	$2,305,554
Replacement Reserves	$64,800	$97,200	$97,200	$97,200	$194,400
Asset Management Fees	$60,340	$65,470	$65,470	$63,630	$63,630
Loan Management Fees	$44,628	$53,628	$55,609	$49,793	$0
Development Corporation Fees	$681,161	$1,336,457	$1,226,636	$842,289	$933,095
Excess Cash Flow Restricted	$1,578,340	$225,357	$314,961	$715,651	$1,149,336
Subtotal - Expenses Below NOI	**$3,956,226**	**$4,072,147**	**$4,057,999**	**$4,070,520**	**$4,646,015**
NET INCOME	**$232,051**	**$504,827**	**$450,908**	**$343,563**	**$0**

$89,742

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Computer Equipment	$9,190	$0	$891	$0	$0
Kitchen and Bath Supplies	$750	$6,000	$380	$0	$0
Electrical Supplies	$0	$0	$0	$0	$11,389
Doors	$59,802	$0	$8,953	$0	$2,921
HVAC Equipment	$2,000	$8,000	$36,038	$37,365	$33,872
Appliance Equipment	$8,000	$12,000	$5,899	$21,467	$8,904
Miscellaneous Equipment	$0	$0	$0	$12,576	$0
Electrical Contracts	$0	$0	$0	$897	$0
Plumbing Contracts	$0	$0	$8,994	$22,480	$15,595
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$3,048	$2,325
Roofing/Gutter Contracts	$0	$0	$0	$6,637	$3,700
HVAC Contracts	$0	$0	$0	$2,150	$0
Flooring/Carpet Contracts	$10,000	$15,000	$30,289	$41,260	$25,135
Asphalt/Concrete Contracts	$0	$0	$70,203	$0	$5,236
Miscellaneous Contracts	$0	$0	$0	$25,935	$53,945
Security System	$0	$0	$4,289	$1,134	$3,990
Total Capital Budget	**$89,742**	**$41,000**	**$165,936**	**$174,949**	**$167,012**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $2,491,552 of which $300,000 is restricted to pay Montgomery County pursuant to the Air Rights Lease Agreement, $1,278,340 is restricted to support green roof replacement and $232,051 will offset the anticipated operating losses of The Metropolitan Affordable property.
- Capital is budgeted at $89,742.
- DSCR is 2.62.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Metropolitan Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Metropolitan Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-003ME **RE: The Metropolitan Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, The Metropolitan Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of The Metropolitan Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by The Metropolitan Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of The Metropolitan Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Montgomery Arms Development Corporation

MONTGOMERY ARMS DEVELOPMENT CORPORATION

ANNUAL MEETING AND ADOPTION OF FY 2023

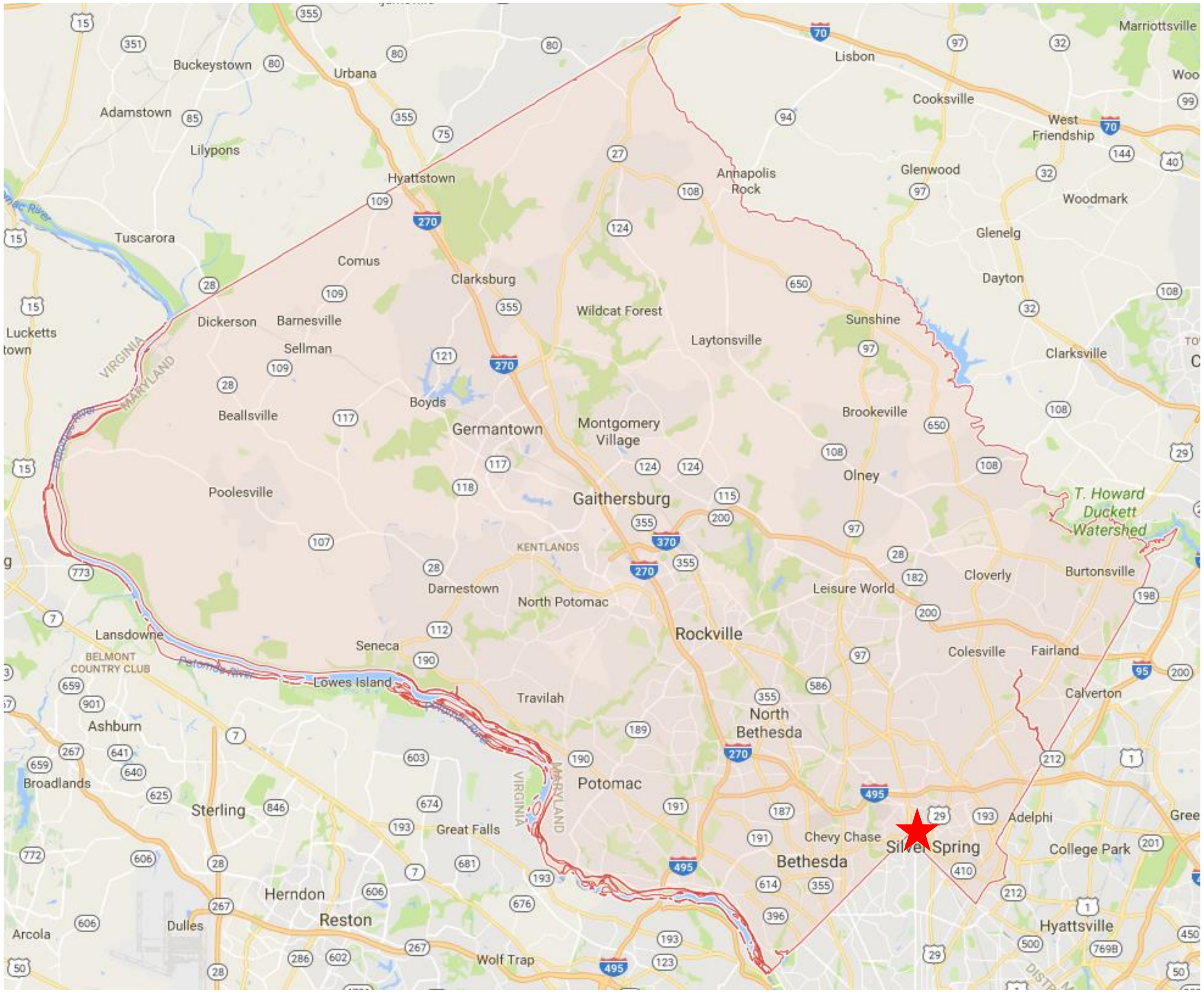
OPERATING & CAPITAL BUDGETS

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Montgomery Arms Development Corporation



Property Snapshot:

- Located in Downtown Silver Spring.
- Historic apartment community constructed in 1941, restored in 1992, and renovated in 2005.
- Community Room, Fitness Room, and Limited Free Parking.

Montgomery Arms Development Corporation – FY 2023 Overview

Background

- **July 17, 2002 -** Commission authorized the creation of Montgomery Arms Development Corporation and passed a resolution approving the Articles of Incorporation for the Montgomery Arms Development Corporation and By-laws.

- **May 21, 2003 -** Commission priced and sold its Multifamily Housing Development Bonds to finance a mortgage of $10,400,000 for the Montgomery Arms Apartments Development.

- **June 11, 2003** – Commission adopted a resolution authorizing the transfer of the property and the assignment of all assets and liabilities associated with the property to the Montgomery Arms Development Corporation. The resolution further authorized the Executive Director of the Commission to issue a loan commitment to the Montgomery Arms Development Corporation to finance a loan for the property and allowed for the incorporation of Montgomery Arms annual budget preparation and presentation into the HOC budget process.

9711 Washingtonian Blvd.. Suite-200
Gaithersburg, MD 20902
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	4	3	7
1BR	40	59	99
2BR	13	10	23
Total Units	**57**	**72**	**129**

The regulatory agreement restricts 20 units at or below 30% AMI and 52 units at or below 60% AMI. Restricted units include 10 Project-Based Section 8 units and 10 McKinney units.

Montgomery Arms Development Corporation– FY 2023 Update

Property Management

- The property maintained 94.5% occupancy for CY2021 in a competitive market in downtown Silver Spring. Due to the COVID pandemic, the property has experienced an increase in turnover in 2021. However the property with renewed leasing efforts has maintained the occupancy close to 96% percent.
- The property scored a 99a on its most recent REAC inspection on April 24, 2019. Anticipate a REAC in 2022.

Turnover	Avg. Occupancy CY 2021	Current Occupancy
15%	94.5%	96.38%

Maintenance

- Inspection and make ready (32%), plumbing (18%), electrical and lighting (10.%); general maintenance – hardware, drywall, flooring, etc. and appliances (22%).

- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders. In 2021 maintenance has started to work on regular work tickets and the number of work tickets has increased.

Total Work Orders CY 2021	Average Days to Close
780	5

Capital Improvements

- Most of the proposed capital funding is to support routine turnover activity to include replacement of kitchen countertops, cabinets, vanities, carpet/flooring and appliances. Budget also includes replacement of HVAC System and installation of cameras at the property.

Redevelopment/ Refinancing

- There are currently no plans underway for redevelopment or refinancing for Montgomery Arms.

Montgomery Arms Development Corporation – FY 2023 Budget Summary

Montgomery Arms Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$1,996,470**	**$1,975,820**	**$1,930,855**	**$1,922,207**	**$1,906,749**
Expenses:					
Operating - Admin	$197,653	$241,727	$245,855	$225,139	$198,874
Operating - Fees	$81,629	$85,332	$75,972	$80,084	$78,971
Bad Debt	$36,000	$5,900	$3,184	$4,740	$665
Tenant & Protective Services	$1,899	$3,580	$2,766	$2,261	$9,085
Taxes, Insurance & Utilities	$171,729	$167,321	$158,499	$149,099	$132,907
Maintenance	$247,960	$238,063	$249,204	$244,889	$298,196
Subtotal - Operating Expenses	**$736,870**	**$741,923**	**$735,480**	**$706,212**	**$718,698**
Net Operating Income ("NOI")	**$1,259,600**	**$1,233,897**	**$1,195,375**	**$1,215,995**	**$1,188,051**
Debt Service	$673,196	$682,230	$683,953	$685,601	$687,174
Replacement Reserves	$46,200	$46,200	$46,200	$46,200	$46,200
Asset Management Fees	$177,850	$138,020	$138,020	$138,110	$145,850
Development Corporation Fees	$362,354	$367,447	$327,202	$330,370	$308,827
Excess Cash Flow Restricted	$0	$0	$0	$15,714	$0
Subtotal - Expenses Below NOI	**$1,259,600**	**$1,233,897**	**$1,195,375**	**$1,215,995**	**$1,188,051**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$2,960	$2,912	$1,490	$2,530	$6,185
Electrical Supplies	$0	$0	$0	$0	$826
Appliance Supplies	$5,100	$0	$0	$0	$0
Grounds/Landscaping Sup.-Cap.	$5,000	$0	$0	$0	$5,850
Doors	$2,940	$2,895	$1,900	$7,810	$1,408
Flooring and Carpeting	$32,004	$31,200	$15,010	$40,880	$36,013
Plumbing Equipment	$0	$4,000	$0	$0	$22,315
HVAC Equipment	$18,828	$12,360	$10,972	$19,727	$16,621
Appliance Equipment	$0	$17,150	$13,394	$19,930	$18,178
Miscellaneous Equipment	$6,500	$1,000	$823	$2,221	$9,477
Grounds/Landscaping Contr-Cap.	$0	$4,500	$0	$0	$0
Windows/Glass Contracts	$0	$0	$0	$0	$2,504
Asphalt/Concrete Contracts	$0	$8,000	$0	$0	$23,460
Miscellaneous Contracts	$0	$0	$0	$14,075	$17,611
Security System	$9,500	$0	$0	$0	$0
Total Capital Budget	**$82,832**	**$84,017**	**$43,589**	**$107,173**	**$160,448**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased 1.4%, but upon turnover will be increased to the prevailing "market rate".
- Property cash flow is budgeted at $362,354.
- Capital is budgeted at $82,832.
- DSCR is 1.80.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Montgomery Arms Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Montgomery Arms Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001MA **RE: Montgomery Arms Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Montgomery Arms Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Montgomery Arms Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Montgomery Arms Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Montgomery Arms Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Paddington Square Development Corporation

PADDINGTON SQUARE DEVELOPMENT CORPORATION

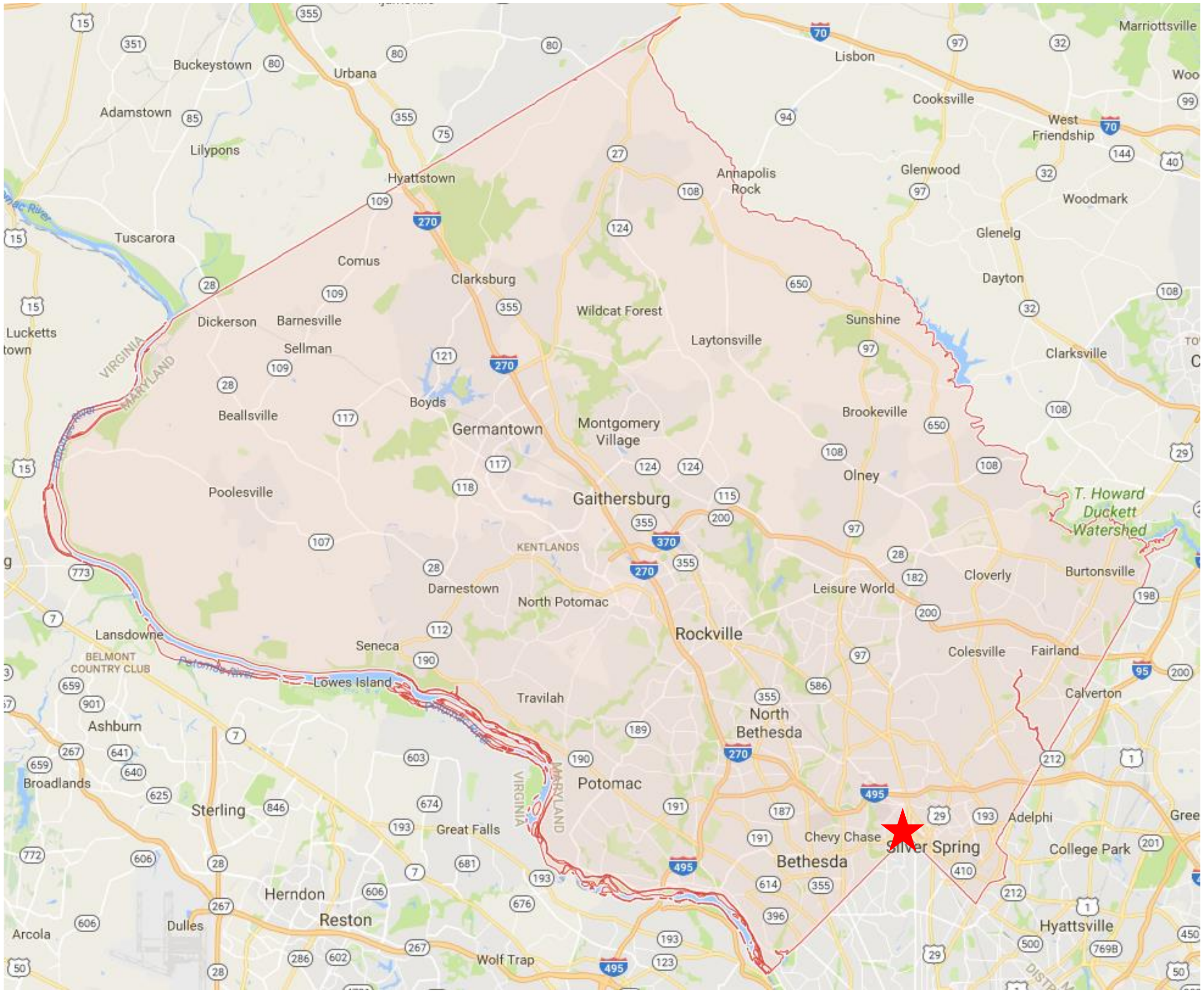
ANNUAL MEETING AND ADOPTION OF FY 2023 OPERATING & CAPITAL BUDGETS

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Paddington Square Development Corporation



Property Snapshot:

- Located in Silver Spring.
- 165 unit garden-style apartment community constructed in 1960.
- Renovated in 2011.
- Business Center, Conference Room, Free Parking, and Swimming Pool.
- Situated on 7.94 acres in a neighborhood among single family homes and multifamily garden and high rise communities.
- First Community Solar project in Montgomery County.

Paddington Square Development Corporation – FY 2023 Overview

Background

- **February 4, 2004** - The Articles of Incorporation for the Paddington Square Development Corporation were approved with the purpose of acquiring, owning, operating and maintaining the Paddington Square Apartments. The Board of Directors adopted the By-laws, and final settlement for the acquisition of Paddington Square Apartments occurred on March 5, 2004.

- **December 6, 2011 -** A comprehensive renovation of Paddington Square Apartments was completed to include window replacement, masonry repairs and building façade detail, replacement of individual unit HVAC systems, redesign of the leasing office and community center with handicap accessibility, and renovation of unit interiors and common areas. Repaving of the parking areas and landscape upgrades were completed prior to the close of FY'12.

- **December 18, 2014** - With Commission approval, Paddington Square Development Corporation closed on a permanent mortgage in the amount of $20,741,700, issued by Love Funding Corporation and insured by FHA's Section 223(f) program. The mortgage has a loan term of 35 years, amortizing for 35 years, with a fixed interest rate of 3.60%. Proceeds from the $20.7 million loan funded the repayment of $20 million in debt to HOC's PNC Bank Line of Credit, HOC's OHRF, HOC's County Revolving Fund, and DHCA's Housing Initiative Fund ("HIF").

- The FHA 223(f) senior loan for Paddington Square was refinanced in February 24, 2022.

- Residential One (formerly Equity Management) has managed the property since its selection in 2013. HOC staff has responsibility for the maintenance of the property.

- Paddington Square consists of 165 units, which are distributed as follows:

    - 67 units affordable units at or below 50%/60% of median under the County HIF program

    - 98 Market units

8800 Lanier Drive, Silver Spring, MD 20910
Manager: Residential One

Unit Mix	Market	Affordable	Total
2BR	87	65	152
3BR	11	2	13
Total Units	**98**	**67**	**165**

The regulatory agreement restricts 14 units at or below 50% AMI and 53 units at or below 60% AMI.

Paddington Square Development Corporation – FY 2023 Update

Property Management

- With its close proximity to downtown Silver Spring and the benefit of residents with long-term tenancy, current occupancy is at 93%. Due to COVID-19 pandemic the property has seen an increase in turnover. However the property with renewed leasing efforts has maintained the occupancy close to 95% percent.
- The property scored a 94b on its most recent REAC Inspection on January 9, 2020.

Annual Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
27%	95%	95%

Maintenance

- The largest volume of work tickets was for plumbing (28%), followed by appliances (19%), electrical (21%).
- Due to COVID 19 protocol, only priority and emergency work orders were performed; however, in 2021, the maintenance staff has started to address regular work orders and the number of work tickets completed has increased.

Total Work Order CY 2021	Average Days to Close
1,143	7

Capital Improvements

- Budget for FY' 2023 includes replacements to be completed upon unit turnover as needed; which include appliances, carpet/flooring, cabinets, and countertops. Also budgeted is the replacement of HVAC units and pipes.
- The Commission has approved the installation of solar panels on several roofs at Paddington Square as part of a Community Solar effort. The solar lease was entered into and executed on October 28, 2020. The solar project will provide solar energy to 10 PBV units at Paddington and 19 for the surrounding neighborhood. The installation of the panels is complete.

Redevelopment/Refinancing

- The FHA 223(f) senior loan for Paddington Square was refinanced in February 2022. By refinancing with an FHA 223(a)(7) loan, the property will save 72 basis points on its interest rate and 10 basis points on mortgage insurance premium. The refinance of the mortgage was aimed at taking advantage of low interest rates, thereby, lowering the cost of funds for the property, and improving cash flow.

Paddington Square Development Corporation – FY 2023 Budget Summary

Paddington Square Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$3,049,385**	**$2,967,390**	**$2,915,564**	**$2,994,646**	**$2,932,599**
Expenses:					
Operating - Admin	$259,476	$258,612	$251,857	$243,158	$267,611
Operating - Fees	$127,187	$103,971	$112,907	$94,134	$98,314
Bad Debt	$37,500	$62,500	$95,844	$15,777	$35,740
Tenant & Protective Services	$5,700	$5,700	$44,538	$46,919	$45,072
Taxes, Insurance & Utilities	$359,077	$289,360	$393,691	$283,573	$251,954
Maintenance	$576,135	$500,586	$524,838	$584,874	$539,423
Subtotal - Operating Expenses	**$1,365,075**	**$1,220,729**	**$1,423,675**	**$1,268,435**	**$1,238,114**
Net Operating Income ("NOI")	**$1,684,310**	**$1,746,661**	**$1,491,889**	**$1,726,211**	**$1,694,485**
Debt Service	$911,553	$939,058	$1,129,120	$1,130,561	$1,132,326
Replacement Reserves	$52,800	$57,750	$57,750	$57,750	$57,750
Asset Management Fees	$104,470	$104,470	$104,470	$104,470	$104,470
Development Corporation Fees	$615,487	$645,383	$200,549	$426,443	$392,252
Excess Cash Flow Restricted	$0	$0	$0	$6,987	$7,687
Subtotal - Expenses Below NOI	**$1,684,310**	**$1,746,661**	**$1,491,889**	**$1,726,211**	**$1,694,485**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$18,000	$12,000	$11,262	$8,178	$9,289
Electrical Supplies	$0	$0	$0	$3,282	$0
Appliance Supplies	$21,600	$17,976	$17,704	$16,156	$13,365
Grounds/Landscaping Sup.-Cap.	$10,000	$4,000	$6,335	$36,075	$1,800
Doors	$4,500	$4,500	$2,112	$3,594	$4,501
Roofing Materials	$4,800	$0	$3,865	$735	$3,460
HVAC Supplies	$0	$0	$32	$0	$0
Flooring and Carpeting	$0	$11,880	$8,909	$1,053	$10,309
Miscellaneous Supplies	$20,000	$14,000	$10,285	$4,964	$12,056
Plumbing Equipment	$4,000	$4,000	$9,871	$0	$0
Plumbing Contracts	$5,000	$5,400	$4,000	$43,000	$15,922
HVAC Contracts	$14,400	$9,600	$8,114	$12,900	$3,250
Flooring/Carpet Contracts	$13,200	$18,000	$34,835	$31,220	$34,113
Fencing Contracts	$0	$0	$0	$14,900	$0
Asphalt/Concrete Contracts	$0	$0	$0	$0	$14,283
Miscellaneous Contracts	$0	$0	$0	$1,500	$0
Total Capital Budget	**$115,500**	**$101,356**	**$117,324**	**$177,557**	**$122,348**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $615,487.
- Capital is budgeted at $115,500.
- DSCR is 1.79

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Paddington Square Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022.

Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Paddington Square Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-002$_{PS}$ **RE: Paddington Square Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Paddington Square Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Paddington Square Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Paddington Square Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Paddington Square Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Pooks Hill Development Corporation

Pooks Hill Development Corporation

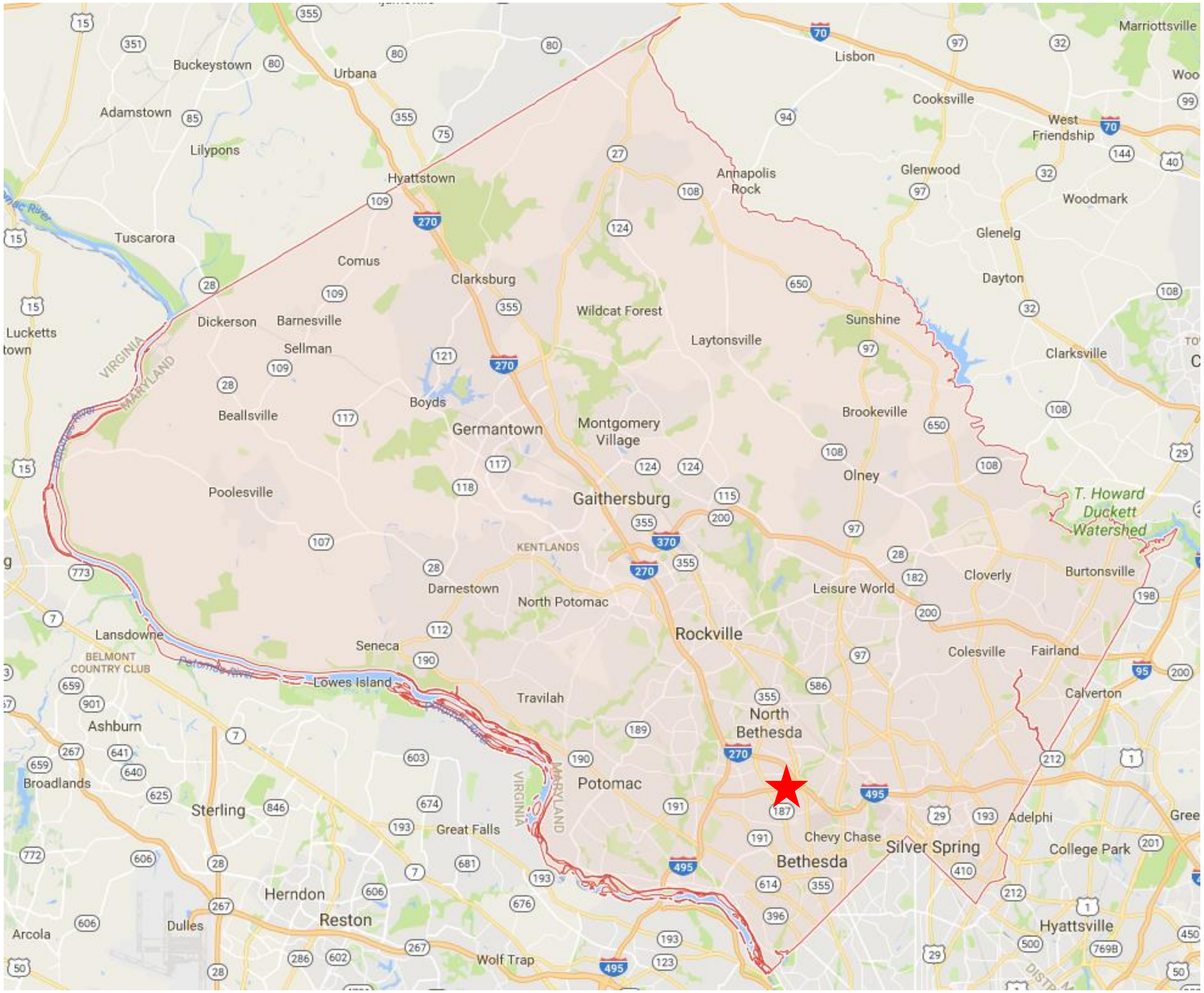
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Pooks Hill Development Corporation



Property Snapshot:

- Located in Bethesda.
- 189 unit high-rise building.
- Constructed in 1946 as the first high rise residential building in Montgomery County.
- Renovations completed in 2011.
- Controlled Access Building, Free Onsite Parking , Spacious Floor Plans, Ten-Foot Ceilings, Shared Pool with Pooks Hill Court.

Pooks Hill Development Corporation – FY 2023 Overview

Background

- **1992** - HOC purchased Pooks Hill Apartments through the issuance of tax-exempt fixed rate bonds. When the Commission constructed the Pooks Hill midrise development, it created a land condominium dividing the parcel of land on Pooks Hill Road into two condominium units. This allowed for separate ownership and financing of the high rise building on one parcel and the midrise on another. When the Commission determined to renovate the Pooks Hill high rise, it authorized the creation of Pooks Hill Development Corporation to provide a separate single purpose entity to own that land condominium unit.

- **June 2006 thru May 2010** - The property received multi-phased renovations substantially renovating unit interiors, common areas and upgrading and replacing major building systems. However, current finishes are not competitive with other Class B properties in the submarket.

- **October – December 2012** - the Articles of Incorporation for the Pooks Hill Development Corporation were approved by the Maryland Department of Assessments and Taxation. At its meeting on December 5, 2012, the Board of Directors and officers were elected and the By-laws were adopted. Financing completed with FHA Risk Sharing insurance provided a loan of $18,200,000 to assist with renovation costs, pay off outstanding debt and permanently finance the property over 30 years.

- **2013** - Exterior repairs and site work continued involving landscaping to address water flow across the property and replacement of the front steps to the building to remediate water infiltration.

3 Pooks Hill Road, Bethesda, MD 20814
Manager: Vantage/Edgewood Management

Unit Mix	Market	Affordable	Total
Studio	53	2	55
1BR	46	51	97
2BR	21	16	37
Total Units	**120**	**69**	**189**

The regulatory agreement restricts 5 units at or below 30% AMI, 58 units at or below 50% AMI, 6 units at or below 60% AMI, and 57 units workforce housing between 80% and 120% of AMI.

Pooks Hill Development Corporation – FY 2023 Update

Property Management

- Pooks Hill Tower's occupancy increased in 2021 as Concessions increased to stabilize occupancy and compete with neighboring properties. Occupancy increased and turnovers decreased in 2021.

Annual Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
22%	96%	98%

Maintenance

- The largest volume of work tickets was for electrical and plumbing repairs.

- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020. In 2021 regular work orders were addressed, which has resulted in a increase of in the number of completed work orders.

Total Work Orders CY 2021	Average Days to Close
1,262	2

Capital Improvements

- Capital replacements are completed at unit turnover or as needed. FY 2023 capital budget includes the replacement of the hallway carpets, new camera system and sealing of the parking lot.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing of Pooks Hill Tower.

Pooks Hill Development Corporation – FY 2023 Budget Summary

Pooks Hill High-rise Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$2,959,592**	**$2,871,695**	**$2,828,513**	**$2,953,549**	**$2,903,352**
Expenses:					
Operating - Admin	$271,748	$260,720	$260,424	$271,176	$253,039
Operating - Fees	$122,946	$121,922	$116,496	$122,335	$123,146
Bad Debt	$9,096	$6,996	$3,448	$16,874	$39,988
Tenant & Protective Services	$14,400	$0	$16,039	$22,339	$3,462
Taxes, Insurance & Utilities	$229,463	$234,151	$192,703	$209,907	$193,039
Maintenance	$337,314	$329,194	$292,722	$288,253	$313,468
Subtotal - Operating Expenses	**$984,967**	**$952,983**	**$881,832**	**$930,884**	**$926,142**
Net Operating Income ("NOI")	**$1,974,625**	**$1,918,712**	**$1,946,681**	**$2,022,665**	**$1,977,210**
Debt Service	$1,017,388	$1,019,795	$1,022,163	$1,024,452	$1,026,668
Replacement Reserves	$196,266	$176,640	$171,492	$161,533	$161,533
Asset Management Fees	$260,570	$202,210	$202,210	$202,340	$213,680
Loan Management Fees	$45,504	$45,504	$45,500	$45,500	$45,500
Development Corporation Fees	$454,897	$474,563	$505,316	$573,168	$529,829
Excess Cash Flow Restricted	$0	$0	$0	$15,672	$0
Subtotal - Expenses Below NOI	**$1,974,625**	**$1,918,712**	**$1,946,681**	**$2,022,665**	**$1,977,210**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$3,200	$950	$8,695	$0
Windows and Glass	$0	$0	$0	$7	$0
Doors	$0	$0	$945	$1,650	$114
Flooring and Carpeting	$131,500	$0	$7,215	$16,034	$35,263
Plumbing Equipment	$11,436	$25,000	$3,598	$6,425	$15,862
HVAC Equipment	$12,000	$6,500	$1,540	$8,798	$13,297
Appliance Equipment	$3,500	$5,004	$1,693	$1,427	$1,059
Miscellaneous Equipment	$0	$1,500	$1,764	$0	$3,773
Windows/Glass Contracts	$0	$0	$0	$0	$114
Paint/Wallcovering Int. Cont.	$40,000	$0	$0	$0	$0
Paint/Wallcovering Ext. Cont	$40,000	$0	$0	$0	$0
Asphalt/Concrete Contracts	$80,000	$5,000	$0	$23,529	$3,500
Miscellaneous Contracts	$0	$10,000	$0	$12,372	$5,874
Security System	$45,000	$0	$0	$0	$0
Total Capital Budget	**$363,436**	**$56,204**	**$17,705**	**$78,937**	**$78,856**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased 1.4%, but upon turnover will be increased to the prevailing "market rate".
- Property cash flow is budgeted at $454,897.
- Capital is budgeted at $363,436.
- DSCR is 1.67.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Pooks Hill Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Pooks Hill Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001PH **RE: Pooks Hill Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Pooks Hill Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Pooks Hill Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Pooks Hill Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Pooks Hill Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

RAD 6 Development Corporation

RAD 6 Development Corporation

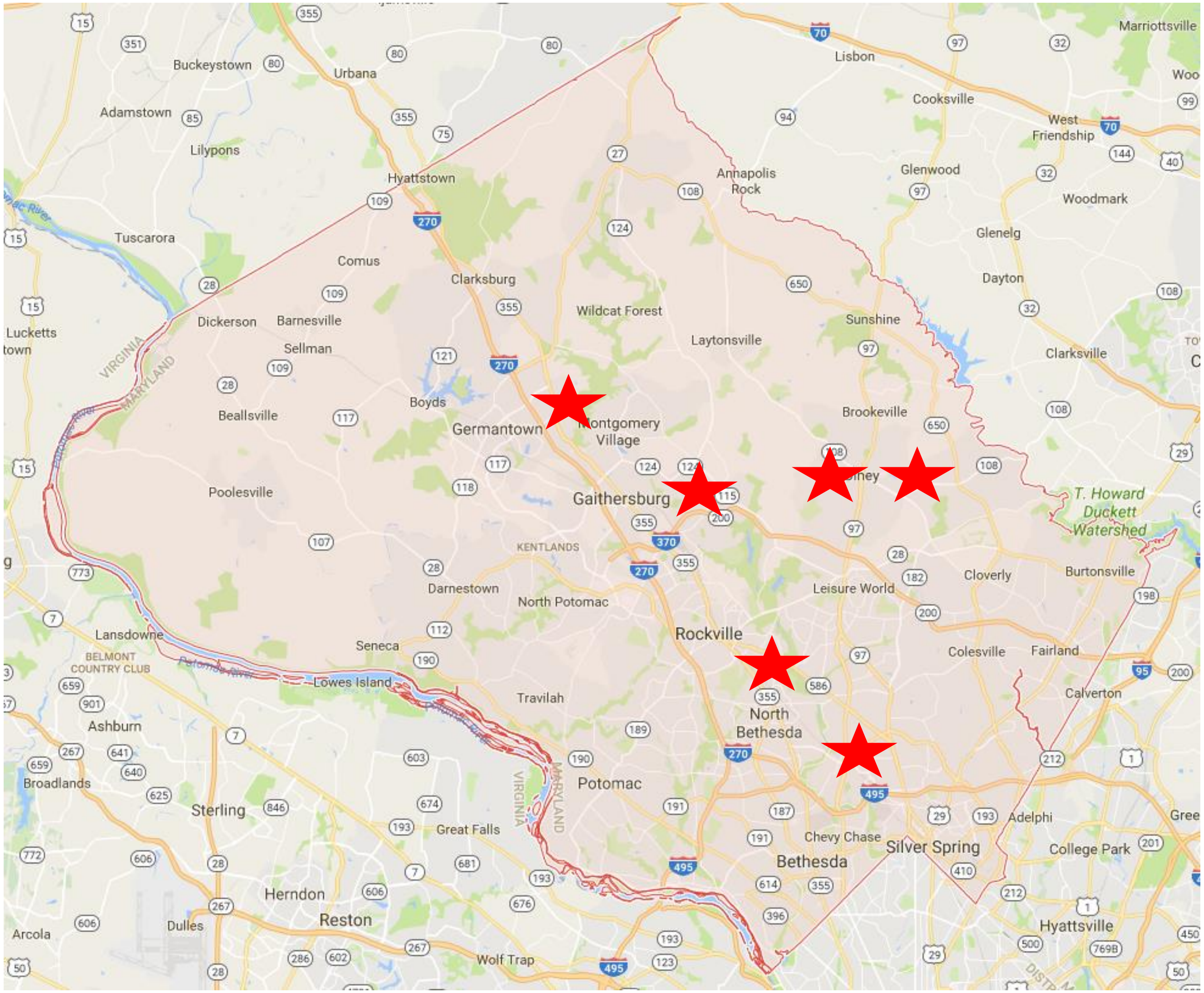
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

RAD 6 Development Corporation



Property Snapshot:

- 209 affordable units at or below 50% of the Washington Metropolitan Statistical Area Median Income (“AMI”) and 59 market rate units.
- Renovations, completed in 2016, included both interior and exterior upgrades to finishes. Interior renovations include the replacement of kitchen and bathroom (appliances, cabinet fixtures and finishes), flooring and painting, HVAC systems and electrical modifications.
- The exterior work included the replacement of windows, roofs, gutters and downspouts, siding, and storm water management improvements. Work was also completed on the sidewalks, stoops, fencing and concrete walks.

RAD 6 Development Corporation – FY 2023 Overview

Background

- **June 4, 2014 -** Commission authorized the creation of RAD 6 Development Corporation (the "Corporation") to own and operate Ken Gar Apartments, Parkway Woods, Sandy Spring Meadows, Towne Centre Place, Seneca Ridge, and Washington Square (collectively, the "RAD 6 Development") and approved the Articles of Incorporation.
- August 6, 2014 - The Board of Directors for the Development Corporation adopted By-laws which provide for the operations and functions of the Corporation, elected the seven Commissioners as the officers and incorporated the Corporation's annual budget preparation and presentation in the HOC budget process. The Commission also approved the Final Development Plan for the properties which envisioned the creation of high quality, well designed, amenity rich, energy efficient affordable housing with strong supportive services.
- November 6, 2014 - Commission approved the Financing Plan, which combined a Construction Note with a permanent mortgage insured by the Federal Housing Administration ("FHA") under the FHA Risk Sharing Program. Tax-exempt bonds were issued by HOC in the amount of $24,000,000. HOC has assumed 50% of the insurance risk.
- The 268 units in the RAD 6 Development Corporation are distributed as follows:
  - 209 affordable units at or below 50% of the area median income.
  - 59 market rate units.

Ken Gar Apartments consists of a 14-townhome cluster and five single family detached homes in the historic Ken-Gar section of Kensington. The townhomes are three buildings, two story units originally constructed in 1979. There are seven two-bedroom units, five three-bedroom units, and seven four-bedroom units.

Parkway Woods is a 24-unit townhome community located on 2.0 acres in Rockville, MD. It was constructed in 1981 and consists of four buildings with nine two-bedroom units, nine three-bedroom units and six four-bedroom units.

Sandy Spring Meadow is located on 14.2 acres in Sandy Spring, MD. It was originally constructed in 1980 and is a 55-unit community consisting of 25 townhomes and 30 single family homes. All townhomes have two bedrooms and the single family homes have three or four bedrooms.

Towne Centre Place is a 49-unit townhome community located in Olney. The property was built in 1986 and consists of 14 one-bedroom units, 20 two-bedroom units, and 15 three-bedroom units. This community is on a 6.5 acre site.

Seneca Ridge is a 71-unit townhome community located in Germantown. It has two one-bedroom units, nine two-bedroom units, 40 three-bedroom units and 20 four-bedroom units. This community was constructed in 1970 and underwent renovations in 2008. It is located on 8.5 acres and is principally located at Scenery Drive in Germantown, MD.

Washington Square is a 50-unit townhome community consisting of 10 two-bedroom units, 32 three-bedroom units, and eight four-bedroom units originally constructed in 1968 and renovated in 2002. It is located on 4.08 acres in Gaithersburg, MD.

RAD 6 Development Corporation – FY 2023 Overview

Property Management

- RAD 6 occupancy remained stable in 2021 due to relatively low rents and larger unit sizes which provided more space to self-quarantine during the COVID-19 pandemic.

Property	Annual Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
Washington Square	12%	93.6%	88%
Seneca Ridge	20%	95.7%	89%
Ken Gar	16%	96.8%	95%
Parkway Woods	8%	98.6%	100%
Towne Centre Place	4%	95.6%	100%
Sandy Spring Meadow	5%	95.4%	100%
Average	**11%**	**96%**	**95%**

Maintenance

- The largest volume of work order tickets was for appliance and plumbing. Some work orders remain open as HOC Maintenance did not complete medium and low priority work orders during the COVID-19 pandemic.

Property	Annual Work Orders CY 2021	Avg. Days to Close
Washington Square	643	16
Seneca Ridge	487	12
Ken Gar	116	26
Parkway Woods	149	6
Towne Centre Place	254	36
Sandy Spring Meadows	271	26
Average	**320**	**20**

Capital Improvements

- The replacement reserve will be used primarily for flooring, appliance, and HVCA/Plumbing replacements in FY 2023.

Redevelopment/Refinancing

- The property completed renovation work in 2016 and no further redevelopment or refinancing is being considered at this time.

RAD 6 Development Corporation – FY 2023 Budget Summary – Ken Gar

RAD 6: Ken Gar

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$262,715**	**$201,365**	**$221,433**	**$261,252**	**$264,983**
Expenses:					
Operating - Admin	$14,875	$18,111	$20,531	$14,684	$10,824
Operating - Fees	$10,660	$9,102	$11,563	$8,554	$28,308
Bad Debt	$19,356	$30,000	($2,609)	$11,397	$9,942
Tenant & Protective Services	$0	$0	$6,100	$6,330	$6,292
Taxes, Insurance & Utilities	$16,770	$19,527	$13,636	$12,223	$12,518
Maintenance	$59,573	$44,554	$53,514	$54,436	$46,859
Subtotal - Operating Expenses	**$121,234**	**$121,294**	**$102,735**	**$107,624**	**$114,743**
Net Operating Income ("NOI")	**$141,481**	**$80,071**	**$118,698**	**$153,628**	**$150,240**
Debt Service	$102,674	$102,853	$103,026	$103,190	$103,243
Replacement Reserves	$10,678	$10,380	$9,852	$9,282	$9,288
Asset Management Fees	$19,720	$18,470	$18,470	$18,070	$0
Subtotal - Expenses Below NOI	**$133,072**	**$131,703**	**$131,348**	**$130,542**	**$112,531**
NET INCOME	**$8,409**	**($51,632)**	**($12,650)**	**$23,086**	**$37,709**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Flooring and Carpeting	$400	$375	$0	$0	$0
Paint and Wallcoverings	$4,200	$4,000	$0	$0	$0
HVAC Equipment	$0	$0	$0	$0	$1,736
Appliance Equipment	$1,800	$1,200	$0	$2,808	$1,314
Plumbing Contracts	$0	$0	$9,390	$0	$0
Grounds/Landscaping Contr-Cap.	$3,990	$0	$2,850	$0	$0
HVAC Contracts	$7,800	$7,200	$325	$0	$0
Flooring/Carpet Contracts	$2,580	$2,496	$1,730	$4,801	$0
Miscellaneous Contracts	$0	$0	$0	$1,500	$0
Total Capital Budget	**$20,770**	**$15,271**	**$14,295**	**$9,109**	**$3,050**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 2.5% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $8,409
- Capital is budgeted at $20,770.
- DSCR is 1.27.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2023 Budget Summary – Parkway Woods

RAD 6: Parkway Woods

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$333,618**	**$309,564**	**$317,306**	**$308,449**	**$319,433**
Expenses:					
Operating - Admin	$27,387	$22,594	$17,521	$14,173	$32,994
Operating - Fees	$12,963	$10,778	$13,876	$9,837	$27,012
Bad Debt	$7,104	$9,996	$7,052	$11,715	$6,118
Tenant & Protective Services	$0	$0	$4,455	$5,081	$6,677
Taxes, Insurance & Utilities	$23,765	$29,068	$24,160	$25,820	$18,849
Maintenance	$64,310	$74,011	$52,646	$61,259	$69,649
Subtotal - Operating Expenses	**$135,529**	**$146,447**	**$119,710**	**$127,885**	**$161,299**
Net Operating Income ("NOI")	**$198,089**	**$163,117**	**$197,596**	**$180,564**	**$158,134**
Debt Service	$116,119	$116,321	$116,517	$116,733	$116,882
Replacement Reserves	$13,488	$13,104	$12,444	$11,725	$11,724
Asset Management Fees	$24,900	$23,330	$23,330	$22,830	$0
Subtotal - Expenses Below NOI	**$154,507**	**$152,755**	**$152,291**	**$151,288**	**$128,606**
NET INCOME	**$43,582**	**$10,362**	**$45,305**	**$29,276**	**$29,528**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Appliance Supplies	$500	$0	$0	$8	$0
Employee Uniforms	$0	$0	$9	$0	$0
Plumbing Equipment	$0	$0	$0	$785	$0
HVAC Equipment	$0	$0	$836	$0	$0
Appliance Equipment	$1,000	$2,100	$4,203	$809	$2,896
Electrical Contracts	$0	$4,800	$3,660	$0	$0
Plumbing Contracts	$500	$0	$0	$485	$0
Cleaning/Janitorial Contracts-Cap.	$1,000	$10,000	$0	$0	$0
HVAC Contracts	$0	$3,600	$0	$1,901	$0
Flooring/Carpet Contracts	$1,000	$2,816	$0	$0	$2,244
Paint/Wallcovering Int. Cont.	$0	$0	$0	$0	$220,160
Exterminating Contracts	$0	$0	$295	$0	$0
Fencing Contracts	$0	$3,000	$0	$0	$0
Miscellaneous Contracts	$0	$0	$0	$3,000	$0
Total Capital Budget	**$4,000**	**$26,316**	**$9,003**	**$6,988**	**$225,300**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 2.5% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $43,582.
- Capital is budgeted at $4,000.
- DSCR is 1.59.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2023 Budget Summary – Sandy Spring Meadow

RAD 6: Sandy Spring Meadow

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$693,683**	**$671,333**	**$694,334**	**$663,335**	**$676,636**
Expenses:					
Operating - Admin	$72,235	$75,474	$63,891	$66,257	$41,594
Operating - Fees	$31,555	$27,471	$28,719	$23,056	$81,871
Bad Debt	$14,004	$30,000	$13,681	$7,078	($6,527)
Tenant & Protective Services	$0	$0	$11,972	$9,606	$11,632
Taxes, Insurance & Utilities	$55,155	$54,304	$65,120	$32,810	$38,183
Maintenance	$188,224	$167,095	$156,283	$142,275	$144,262
Subtotal - Operating Expenses	**$361,173**	**$354,344**	**$339,666**	**$281,082**	**$311,015**
Net Operating Income ("NOI")	**$332,510**	**$316,989**	**$354,668**	**$382,253**	**$365,621**
Debt Service	$259,609	$260,063	$260,498	$260,915	$261,314
Replacement Reserves	$30,910	$30,036	$28,512	$26,870	$26,868
Asset Management Fees	$57,070	$53,470	$53,470	$52,310	$0
Excess Cash Flow Restricted	$0	$0	$0	$0	$33,499
Subtotal - Expenses Below NOI	**$347,589**	**$343,569**	**$342,480**	**$340,095**	**$321,681**
NET INCOME	**($15,079)**	**($26,580)**	**$12,188**	**$42,158**	**$43,940**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Electrical Supplies	$50	$0	$124	$16	$209
Appliance Supplies	$0	$0	$0	$37	$0
Plumbing Supplies	$150	$0	$128	$8	$26
Cleaning/Janitorial Supplies	$50	$0	$5	$0	$0
Windows and Glass	$100	$0	$162	$0	$30
Hardware Supplies	$0	$0	$220	$2	$113
Flooring and Carpeting	$155	$3,182	$6,420	$3,035	$0
Miscellaneous Supplies	$0	$0	$4	$0	$125
Plumbing Equipment	$0	$1,592	$0	$0	$0
HVAC Equipment	$200	$0	$37	$0	$19
Appliance Equipment	$12,996	$2,388	$5,499	$7,308	$3,265
Miscellaneous Equipment	$0	$0	$0	$312	$0
Plumbing Contracts	$0	$1,590	$0	$0	$1,200
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$12,400	$0
Windows/Glass Contracts	$500	$0	$350	$0	$0
Roofing/Gutter Contracts	$0	$0	$0	$3,147	$0
Flooring/Carpet Contracts	$0	$6,600	$0	$5,487	$0
Miscellaneous Contracts	$0	$0	$0	$1,500	$0
Total Capital Budget	**$14,201**	**$15,352**	**$12,949**	**$33,252**	**$4,987**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 2.5% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($15,079).
- Capital is budgeted at $14,201
- DSCR is 1.16.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2023 Budget Summary – Town Centre Place

RAD 6: Towne Centre Place

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$556,745**	**$545,879**	**$622,586**	**$537,023**	**$570,113**
Expenses:					
Operating - Admin	$81,898	$74,046	$72,705	$68,367	$42,145
Operating - Fees	$26,158	$23,375	$24,564	$19,659	$72,088
Bad Debt	$12,996	$20,004	$11,275	($34,482)	($7,588)
Tenant & Protective Services	$0	$0	$10,836	$7,129	$11,133
Taxes, Insurance & Utilities	$46,103	$56,184	$85,090	$41,660	$37,774
Maintenance	$196,078	$168,311	$161,570	$142,704	$152,069
Subtotal - Operating Expenses	**$363,233**	**$341,920**	**$366,040**	**$245,037**	**$307,621**
Net Operating Income ("NOI")	**$193,512**	**$203,959**	**$256,546**	**$291,986**	**$262,492**
Debt Service	$174,063	$174,363	$174,656	$174,936	$175,205
Replacement Reserves	$27,538	$26,760	$25,392	$23,939	$23,940
Asset Management Fees	$50,840	$47,640	$47,640	$46,600	$0
Subtotal - Expenses Below NOI	**$252,441**	**$248,763**	**$247,688**	**$245,475**	**$199,145**
NET INCOME	**($58,929)**	**($44,804)**	**$8,858**	**$46,511**	**$63,347**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Electrical Supplies	$0	$0	$87	$0	$0
Appliance Supplies	$0	$0	$149	$0	$0
Plumbing Supplies	$0	$0	$85	$0	$0
Windows and Glass	$0	$0	$59	$0	$0
Hardware Supplies	$135	$0	$131	$0	$0
HVAC Supplies	$208	$0	$205	$0	$0
Flooring and Carpeting	$5,297	$0	$5,043	$783	$0
Miscellaneous Supplies	$0	$0	$4	$0	$0
HVAC Equipment	$8,900	$4,244	$8,890	$0	$0
Appliance Equipment	$8,823	$2,120	$6,695	$3,843	$1,173
Plumbing Contracts	$7,200	$0	$16,267	$750	$1,800
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$12,200	$0
Windows/Glass Contracts	$0	$0	$0	$235	$0
Flooring/Carpet Contracts	$0	$4,800	$0	$6,558	$0
Asphalt/Concrete Contracts	$0	$4,800	$0	$0	$0
Miscellaneous Contracts	$0	$0	$0	$1,850	$0
Total Capital Budget	**$30,563**	**$15,964**	**$37,615**	**$26,219**	**$2,973**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 2.5% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 1.4 %.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($58,929).
- Capital is budgeted at $30,563.
- DSCR is 0.95.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2023 Budget Summary – Seneca Ridge

RAD 6: Seneca Ridge

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$1,348,491**	**$1,158,021**	**$1,237,897**	**$1,014,076**	**$1,038,799**
Expenses:					
Operating - Admin	$81,949	$95,308	$131,611	$134,460	$71,561
Operating - Fees	$35,670	$33,342	$35,601	$27,447	$103,413
Bad Debt	$24,000	$30,000	$32,981	$4,529	$40,646
Tenant & Protective Services	$840	$1,500	$18,495	$19,516	$17,237
Taxes, Insurance & Utilities	$283,974	$259,701	$266,099	$270,268	$209,098
Maintenance	$347,412	$286,604	$276,162	$251,543	$216,555
Subtotal - Operating Expenses	**$773,845**	**$706,455**	**$760,949**	**$707,763**	**$658,510**
Net Operating Income ("NOI")	**$574,646**	**$451,566**	**$476,948**	**$306,313**	**$380,289**
Debt Service	$513,739	$514,631	$515,493	$516,449	$517,110
Replacement Reserves	$39,902	$38,772	$36,792	$34,682	$34,680
Asset Management Fees	$73,670	$69,030	$69,030	$67,530	$0
Subtotal - Expenses Below NOI	**$627,311**	**$622,433**	**$621,315**	**$618,661**	**$551,790**
NET INCOME	**($52,665)**	**($170,867)**	**($144,367)**	**($312,348)**	**($171,501)**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$2,400	$425	$325	($190)
Electrical Supplies	$550	$0	$527	$2,315	$0
Appliance Supplies	$0	$0	$0	$0	($7)
Plumbing Supplies	$150	$0	$176	$136	$231
Cleaning/Janitorial Supplies	$0	$0	$0	$44	$0
Locks, Keys	$0	$360	$156	$772	$0
Windows and Glass	$25	$3,600	$24	$487	$360
Doors	$600	$2,400	$894	$0	$87
Hardware Supplies	$175	$0	$66	$54	$0
HVAC Supplies	$0	$5,004	$1,675	$661	$206
Flooring and Carpeting	$5,900	$0	$0	$21,680	$1,100
Paint and Wallcoverings	$0	$0	$450	$0	$0
Miscellaneous Supplies	$0	$0	$8	$165	$0
HVAC Equipment	$0	$2,400	$1,322	$3	$1,180
Appliance Equipment	$6,500	$3,600	$4,101	$12,453	$10,018
Appliance Contracts	$300	$0	$275	$0	$0
Plumbing Contracts	$0	$3,840	$1,275	$752	$10,000
Cleaning/Janitorial Contracts-Cap.	$0	$0	$0	$1,203	$0
Grounds/Landscaping Contr-Cap.	$0	$0	$0	$9,500	$0
Windows/Glass Contracts	$300	$0	$265	$265	$0
Roofing/Gutter Contracts	$0	$4,800	$2,350	$560	$700
HVAC Contracts	$6,000	$6,000	$1,300	$0	$0
Flooring/Carpet Contracts	$12,600	$12,000	$14,788	$6,180	$30,642
Paint/Wallcovering Int. Cont.	$4,200	$4,800	$8,262	$615	($855)
Snow Removal Contracts	$1,500	$0	$1,188	$0	$0
Fencing Contracts	$0	$0	$140	$0	$0
Asphalt/Concrete Contracts	$0	$0	$0	$0	$650
Miscellaneous Contracts	$0	$0	$0	$2,717	$0
Total Capital Budget	**$38,800**	**$51,204**	**$39,667**	**$60,887**	**$54,122**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 2.5% based on the Operating Cost Adjustment Factor (“OCAF”); the County Executive’s voluntary rent guideline is 1.4%.
- Market rents will be increased by 2.5% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at ($52,665).
- Capital is budgeted at $38,800
- DSCR is 1.04.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2023 Budget Summary – Washington Square

RAD 6: Washington Square

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$966,926**	**$862,856**	**$883,062**	**$764,245**	**$743,472**
Expenses:					
Operating - Admin	$67,422	$64,994	$111,102	$116,738	$69,091
Operating - Fees	$26,480	$24,036	$26,353	$20,063	$73,967
Bad Debt	$10,104	$60,000	$72,278	$26,131	($18,774)
Tenant & Protective Services	$0	$1,648	$16,683	$10,662	$13,232
Taxes, Insurance & Utilities	$141,582	$104,040	$122,342	$94,194	$84,404
Maintenance	$284,701	$230,158	$238,714	$233,342	$164,023
Subtotal - Operating Expenses	**$530,289**	**$484,876**	**$587,472**	**$501,130**	**$385,943**
Net Operating Income ("NOI")	**$436,637**	**$377,980**	**$295,590**	**$263,115**	**$357,529**
Debt Service	$333,935	$334,514	$335,075	$335,695	$336,125
Replacement Reserves	$28,100	$27,300	$25,920	$24,427	$24,427
Asset Management Fees	$51,880	$48,610	$48,610	$47,560	$0
Subtotal - Expenses Below NOI	**$413,915**	**$410,424**	**$409,605**	**$407,682**	**$360,552**
NET INCOME	**$22,722**	**($32,444)**	**($114,015)**	**($144,567)**	**($3,023)**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$3,720	$3,600	$4,857	$2,467	$0
Electrical Supplies	$0	$0	$209	$1,419	$0
Appliance Supplies	$0	$0	$0	$56	$18
Plumbing Supplies	$240	$240	$68	$1,248	$172
Employee Uniforms	$0	$0	$50	$0	$0
Cleaning/Janitorial Supplies	$0	$0	$339	$40	$0
Locks, Keys	$0	$2,000	$0	$257	$0
Windows and Glass	$0	$0	$52	$373	$0
Doors	$0	$0	$0	$204	$619
Hardware Supplies	$0	$0	$177	$1,061	$0
HVAC Supplies	$6,000	$6,000	$1,972	$0	$0
Flooring and Carpeting	$25,740	$24,996	$12,558	$8,378	$1,208
Miscellaneous Supplies	$0	$0	$136	$646	$0
Plumbing Equipment	$0	$0	$875	$0	$0
HVAC Equipment	$0	$0	$3	$14	$0
Appliance Equipment	$4,800	$4,800	$5,889	$23,464	$6,425
Electrical Contracts	$10,800	$9,600	$1,144	$2,266	$575
Windows/Glass Contracts	$0	$0	$0	$550	$0
Roofing/Gutter Contracts	$0	$0	$3,149	$0	$0
Flooring/Carpet Contracts	$4,000	$5,000	$11,001	$17,674	$9,767
Exterminating Contracts	$0	$0	$55	$0	$0
Miscellaneous Contracts	$0	$0	$0	$1,500	$0
Total Capital Budget	**$55,300**	**$56,236**	**$42,534**	**$61,617**	**$18,784**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 2.5% based on the Operating Cost Adjustment Factor ("OCAF"); the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $22,722.
- Capital is budgeted at $55,300.
- DSCR is 1.22.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001RAD6 **RE: RAD 6 Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the RAD 6 Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of RAD 6 Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the RAD 6 Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of RAD 6 Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Scattered Site One Development Corporation

Scattered Site One Development Corporation

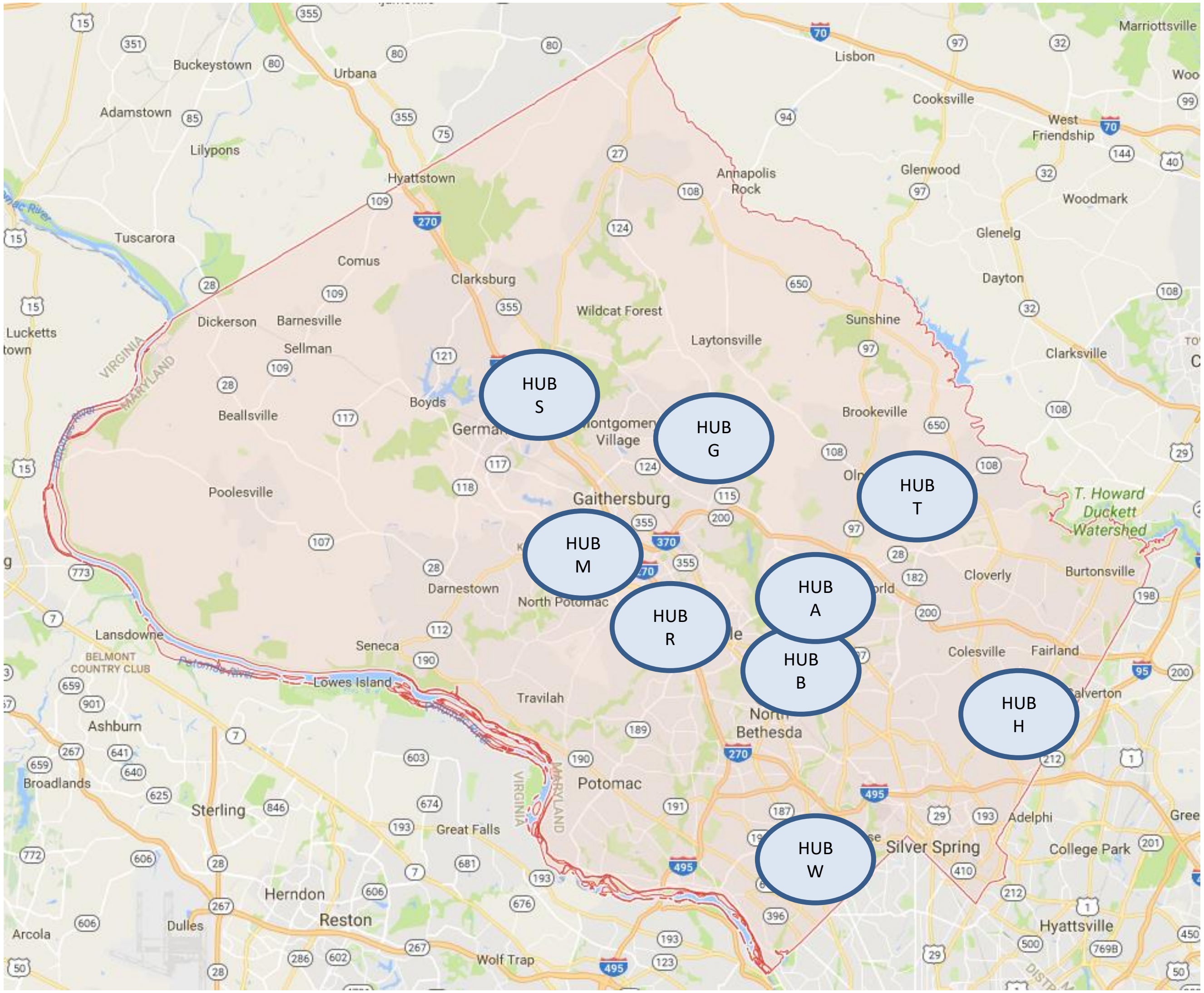
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Scattered Site One Development Corporation



Property Snapshot:

- 190 units scattered across nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums, townhomes and single family homes, ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- The age of the properties in Scattered Site One Development Corporation range from 1987 to 2012.
- Real Estate Development in concert with Property Management and Mortgage Finance will develop a renovation, if necessary, and refinancing plan for the properties for the Commission's and Development Corporation's approval by the end of FY 2023.

Scattered Site One Development Corporation – FY 2023 Overview

Background

- **October 5, 2011 -** The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site One Development Corporation, a wholly-controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.

- **November 2, 2011** - The Board adopted the By-laws and elected Directors. The 190 scattered site units were transferred to Scattered Site One Development Corporation.

- **July 2012** – The Scattered Site One Development Corporation was financed with a loan in the amount of $9,200,000 and secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.

- **February 2013** - A comprehensive renovation plan of Scattered Site One began. Depending on need, renovations included roof and window replacements, painting and re-carpeting, new kitchen and bath upgrades and new energy efficient appliances. The renovation plan, established before the Commission created its new renovation standards, was determined to be inadequate in its scope and only approximately 25% of the units were renovated. Staff suspended renovations and reconfigured the standards so that the remaining units could be completed in a similar fashion as VPC One and VPC Two.

- Scattered Site One Development Corporation consists of 190 units, which are distributed as follows:

Unit Mix	Market	Affordable	Total
1BR	4	11	15
2BR	11	10	21
3BR	49	93	142
4BR	0	12	12
Total Units	**64**	**126**	**190**

The regulatory agreement restricts 24 units at or below 50% AMI and 102 units at or below 60% AMI.

Scattered Site One Development Corporation – FY 2023 Overview

Property Management

- The principal challenge is aging units. Some are among the oldest in HOC's property portfolio and require significant upgrades to compete in today's rental market.

Turnover	Avg. Occupancy CY 2021	Current Occupancy
2.3%	92%	90%

Maintenance

- The largest volume of work tickets was for general maintenance – HVAC (8%), plumbing (20%) and appliances (15%).

- Due to COVID 19 protocol, mainly priority and emergency work orders were performed since March 2020 which has resulted in a lower number of work orders completed.

Total Work Orders Completed CY 2021	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
1295	30	36.38

Capital Improvements

- Capital replacements for appliances, roofing and flooring are done at turnover and as needed.

Redevelopment/Refinancing

- Real Estate Development in concert with Property Management and Mortgage Finance will develop a renovation, if necessary, and refinancing plan for the properties for the Commission's and Development Corporation's approval by the end of FY 2023.

Scattered Site One Development Corporation – FY 2023 Budget Summary

Scattered Site One Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$2,725,961**	**$2,586,004**	**$2,630,284**	**$2,634,787**	**$2,474,673**
Expenses:					
Operating - Admin	$155,725	$172,614	$140,960	$139,359	$148,790
Operating - Fees	$853,693	$780,220	$831,693	$743,296	$761,048
Bad Debt	$297,348	$141,324	$179,216	$46,754	$23,870
Tenant & Protective Services	$0	$0	$50,816	$51,119	$52,450
Taxes, Insurance & Utilities	$114,248	$93,057	$85,193	$82,348	$84,043
Maintenance	$492,181	$451,527	$453,279	$482,853	$460,379
Subtotal - Operating Expenses	**$1,913,195**	**$1,638,742**	**$1,741,157**	**$1,545,729**	**$1,530,580**
Net Operating Income ("NOI")	**$812,766**	**$947,262**	**$889,127**	**$1,089,058**	**$944,093**
Debt Service	$559,616	$560,798	$561,937	$563,201	$564,081
Replacement Reserves	$114,000	$114,000	$114,000	$114,000	$114,000
Loan Management Fees	$23,004	$23,004	$23,000	$23,000	$23,000
Development Corporation Fees	$116,146	$249,460	$105,909	$313,350	$243,012
Excess Cash Flow Restricted	$0	$0	$84,281	$75,507	$0
Subtotal - Expenses Below NOI	**$812,766**	**$947,262**	**$889,127**	**$1,089,058**	**$944,093**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$18,000	$20,000	$16,814	$18,297	$8,619
Electrical Supplies	$2,400	$2,000	$0	$1,576	$767
Appliance Supplies	$0	$0	$282	$377	$255
Plumbing Supplies	$2,400	$2,500	$1,667	$1,783	$3,610
Cleaning/Janitorial Supplies	$0	$0	$0	$195	$0
Locks, Keys	$0	$0	$0	$143	$0
Windows and Glass	$9,600	$12,000	$0	$16,019	$875
Doors	$1,440	$1,500	$4,775	$2,640	$2,043
Roofing Materials	$0	$0	$0	$3,191	$0
Hardware Supplies	$0	$0	$0	$962	$282
HVAC Supplies	$4,800	$8,000	$5,561	$202	$25
Flooring and Carpeting	$0	$6,000	$15,346	$9,923	$1,589
Paint and Wallcoverings	$0	$2,500	$0	$0	$0
Miscellaneous Supplies	$0	$1,500	$1,017	$803	$2,332
Plumbing Equipment	$0	$250	$0	$675	$7,174
HVAC Equipment	$10,800	$0	$0	$31,165	$21,351
Appliance Equipment	$0	$0	$43,426	$12,559	$23,567
Electrical Contracts	$6,000	$0	$3,294	$1,000	$0
Appliance Contracts	$0	$0	$1,820	$1,646	$0
Plumbing Contracts	$15,000	$14,400	$21,614	$22,662	$4,770
Cleaning/Janitorial Contracts-Cap.	$0	$1,500	$0	$0	$754
Grounds/Landscaping Contr-Cap.	$6,000	$7,000	$4,663	$900	$1,200
Windows/Glass Contracts	$17,400	$15,000	$24,160	$17,535	$9,200
Roofing/Gutter Contracts	$26,400	$30,000	$28,332	$23,461	$27,961
HVAC Contracts	$48,000	$60,000	$52,596	$4,246	$4,380
Flooring/Carpet Contracts	$12,000	$20,000	$43,763	$14,360	$77,936
Paint/Wallcovering Int. Cont.	$0	$7,000	$445	$0	$1,400
Exterminating Contracts	$0	$0	$0	$192	$0
Fencing Contracts	$0	$0	$1,185	$0	$600
Asphalt/Concrete Contracts	$0	$0	$0	$2,000	$0
Miscellaneous Contracts	$0	$0	$0	$0	$4,450
Total Capital Budget	**$180,240**	**$211,150**	**$270,760**	**$188,512**	**$205,140**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $116,146.
- Capital is budgeted at $180,240.
- DSCR is 1.20.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Scattered Site One Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022.

Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Scattered Site One Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001SS1 **RE: Scattered Site One Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Scattered Site One Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Scattered Site One Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Scattered Site One Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site One Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Scattered Site Two Development Corporation

Scattered Site Two Development Corporation

Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

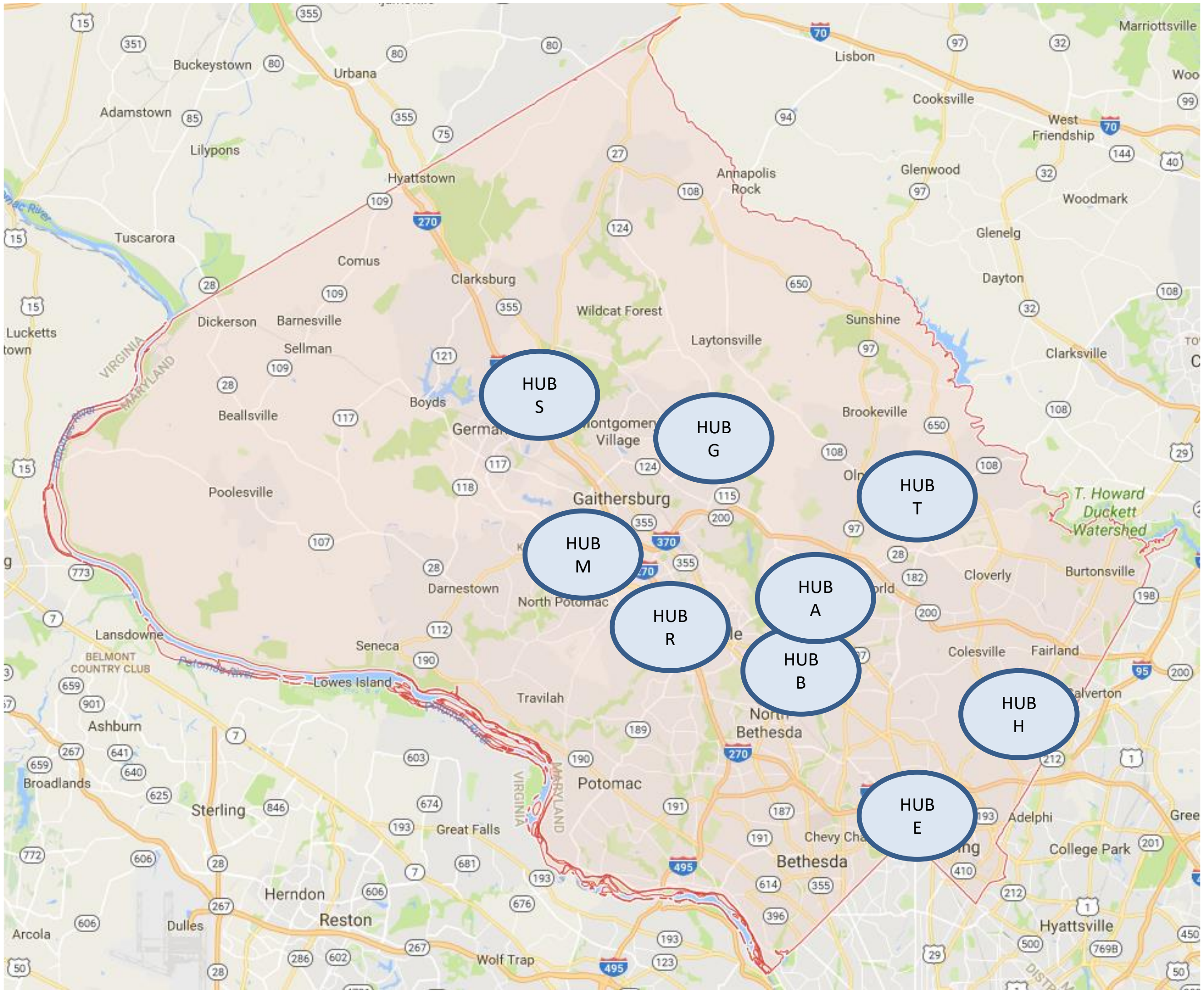
Kayrine Brown, Acting, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

Housing Opportunities Commission
OF MONTGOMERY COUNTY

June 8, 2022

Scattered Site Two Development Corporation



Property Snapshot:

- 54 units located in nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums , townhomes and single family homes ranging from two to four bedrooms. Amenities are specific to the unit and the community .
- The age of the properties in Scattered Site Two Development Corporation range from 1987 to 2006.
- Real Estate Development in concert with Property Management and Mortgage Finance will develop a renovation, if necessary, and refinancing plan for the properties for the Commission's and Development Corporation's approval by the end of FY 2023.

Scattered Site Two Development Corporation – FY 2023 Overview

Background

- **December 5, 2012 -** The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site Two Development Corporation, a wholly controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.

- **January 9, 2013 -** The Board adopted the By-laws and elected Directors. The 54 scattered site units were transferred to Scattered Site Two Development Corporation. The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

- **June 13, 2013** – The property was financed with a new taxable loan from PNC Bank N.A. for $4,900,000 guaranteed by HOC.

- **January – March 2014 -** A comprehensive renovation plan was put on hold to reconfigure the standards so that units could be completed in a similar fashion as the newly renovated VPC units.

- Scattered Site Two Development Corporation consists of 54 units, which are distributed as follows:

    - 16 expired Low Income Housing Tax Credit units with no extended use covenant.

    - 38 units, formerly part of MPDU 2004; eight units affordable under a County HOME loan.

Unit Mix	Market	Affordable	Total
1BR	0	3	3
2BR	2	8	10
3BR	10	26	36
4BR	3	1	4
5BR	1	0	1
Total Units	**16**	**38**	**54**

The regulatory agreement restricts 7 units at or below 40% AMI, 1 unit at or below 50% AMI, and 30 units of workforce housing between 80% and 120% of AMI.

Scattered Site Two Development Corporation – FY 2023 Overview

Property Management

- The principal challenge is aging units. Some are among the oldest in HOC's property portfolio and require significant upgrades to compete in today's rental market.

Turnover	Avg. Occupancy CY 2021	Current Occupancy
9%	91%	89%

Maintenance

- The largest volume of work tickets was for general maintenance – HVAC (10%), appliances (14%) and plumbing (15%).

- Due to COVID-19 protocol, mainly high priority and emergency work orders were performed which has resulted in a lower number of work orders.

Total Work Orders Completed CY 2021	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
338	30	25.71

Capital Improvements

- Capital replacements for appliance, flooring, and HVAC are done at turnover and as needed.

- Significant capital expense has been undertaken to update aging appliances and systems in these units.

Redevelopment/Refinancing

- Real Estate Development in concert with Property Management and Mortgage Finance will develop a renovation, if necessary, and refinancing plan for the properties for the Commission's and Development Corporation's approval by the end of FY 2023.

Scattered Site Two Development Corporation – FY 2023 Budget Summary

Scattered Site Two Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$758,201**	**$748,590**	**$746,246**	**$793,743**	**$790,036**
Expenses:					
Operating - Admin	$46,429	$48,505	$39,555	$41,362	$44,821
Operating - Fees	$251,189	$231,608	$235,990	$220,835	$221,626
Bad Debt	$22,620	$45,324	$29,212	($2,392)	$3,015
Tenant & Protective Services	$0	$0	$15,615	$16,058	$15,255
Taxes, Insurance & Utilities	$27,745	$24,605	$22,373	$19,175	$19,993
Maintenance	$149,407	$125,681	$117,398	$113,423	$113,444
Subtotal - Operating Expenses	**$497,390**	**$475,723**	**$460,143**	**$408,461**	**$418,154**
Net Operating Income ("NOI")	**$260,811**	**$272,867**	**$286,103**	**$385,282**	**$371,882**
Debt Service	$268,930	$268,954	$270,937	$270,658	$271,994
Replacement Reserves	$74,400	$74,400	$74,400	$74,400	$74,400
Excess Cash Flow Restricted	$0	$0	$0	$40,224	$25,488
Subtotal - Expenses Below NOI	**$343,330**	**$343,354**	**$345,337**	**$385,282**	**$371,882**
NET INCOME	**($82,519)**	**($70,487)**	**($59,234)**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$3,000	$4,000	$3,086	$8	$0
Electrical Supplies	$300	$0	$61	$821	$226
Appliance Supplies	$0	$0	$0	$145	$8
Plumbing Supplies	$600	$500	$1,150	$221	$433
Cleaning/Janitorial Supplies	$1,500	$0	$0	$0	$0
Grounds/Landscaping Sup.-Cap.	$0	$0	$0	$140	$0
Windows and Glass	$600	$1,500	$86	$0	$0
Doors	$540	$500	$1,271	$0	$0
Hardware Supplies	$0	$0	$7	$49	$0
HVAC Supplies	$3,000	$0	$5,701	$0	$0
Flooring and Carpeting	$0	$700	$0	$1,387	$1,250
Paint and Wallcoverings	$0	$300	$0	$0	$0
Miscellaneous Supplies	$0	$0	$93	$0	$0
Electrical Equipment	$900	$0	$0	$0	$0
Plumbing Equipment	$1,440	$0	$0	$0	$1,487
HVAC Equipment	$6,600	$3,500	$3	$0	$3,652
Appliance Equipment	$7,200	$3,500	$9,597	$6,336	$5,138
Electrical Contracts	$3,000	$0	$0	$648	$0
Plumbing Contracts	$0	$8,000	$5,135	$1,506	$1,615
Grounds/Landscaping Contr-Cap.	$0	$0	$900	$0	$0
Windows/Glass Contracts	$0	$0	$265	$0	$0
Roofing/Gutter Contracts	$4,800	$7,000	$600	$12,223	$4,716
HVAC Contracts	$7,920	$10,000	$5,469	$0	$0
Flooring/Carpet Contracts	$3,600	$5,000	$5,509	$8,655	$5,595
Paint/Wallcovering Int. Cont.	$0	$2,500	$0	$2,125	$0
Exterminating Contracts	$0	$0	$0	$782	$0
Total Capital Budget	**$45,000**	**$47,000**	**$38,933**	**$35,046**	**$24,120**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($82,519). The projected shortfall will be funded from unrestricted cash flow in the Opportunity Housing portfolio.
- Capital is budgeted at $45,000.
- DSCR is 0.69.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Scattered Site Two Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022.

Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Scattered Site Two Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001SS2 **RE: Scattered Site Two Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Scattered Site Two Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Scattered Site Two Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Scattered Site Two Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Scattered Site Two Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Sligo Hills Development Corporation Meeting

Sligo Hills Development Corporation

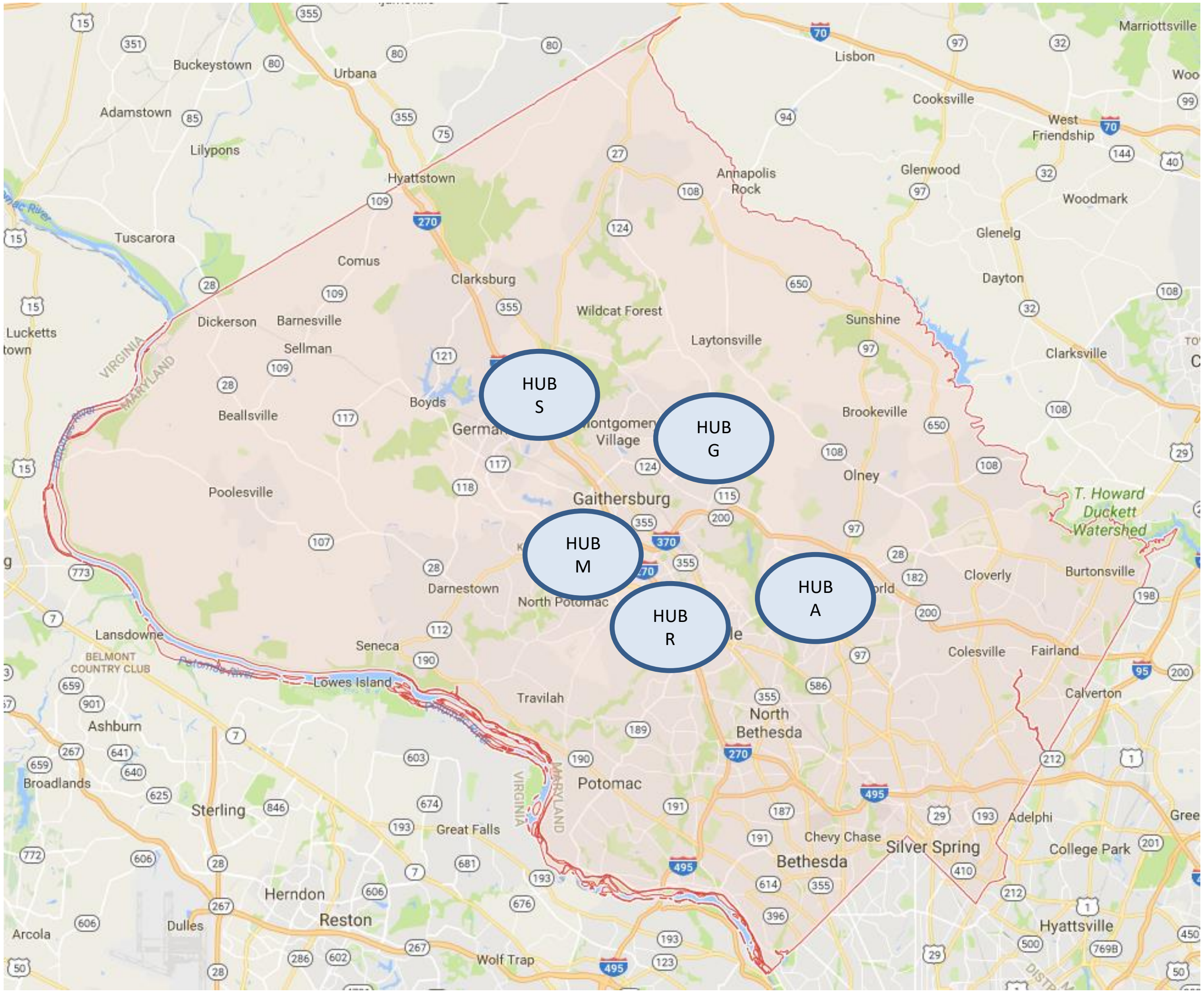
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Sligo Hills Development Corporation



Property Snapshot:

- 23 scattered units across five HUBs from Silver Spring to Germantown.
- 7 three-bedroom townhomes, 6 one-bedroom and 10 two-bedroom condo units.
- Affordability is 50% of AMI.
- The properties are managed by Housing Opportunities Commission with assistance from Edgewood Management.

Sligo Hills Development Corporation – FY 2023 Overview

Background

- **December 11, 1996 -** Commission authorized the creation of a wholly- controlled corporate instrumentality known as Sligo Hills Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation.

- **June 11, 1997 -** Board approved the purchase of Sligo Hills Apartments & MPDU III, subject to an outstanding $300,000 note to Montgomery County. The Board authorized the execution of documents to purchase the properties and the loan from HOC, and the execution of an Asset Management Agreement by and between Sligo Hills Development Corporation and HOC.

- **June 23, 1997 -** the Corporation approved a resolution which allowed for the incorporation of the Sligo Hills Development Corporation annual budget preparation, presentation and approval process into the HOC budget process.

- **August 1, 1997** - Documents signed transferring the properties from HOC to the Sligo Hills Development Corporation. The new mortgage in the amount of $3,443,568 (provided by funds obtained through the issuance of tax exempt bonds) is insured under the FHA Risk Sharing Program.

- **October 3 2012** - A newly formed LIHTC limited partnership entity, Tanglewood and Sligo LP, was approved to purchase Sligo Hills Apartments from Sligo Hills Development Corporation. The Corporation retains the lien free title to MPDU III (23 scattered sites); therefore, the budget reflects only the operations of the 23 scattered site MPDUs.

Unit Mix	Market	Affordable	Total
1BR	0	6	6
2BR	0	10	10
3BR	0	7	7
Total Units	**0**	**23**	**23**

The regulatory agreement restricts 15 units at or below 50% AMI and 8 units of workforce housing between 80% and 120% of AMI.

Sligo Hills Development Corporation – FY 2023 Overview

Property Management

- Vacant units are being actively marketed to families on HOC's Housing Path waiting list. Occupancy has increased by 9% since last report. Team reports bi-weekly on progress with leasing.

Turnover Rate	Avg. Occupancy CY 2021	Current Occupancy
9.5%	85%	87%

Maintenance

- The largest volume of work tickets was for appliances (14%), plumbing (23%) and exterior (12.8%.)
- Due to COVID 19 protocol, mainly high priority and emergency work orders were performed which has resulted in a lower number of completed work orders.

Total Work Orders Completed CY 2021	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
148	34	20.60

Capital Improvements

- Capital replacements for appliances, roofing, flooring done at unit turnover and as needed.

Redevelopment/Refinancing

- There are no large scale plans to redevelop or refinance the entity due to the challenges with obtaining financing for scattered site portfolios; however, staff continues to explore financing that seeks to combine scattered site units into a single ownership entity for a more efficient financing execution.

Sligo Hills Development Corporation – FY 2023 Budget Summary

Sligo Hills Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$253,367**	**$245,464**	**$270,376**	**$271,229**	**$243,385**
Expenses:					
Operating - Admin	$22,381	$19,140	$18,076	$17,441	$18,382
Operating - Fees	$143,093	$139,298	$139,250	$130,388	$131,442
Bad Debt	$57,756	$18,324	$8,669	$883	($45)
Tenant & Protective Services	$0	$0	$6,377	$6,546	$6,281
Taxes, Insurance & Utilities	$10,989	$9,725	$7,784	$7,327	$8,379
Maintenance	$58,621	$54,267	$52,272	$46,707	$47,259
Subtotal - Operating Expenses	**$292,840**	**$240,754**	**$232,428**	**$209,292**	**$211,698**
Net Operating Income ("NOI")	**($39,473)**	**$4,710**	**$37,948**	**$61,937**	**$31,687**
Replacement Reserves	$9,204	$9,200	$9,200	$9,192	$9,192
Development Corporation Fees	$0	$0	$25,248	$38,389	$22,495
Excess Cash Flow Restricted	$0	$0	$3,500	$14,356	$0
Subtotal - Expenses Below NOI	**$9,204**	**$9,200**	**$37,948**	**$61,937**	**$31,687**
NET INCOME	**($48,677)**	**($4,490)**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$3,996	$4,000	$9,744	$650	$0
Electrical Supplies	$0	$300	$0	$0	$29
Appliance Supplies	$600	$500	$109	$0	$68
Plumbing Supplies	$0	$200	$116	$0	$103
Locks, Keys	$0	$200	$0	$0	$0
Windows and Glass	$1,200	$1,000	$265	$0	$0
Doors	$360	$500	$0	$0	$0
Hardware Supplies	$0	$0	$86	$0	$2
HVAC Supplies	$900	$750	$0	$0	$0
Flooring and Carpeting	$2,640	$0	$2,805	$1,747	$0
Miscellaneous Supplies	$600	$0	$637	$0	$0
HVAC Equipment	$1,800	$3,600	$0	$0	$0
Appliance Equipment	$3,600	$3,000	$4,069	$475	$3,872
Appliance Contracts	$0	$0	$0	$0	$793
Plumbing Contracts	$0	$1,500	$0	$0	$0
Cleaning/Janitorial Contracts-Cap.	$0	$0	$0	$640	$0
Windows/Glass Contracts	$1,440	$1,500	$0	$0	$0
Roofing/Gutter Contracts	$5,040	$5,000	$4,744	$0	$0
HVAC Contracts	$6,000	$750	$0	$0	$0
Flooring/Carpet Contracts	$0	$750	$1,071	$350	$7,075
Paint/Wallcovering Int. Cont.	$0	$0	$0	$1,550	$600
Paint/Wallcovering Ext. Cont	$0	$0	$0	$2,825	$0
Asphalt/Concrete Contracts	$0	$0	$275	$0	$0
Miscellaneous Contracts	$0	$0	$0	$0	$850
Total Capital Budget	**$28,176**	**$23,550**	**$23,921**	**$8,237**	**$13,392**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%. .
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at ($48,677). The projected shortfall will be funded from unrestricted cash flow in the Opportunity Housing portfolio.
- Capital is budgeted at $28,176.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Sligo Hills Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Sligo Hills Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001SH **RE: Sligo Hills Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Sligo Hills Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Sligo Hills Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Sligo Hills Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Sligo Hills Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

TPM Development Corporation

TPM Development Corporation

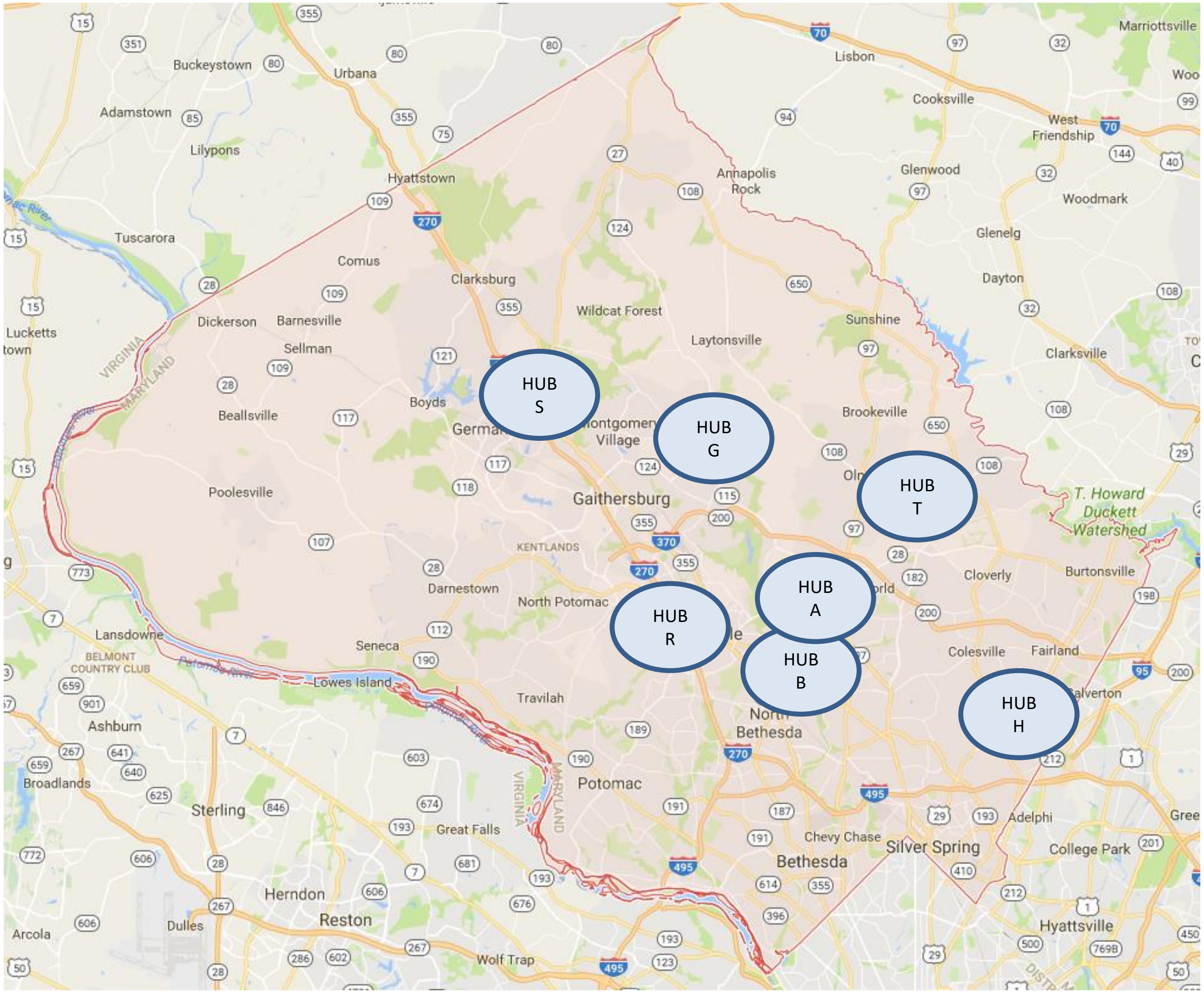
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

TPM Development Corporation



Property & Submarket Snapshot:

- Consists of 59 scattered site units in MPDU II .
- 59 scattered site units across seven HUBs from Silver Spring to Damascus.

TPM Development Corporation – FY 2023 Overview

Background

- **1998** - Commission authorized and approved the creation of a wholly- controlled corporate instrumentality known as TPM Development Corporation (the "Corporation").
- **1999** - Board approved the purchase of Timberlawn Crescent, Pomander Court, and MPDU II from the Housing Opportunities Commission.
- **2016** - The Board approved an amended renovation plan for Timberlawn Crescent to include additional exterior work and clubhouse renovations.
- **2017** – Renovations were completed at Pomander Court and Timberlawn Crescent. Both properties were refinanced and sold to the newly formed Timberlawn Pomander Properties, LLC. The only properties remaining in the Development Corporation are the 59 scattered site units in MPDU II. The loan associated with the Corporations has been retired.

MPDU II

MPDU II contains 59 scattered site units that were acquired by HOC between 1986 and 1989. The units are located in Rockville, Silver Spring, Burtonsville, Germantown, Gaithersburg and Olney. The MPDUs consist of seven back-to-back units, five single family units and 47 townhouse units. No major renovation work is planned for the MPDU II units.

Unit Mix	Market	Affordable	Total
MPDU II	41	18	59
Total Units	**41**	**18**	**59**

TPM Development Corporation – FY 2023 Overview

Property Management

- Occupancy is driven by 2 units in modernization and 5 additional vacant units. All lead sources come from the Housing Path waiting list and staff reports bi-weekly on leasing efforts.

Turnover Rate	Avg. Occupancy CY 2021	Current Occupancy
11%	88%	88%

Maintenance

- The largest volume of work tickets was for general maintenance – plumbing (19%), appliances (17%).
- Due to COVID 19 protocol, mainly high priority and emergency work orders were performed lower number of completed work orders.

Total Work Orders Completed CY 2021	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
390	24	31.22

Capital Improvements

- The current capital improvement plans at MPDU II are for HVAC replacements.

Redevelopment/Refinancing

- There are no large scale plans to redevelop or refinance the entity.

TPM Development Corporation – FY 2023 Budget Summary Consolidated

TPM Dev Corp-MPDU II/59

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$885,852**	**$844,990**	**$853,991**	**$896,115**	**$854,216**
Expenses:					
Operating - Admin	$46,602	$51,606	$31,531	$45,394	$48,435
Operating - Fees	$209,395	$192,864	$198,403	$190,134	$188,205
Bad Debt	$18,648	$37,300	$24,986	$20,925	$11,300
Tenant & Protective Services	$0	$0	$16,101	$16,131	$17,090
Taxes, Insurance & Utilities	$36,192	$33,013	$37,565	$25,589	$25,596
Maintenance	$161,633	$154,789	$152,998	$139,139	$150,172
Subtotal - Operating Expenses	**$472,470**	**$469,572**	**$461,584**	**$437,312**	**$440,798**
Net Operating Income ("NOI")	**$413,382**	**$375,418**	**$392,407**	**$458,803**	**$413,418**
Replacement Reserves	$17,700	$17,700	$17,700	$17,700	$17,700
Development Corporation Fees	$395,682	$357,718	$374,707	$425,118	$395,718
Excess Cash Flow Restricted	$0	$0	$0	$15,985	$0
Subtotal - Expenses Below NOI	**$413,382**	**$375,418**	**$392,407**	**$458,803**	**$413,418**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$6,000	$8,000	$10,941	$3,597	$3,679
Electrical Supplies	$0	$0	$1,985	$0	$21
Appliance Supplies	$0	$0	$272	$4,350	$94
Plumbing Supplies	$1,800	$3,000	$1,820	$7,093	$1,187
Employee Uniforms	$0	$0	$1	$0	$0
Cleaning/Janitorial Supplies	$0	$0	$55	$0	$0
Locks, Keys	$0	$400	$0	$0	$0
Windows and Glass	$0	$0	$220	$4,500	$0
Doors	$600	$500	$2,620	$975	$1,300
Hardware Supplies	$0	$0	$1,138	$0	$112
HVAC Supplies	$3,600	$3,500	$0	$1,754	$0
Flooring and Carpeting	$0	$1,500	$0	$5,310	$0
Paint and Wallcoverings	$0	$0	$0	$0	$1,070
Miscellaneous Supplies	$0	$0	$753	$0	$838
HVAC Equipment	$6,600	$6,000	$150	$5,591	$0
Appliance Equipment	$6,600	$6,600	$13,824	$6,087	$11,309
Electrical Contracts	$0	$3,000	$0	$0	$0
Plumbing Contracts	$0	$0	$9,277	$7,830	$1,125
Grounds/Landscaping Contr-Cap.	$0	$0	$3,240	$2,000	$0
Windows/Glass Contracts	$10,800	$10,000	$12,124	$0	$2,775
Roofing/Gutter Contracts	$15,000	$18,000	$9,955	$15,903	$24,413
HVAC Contracts	$14,400	$10,170	$0	$6,453	$3,922
Flooring/Carpet Contracts	$12,000	$12,000	$19,998	$2,598	$23,857
Paint/Wallcovering Int. Cont.	$0	$0	$1,756	$1,720	$0
Paint/Wallcovering Ext. Cont	$0	$0	$490	$220	$0
Fencing Contracts	$0	$0	$2,580	$0	$0
Miscellaneous Contracts	$0	$0	$0	$0	$3,340
Total Capital Budget	**$77,400**	**$82,670**	**$93,199**	**$75,981**	**$79,042**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $395,682.
- Capital is budgeted at $77,400.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for TPM Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for TPM Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001TPM **RE: TPM Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the TPM Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of TPM Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the TPM Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of TPM Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

VPC One Development Corporation

VPC One Development Corporation

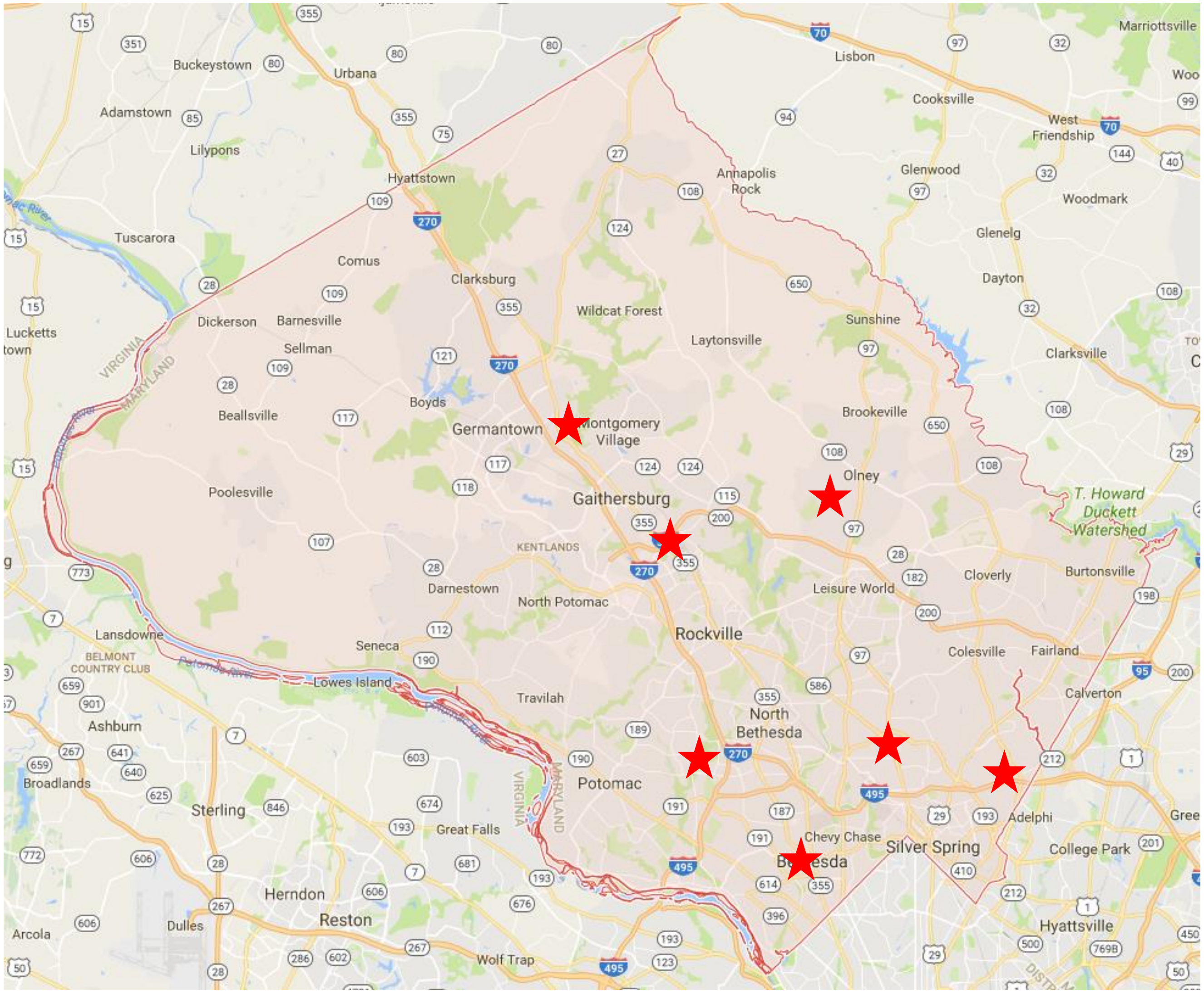
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

VPC One Development Corporation



Property Snapshot:

- 399 units scattered across seven HUBs throughout Montgomery County.
- Scattered site units include condominiums, townhomes and single family homes ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- There has been a transfer of assistance for 55 former Public Housing units that converted under the RAD program with Project Based Voucher Subsidies. As part of the Section 18 disposition, affordability of the remaining units is restricted to 80% of AMI. Eight market units were purchased by the corporation and do not share the same AMI restrictions.
- The Property is managed by the Housing Opportunities Commission with assistance from Edgewood Management.

VPC One Development Corporation – FY 2023 Overview

Background

- **July 18, 2012 -** Commission authorized and approved the establishment of VPC One Corporation, a wholly-controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.
- **June 5, 2013 -** Commission approved a rehabilitation plan for VPC One and VPC Two, formerly known as the 669 Scattered Sites. The plan included an allocation of $20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.
- **March 2, 2016 -** HOC approved a revised development budget for both Corporations of $41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit ($60 million) with PNC Bank, N.A.
- **May 13, 2016** - The Commission approved a Financing Plan for both VPC One and VPC Two to pursue a $65 million working capital non-revolving Line of Credit with Eagle Bank to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC totaling approximately $22 million.
- **December 7, 2016** - The Commission approved the Final Aggregate Renovation Budget of $43 million for both Corporations and the Final Financing Plan, and authorized acceptance of a loan from Eagle Bank for permanent financing for no more than $35.4 million.
- **March 9, 2017 -** The Corporation closed on an Eagle Bank non-revolving line of credit with the option to issue sub notes for $32,400,000.
- **November 17, 2017 –** The commission approved the refinancing Plan for VPC One and VPC Two Corporations to accept the PNC Facility with PNC Bank, N.A. not to exceed a combined amount of $60,000,000, that repaid all renovation funds drawn on the PNC LOC, repaid financing costs under the Eagle LOC, repaid acquisition draws on the OHDF, and established an initial Replacement Reserve Escrow of $1,200 per unit.
- The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

Unit Mix	Market	Affordable	Total
1BR	8	10	18
2BR	0	104	103
3BR	0	241	241
4BR	0	34	34
5BR	0	2	2
Total Units	**8**	**391**	**399**

The regulatory agreement restricts 64 units at or below 50% AMI and 327 units at or below 80% AMI.

VPC One Development Corporation – FY 2022 Overview

Property Management

- Occupancy remains stable. The two top sources for applicants continue to be Housing Path, HVC voucher holders and PBV participants.

FY21 Turnover	Avg. Occupancy CY 2020	Current Occupancy
1.2%	95%	95%

Maintenance

- The largest volume of work tickets was for general maintenance – Plumbing (19%), (Appliance (21%), HVAC (10%) and Electrical (7%)
- Due to COVID 19 protocol, mainly high priority and emergency work orders were performed which has resulted in a lower number of completed work orders.

Total Work Orders Completed CY 2021	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
2227	33	31.27

Capital Improvements

- Capital replacements for appliance, roofing and flooring are done at turnover and as needed. One unit in this portfolio was completely renovated during this period.

Redevelopment/Refinancing

- The property completed renovation work in 2017. Real Estate Development in concert with Property Management and Mortgage Finance will develop a refinancing plan for the properties for the Commission's and Development Corporation's approval prior to the end of FY 2023.

VPC One Development Corporation – FY 2023 Budget Summary

VPC One Development Corporation
FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	$6,633,954	$6,679,591	$6,743,909	$6,679,641	$6,307,688
Expenses:					
Operating - Admin	$271,730	$266,142	$168,435	$217,272	$314,163
Operating - Fees	$1,899,691	$1,740,400	$1,796,972	$1,648,248	$1,609,501
Bad Debt	$34,608	$331,992	$303,947	$116,005	$265,299
Tenant & Protective Services	$0	$0	$113,986	$114,481	$118,082
Taxes, Insurance & Utilities	$265,293	$252,899	$208,483	$214,034	$238,816
Maintenance	$876,693	$769,743	$765,655	$853,320	$903,897
Subtotal - Operating Expenses	$3,348,015	$3,361,176	$3,357,478	$3,163,360	$3,449,758
Net Operating Income ("NOI")	$3,285,939	$3,318,415	$3,386,431	$3,516,281	$2,857,930
Debt Service	$1,481,252	$1,481,252	$1,491,212	$1,480,927	$1,482,915
Debt Service Reserves	$838,668	$838,668	$828,708	$0	$0
Replacement Reserves	$188,724	$188,724	$119,700	$119,700	$117,900
Development Corporation Fees	$777,295	$809,771	$946,811	$1,617,890	$1,257,115
Excess Cash Flow Restricted	$0	$0	$0	$297,764	$0
Subtotal - Expenses Below NOI	$3,285,939	$3,318,415	$3,386,431	$3,516,281	$2,857,930
NET INCOME	$0	$0	$0	$0	$0

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$12,000	$11,400	$5,010	$4,022	$941
Electrical Supplies	$1,200	$0	$9	$6,221	$96
Appliance Supplies	$5,400	$5,400	$59	$158	$430
Plumbing Supplies	$0	$3,000	$3,990	$4,004	$4,804
Cleaning/Janitorial Supplies	$0	$0	$0	$71	$0
Locks, Keys	$0	$0	$0	$107	$0
Windows and Glass	$3,600	$3,000	$0	$803	$400
Doors	$3,600	$4,000	$927	$1,331	$3,360
Hardware Supplies	$0	$0	$75	$2,273	$69
HVAC Supplies	$7,200	$8,400	$3,037	$2,635	$0
Flooring and Carpeting	$2,400	$2,000	$10,639	$11,095	$4,218
Paint and Wallcoverings	$0	$0	$3,487	$1,795	$0
Miscellaneous Supplies	$0	$0	$8	$354	$336
Plumbing Equipment	$0	$0	$1,650	$915	$0
HVAC Equipment	$24,000	$21,000	$3,977	$9,101	$4,559
Appliance Equipment	$30,000	$30,000	$54,287	$46,133	$35,148
Electrical Contracts	$6,000	$2,000	$0	$1,988	$10,430
Plumbing Contracts	$6,000	$15,000	$9,099	$13,532	$4,250
Cleaning/Janitorial Contracts-Cap.	$0	$1,200	$250	$0	$0
Grounds/Landscaping Contr-Cap.	$9,600	$5,000	$9,950	$8,250	$0
Windows/Glass Contracts	$5,500	$0	$795	$290	$950
Roofing/Gutter Contracts	$36,000	$36,000	$2,120	$19,854	$950
HVAC Contracts	$33,600	$30,000	$1,036	$13,056	$0
Flooring/Carpet Contracts	$36,000	$24,000	$13,461	$42,974	$18,474
Paint/Wallcovering Int. Cont.	$0	$6,000	$2,817	$12,101	$1,100
Paint/Wallcovering Ext. Cont	$0	$3,000	$177	$450	$3,250
Fencing Contracts	$0	$0	$0	$1,050	$0
Asphalt/Concrete Contracts	$0	$0	$1,075	$2,411	$0
Miscellaneous Contracts	$0	$0	$0	$78	$500
Security System	$0	$0	$0	$0	$968
Total Capital Budget	$222,100	$210,400	$127,935	$207,052	$95,233

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $777,295.
- Capital is budgeted at $222,100.
- DSCR is 2.09.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for VPC One Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for VPC One by the Board of Directors.

RESOLUTION NO.: 22-001$_{VPC1}$ **RE: VPC One Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the VPC One Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of VPC One Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the VPC One Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of VPC One Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

VPC Two Development Corporation

VPC Two Development Corporation

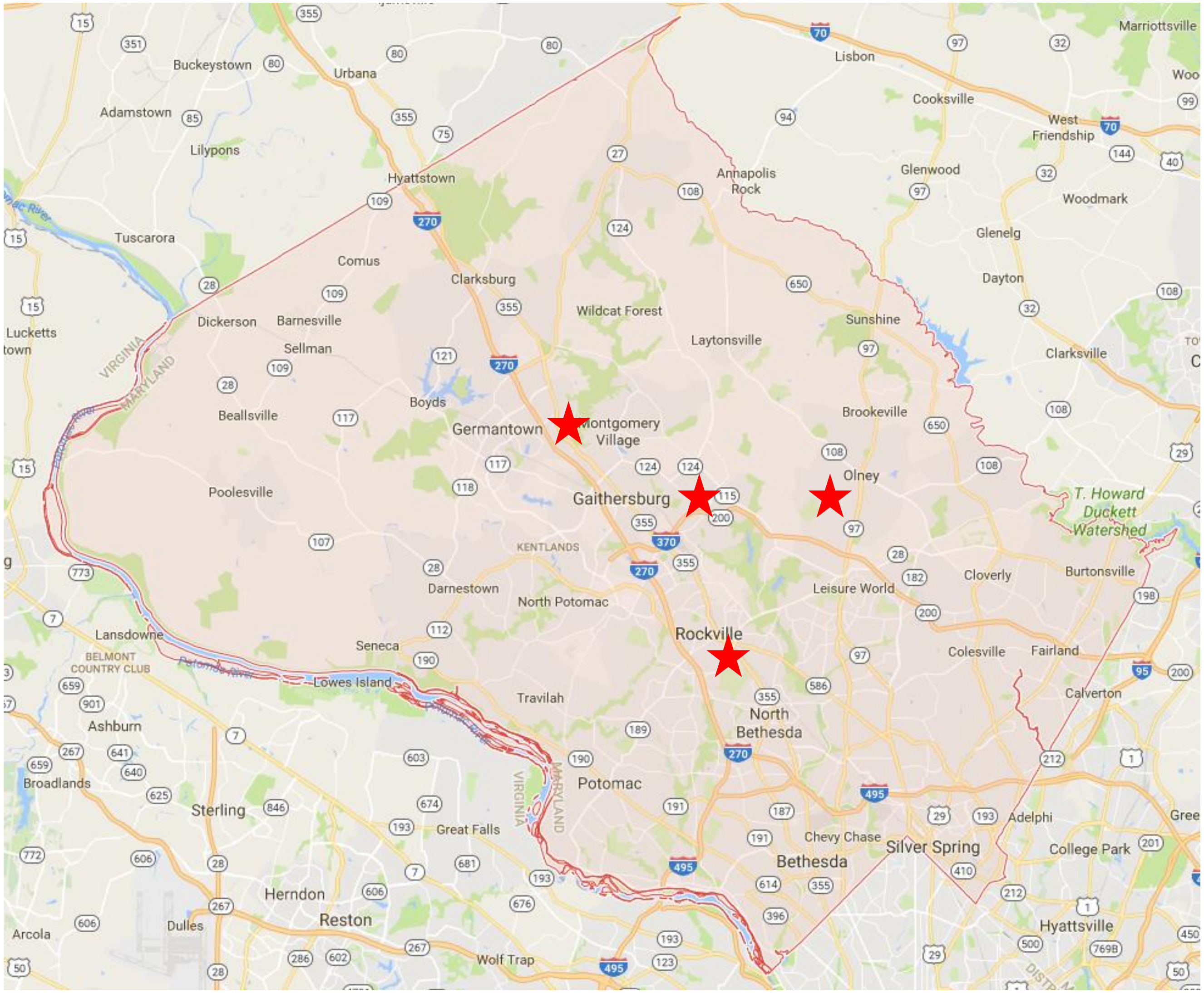
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

VPC Two Development Corporation



Property Snapshot:

- 280 units scattered across four HUBs throughout Montgomery County from Olney to Damascus.
- Scattered site units include condominiums, townhomes and single family homes ranging from one to four bedrooms. Amenities are specific to the unit and the community.
- There has been a transfer of assistance for 58 former Public Housing units that converted under the RAD program with Project Based Voucher Subsidies. As part of the Section 18 disposition, the occupancy of the remaining units will be restricted to tenants at or below 80% AMI.
- The Property is managed by the Housing Opportunities Commission with assistance from Edgewood Management.

VPC Two Development Corporation – FY 2023 Overview

Background

- **August 7, 2013 -** Commission authorized and approved: the establishment of VPC Two Corporation, a wholly-controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.
- **June 5, 2013 -** Commission approved a rehabilitation plan for VPC One and VPC Two, formerly known as the 669 Scattered Sites. The plan included an allocation of $20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.
- **March 2, 2016 -** HOC approved a revised development budget for both Corporations of $41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit ($60 million) with PNC Bank, N.A.
- **May 13, 2016** - The Commission approved a Financing Plan for both VPC One and VPC Two to pursue a $65 million working capital non-revolving Line of Credit with Eagle Bank to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC totaling approximately $22 million.
- **December 7, 2016** - The Commission approved the Final Aggregate Renovation Budget of $43 million for both Corporations and the Final Financing Plan, and authorized acceptance of a loan from Eagle Bank for permanent financing for no more than $35.4 million.
- **March 9, 2017 -** The Corporation closed on an Eagle Bank non-revolving line of credit with the option to issue sub notes for $32,400,000.
- **November 7, 2017 –** The commission approved the refinancing Plan for VPC One and VPC Two Corporations to accept the PNC Facility with PNC Bank, N.A. not to exceed a combined amount of $60,000,000, that repaid all renovation funds drawn on the PNC LOC, repaid financing costs under the Eagle LOC, repaid acquisition draws on the OHDF, and established an initial Replacement Reserve Escrow of $1,200 per unit.
- The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

Unit Mix	Market	Affordable	Total
1BR	1	14	15
2BR	0	37	37
3BR	0	192	192
4BR	0	35	35
5BR	0	1	1
Total Units	**1**	**280**	**280**

The regulatory agreement restricts 75 units at or below 50% AMI and 204 units at or below 80% AMI.

VPC Two Development Corporation – FY 2023 Overview

Property Management

- Housing Path and Voucher holders are the top two sources of traffic and leases. The team reports bi-weekly on leasing efforts.

Turnover	Avg. Occupancy CY 2020	Current Occupancy
4.5%	95%	96%

Maintenance

- The largest volume of work tickets was for general maintenance – Plumbing (19%), Appliance (22%) , Electrical (7%), HVAC (8%)

- Due to COVID 19 protocol, mainly high priority and emergency work orders were performed which has resulted in a lower number of completed work orders.

Total Work Orders Completed CY 2021	Average Days to Close All Work Orders	Average Hours to Close Emergency Work Orders
1847	19	44.51

Capital Improvements

- Capital replacements for appliance and flooring are done at turnover and as needed. Two units were completely renovated during this period.

Redevelopment/Refinancing

- The property completed renovation work in 2017. Real Estate Development in concert with Property Management and Mortgage Finance will develop a refinancing plan for the properties for the Commission's and Development Corporation's approval prior to the end of FY 2023.

VPC Two Development Corporation – FY 2023 Budget Summary

VPC Two Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$4,611,782**	**$4,590,486**	**$4,550,800**	**$4,475,872**	**$4,400,379**
Expenses:					
Operating - Admin	$297,268	$249,622	$250,536	$232,427	$215,809
Operating - Fees	$1,086,984	$996,752	$1,024,550	$944,792	$979,560
Bad Debt	$54,168	$204,000	$251,364	$109,655	$261,431
Tenant & Protective Services	$0	$0	$61,284	$59,148	$66,367
Taxes, Insurance & Utilities	$197,331	$182,313	$136,600	$167,875	$155,979
Maintenance	$794,150	$593,089	$633,634	$746,394	$624,027
Subtotal - Operating Expenses	**$2,429,901**	**$2,225,776**	**$2,357,968**	**$2,260,291**	**$2,303,173**
Net Operating Income ("NOI")	**$2,181,881**	**$2,364,710**	**$2,192,832**	**$2,215,581**	**$2,097,206**
Debt Service	$1,053,956	$1,053,956	$1,044,000	$1,053,894	$1,052,298
Debt Service Reserves	$570,228	$570,228	$580,188	$0	$0
Replacement Reserves	$132,444	$132,444	$84,000	$84,000	$84,000
Development Corporation Fees	$425,253	$608,082	$484,644	$859,054	$912,064
Excess Cash Flow Restricted	$0	$0	$0	$218,633	$48,844
Subtotal - Expenses Below NOI	**$2,181,881**	**$2,364,710**	**$2,192,832**	**$2,215,581**	**$2,097,206**
NET INCOME	**$0**	**$0**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$7,500	$8,000	($99)	$8,395	$0
Electrical Supplies	$1,800	$2,000	$2,424	$805	$143
Appliance Supplies	$300	$0	$75	$181	$166
Plumbing Supplies	$1,200	$0	$1,465	$1,603	$1,199
Cleaning/Janitorial Supplies	$0	$0	$0	$380	$0
Grounds/Landscaping Sup.-Cap.	$0	$0	$2,840	$0	$0
Locks, Keys	$360	$600	$0	$0	$0
Windows and Glass	$4,992	$5,000	$702	$367	$0
Doors	$1,800	$1,000	$1,868	$4,745	$855
Roofing Materials	$0	$0	$385	$0	$0
Hardware Supplies	$0	$2,000	$648	$326	$1
HVAC Supplies	$7,500	$8,000	$52	$3,390	$3,474
Flooring and Carpeting	$15,000	$15,000	$22,816	$20,121	$522
Miscellaneous Supplies	$0	$0	$600	$436	$189
Plumbing Equipment	$0	$0	$2,531	$875	$0
HVAC Equipment	$7,500	$8,000	$14,565	$6,523	$7,096
Appliance Equipment	$42,000	$50,000	$45,006	$49,472	$18,357
Electrical Contracts	$4,200	$0	$2,252	$11,897	$0
Appliance Contracts	$0	$0	$0	$306	$0
Plumbing Contracts	$15,000	$20,000	$10,575	$14,750	$13,424
Grounds/Landscaping Contr-Cap.	$4,800	$4,000	$13,425	$6,200	$0
Windows/Glass Contracts	$6,000	$6,000	$1,490	$7,610	$0
Roofing/Gutter Contracts	$15,000	$16,800	$5,123	$22,004	$17,965
HVAC Contracts	$18,000	$18,000	$0	$3,742	$0
Flooring/Carpet Contracts	$15,000	$15,000	$13,122	$22,615	$24,020
Paint/Wallcovering Int. Cont.	$0	$0	$0	$5,703	$0
Paint/Wallcovering Ext. Cont	$0	$0	$0	$5,457	$0
Fencing Contracts	$6,600	$0	$1,845	$1,180	$0
Asphalt/Concrete Contracts	$9,600	$12,000	$4,510	$4,545	$0
Total Capital Budget	**$184,152**	**$191,400**	**$148,220**	**$203,628**	**$87,411**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at $425,253.
- Capital is budgeted at $184,152.
- DSCR is 1.94.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for VPC Two Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for VPC Two Corporation by the Board of Directors.

RESOLUTION NO.: 22-001VPC2 **RE: VPC Two Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the VPC Two Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of VPC Two Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the VPC Two Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of VPC Two Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

Wheaton Metro Development Corporation

WHEATON METRO DEVELOPMENT CORPORATION

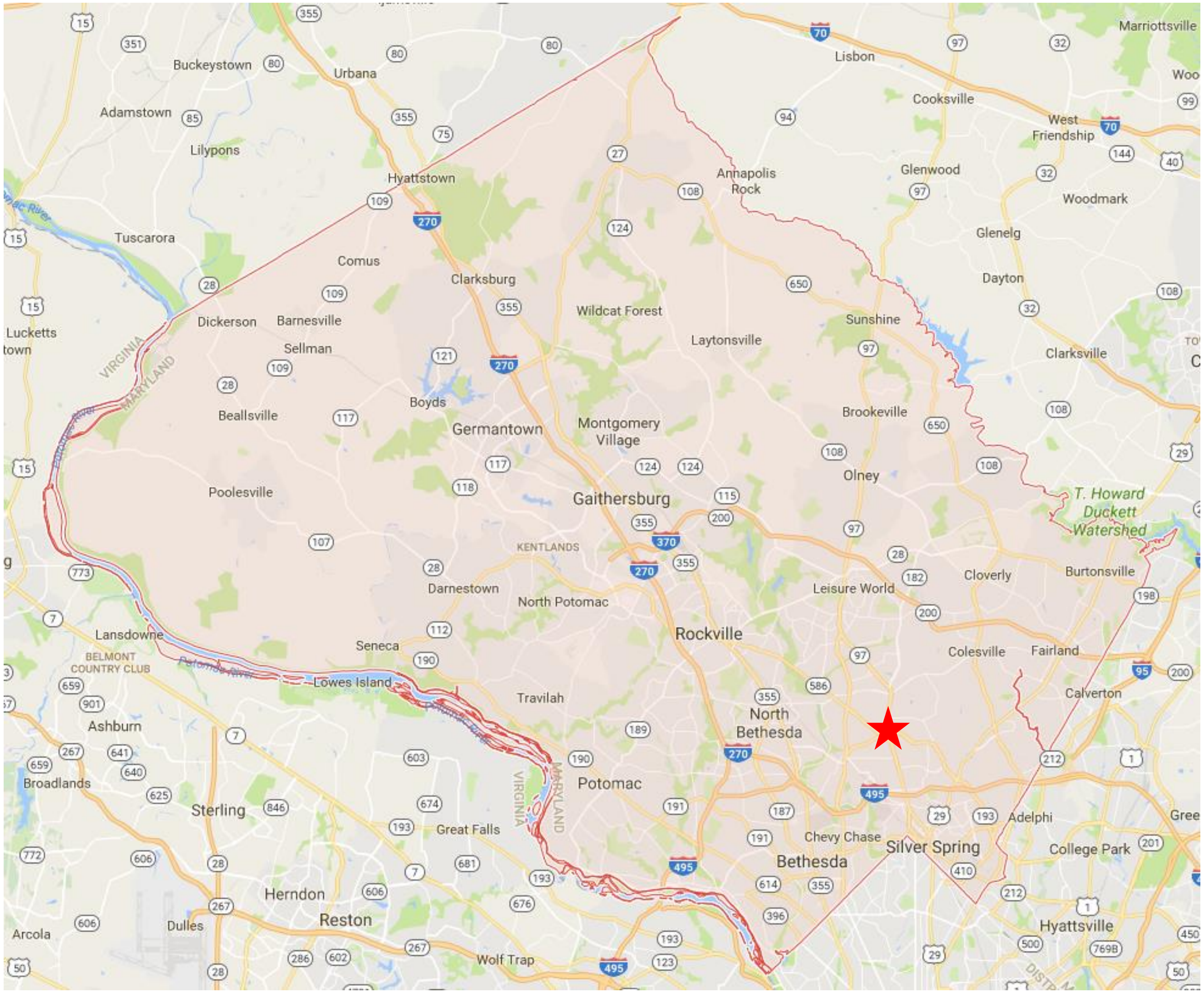
ANNUAL MEETING AND ADOPTION OF FY 2023 OPERATING & CAPITAL BUDGETS

Kayrine Brown, Acting Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Wheaton Metro Development Corporation



Property Snapshot:

- Located in Silver Spring.
- Constructed in 2008.
- Situated on top of a metro station and close to shopping and restaurants.
- Amenities include a Fitness Center, Business Center, Club Room, Garage Parking, Onsite Retail.

Wheaton Metro Development Corporation – FY 2023 Overview

Background

- **2003** – Commission authorized the creation of a wholly controlled corporate instrumentality known as Wheaton Metro Development Corporation and adopted By-laws, which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers .
- **May 2005** - Commission authorized the establishment of Wheaton Metro Limited Partnership in which HOC is the general partner for the apartment facility, certain retail space and a parking garage above the Wheaton Metro station.
- **March 1, 2007 -** A condominium was created and 120 units, the retail space and parking garage were transferred to the Corporation pursuant to a Contract of Sale.
- **December 31, 2010 -** Corporation executed the Asset Management Agreement, which requires submission of an annual budget to the Owner an annual budget 90 days prior to each fiscal year and approved a resolution that allowed for the incorporation of the annual budget preparation and presentation into the HOC budget process.
- Wheaton Metro consists of 173 units distributed as follows:
    - 53 tax credit units owned by Wheaton Metro LP with HOC as the General Partner.
    - 120 units owned by Wheaton Metro Development Corporation.

11175 Georgia Avenue, Silver Spring, MD 20902
Manager: Bozzuto (utilizes Yieldstar)

Unit Mix	Market	Affordable	Total
1BR	85	34	119
2BR	34	16	50
3BR	1	3	4
Total Units	**120**	**53**	**173**

The regulatory agreement restricts 53 units at or below 50% AMI, 18 of which are Project Based Section 8 units. The property also has two commercial spaces.

Wheaton Metro Development Corporation – FY 2023 Update

Property Management

- Occupancy remained stable in 2021 despite the COVID-19 pandemic. Net rents were within 2.1% of the budget as significant concessions were not needed to maintain occupancy.

Turnover CY 2021	Avg. Occupancy CY 2021	Current Occupancy
36%	96%	94%

Maintenance

- The largest volume of work order tickets for CY 2021 were related to plumbing, appliances, and electrical.

Total Work Orders CY 2021	Average Days to Close
851	20

Capital Improvements

- FY 2023 Capital budget has replacement of HVAC units along with building banner, package concierge system and garage power washing.

Redevelopment/Refinancing

- The initial 15-year compliance period for the LIHTC owner expires in 2023.
- There are currently plans underway for the re-syndication of the LP units and refinancing of MetroPointe.

Wheaton Metro Development Corporation – FY 2023 Budget Summary

Metropointe Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$2,618,915**	**$2,594,306**	**$2,567,946**	**$2,595,067**	**$2,573,703**
Expenses:					
Operating - Admin	$289,463	$250,089	$285,556	$244,088	$241,687
Operating - Fees	$146,314	$131,226	$143,012	$124,012	$109,864
Bad Debt	$30,000	$15,000	$16,682	$14,534	$1,202
Tenant & Protective Services	$37,963	$34,786	$25,283	$28,058	$25,204
Taxes, Insurance & Utilities	$105,908	$110,421	$93,307	$125,872	$100,143
Maintenance	$275,400	$267,067	$254,248	$259,473	$277,331
Subtotal - Operating Expenses	**$885,048**	**$808,589**	**$818,088**	**$796,037**	**$755,431**
Net Operating Income ("NOI")	**$1,733,867**	**$1,785,717**	**$1,749,858**	**$1,799,030**	**$1,818,272**
Debt Service	$1,938,730	$1,941,458	$1,944,066	$1,946,561	$1,948,946
Replacement Reserves	$30,000	$30,000	$30,000	$30,000	$30,000
Asset Management Fees	$8,680	$8,680	$8,680	$8,680	$8,680
Subtotal - Expenses Below NOI	**$1,977,410**	**$1,980,138**	**$1,982,746**	**$1,985,241**	**$1,987,626**
NET INCOME	**($243,543)**	**($194,421)**	**($232,887)**	**($186,210)**	**($169,355)**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$0	$0	$230	$0	$0
Doors	$0	$14,637	$0	$5,682	$0
Paint and Wallcoverings	$0	$0	$3,054	$0	$0
HVAC Equipment	$24,000	$0	$0	$3,231	$1,581
Appliance Equipment	$6,000	$6,000	$8,617	$2,645	$2,382
Miscellaneous Equipment	$0	$0	$8,997	$9,297	$13,819
Electrical Contracts	$0	$0	$0	$0	$8,859
Plumbing Contracts	$6,300	$1,500	$1,037	$0	$0
Roofing/Gutter Contracts	$0	$490,000	$0	$0	$0
HVAC Contracts	$0	$0	$80,440	$0	$0
Flooring/Carpet Contracts	$18,000	$18,000	$26,380	$33,684	$21,060
Asphalt/Concrete Contracts	$0	$0	$0	$0	$3,261
Miscellaneous Contracts	$45,613	$5,000	$0	$211,898	$85,971
Total Capital Budget	**$99,913**	**$535,137**	**$128,755**	**$266,437**	**$136,933**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- The property's ($243,543) operating deficit will be funded with a draw from the Agency's General Fund Operating Reserve.
- Capital is budgeted at $99,913.
- DSCR is 1.00.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Wheaton Metro Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022. Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Wheaton Metro Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001WM **RE: Wheaton Metro Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Wheaton Metro Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Wheaton Metro Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Wheaton Metro Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

AUTHORIZATION TO RENEW THE PROPERTY MANAGEMENT CONTRACT FOR WHEATON METRO DEVELOPMENT CORPORATION

June 8, 2022

- The property management contract for Wheaton Metro Development Corporation is expiring on **June 30, 2022**. The contract with Bozzuto Management Company provides for a one-year renewal through **June 30, 2023.**

- This represents the final renewal allowed under the contract and prior to its expiration, a full procurement for property management services will be untaken.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff's recommendation that the Board of Directors of Wheaton Metro Development Corporation accept the recommendation to renew the property management contract for Wheaton Metro Apartments for one year through June 30, 2023.

M E M O R A N D U M

TO:	Board of Directors of the Wheaton Metro Development Corporation
VIA:	Kayrine Brown, Acting Executive Director
FROM:	Staff: Jay Berkowitz, Asset Manager Division: Property Management Ext. 9676 Nathan Bovelle, Interim Director Division: Property Management Ext. 9708
RE:	Renewal of Property Management Contract Wheaton Metro Development Corporation
DATE:	June 8, 2022

STATUS: Committee Report: Deliberation ___X______

BACKGROUND:

Staff recommends renewing the property management contract with Bozzuto Management Company ("Bozzuto") for Wheaton Metro Development Corporation (MetroPointe Apartments). The property is well-maintained and has stable occupancy. Amenities include a community room, business center, exercise room, and garage parking (currently, 99 of 211 parking spaces are utilized). Wheaton Metro Dev Corp. (MetroPointe) was constructed in 2008 and sits on 2.43 acres in Wheaton above the WMATA Metro Kiss & Ride parking garage. The 173 condominium units are owned by Wheaton Metro Dev Corp. (120 units) and Wheaton Metro Limited Partnership (53 units), a LIHTC partnership, with HOC as the managing general partner. The high-rise building sits atop Wheaton Metro. The mortgage is financed with tax-exempt governmental bonds issued by HOC and insured by FHA pursuant to its Risk Share Agreement with HOC.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Wheaton Metro Dev Corp	Wheaton	120	0	None	94%	98a

The following table details property information, including current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Wheaton Metro Dev Corp	Bozzuto	May 2008	$108,000	6/30/2022	7/1/2021-6/30/2023	0

ISSUES FOR CONSIDERATION:

Does the Board of Directors of the Wheaton Metro Development Corporation authorize the Executive Director of the Housing Opportunities Commission of Montgomery County to execute a one-year renewal of the property management services contract with Bozzuto for MetroPointe Apartments?

BUDGET IMPACT:

The renewal of the property management contract will not have a budget impact as the cost associated with the services is included in the property's budget. Additionally, the contract will be performance-based so fees will be lower if revenue declines below budgeted expectations or if the property receives less than an 80 on a REAC inspection.

TIME FRAME:

For formal Wheaton Metro Development Corporation action at the June 8, 2022 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Board of Directors of the Wheaton Metro Development Corporation approve the property management contract renewal with Bozzuto for MetroPointe Apartments for one year through June 30, 2023.

RESOLUTION NO.: 22-002WM

RE: Authorization to Renew the Property Management Contract for Wheaton Metro Development Corporation

WHEREAS, Wheaton Metro Development Corporation owns 120 units in the development known as MetroPointe Apartments located in Wheaton, Maryland; and

WHEREAS, staff desires to renew the current property management contract at MetroPointe Apartments with Bozzuto Management Company for one (1) year through June 30, 2023.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Wheaton Metro Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a renewal of the property management contact at MetroPointe Apartments with Bozzuto Management Company for one (1) year through June 30, 2023

BE IT FURTHER RESOLVED by the Board of Directors of Wheaton Metro Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Wheaton Metro Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of Wheaton Metro Development Corporation

The Oaks at Four Corners Development Corporation

Oaks at Four Corners Development Corporation

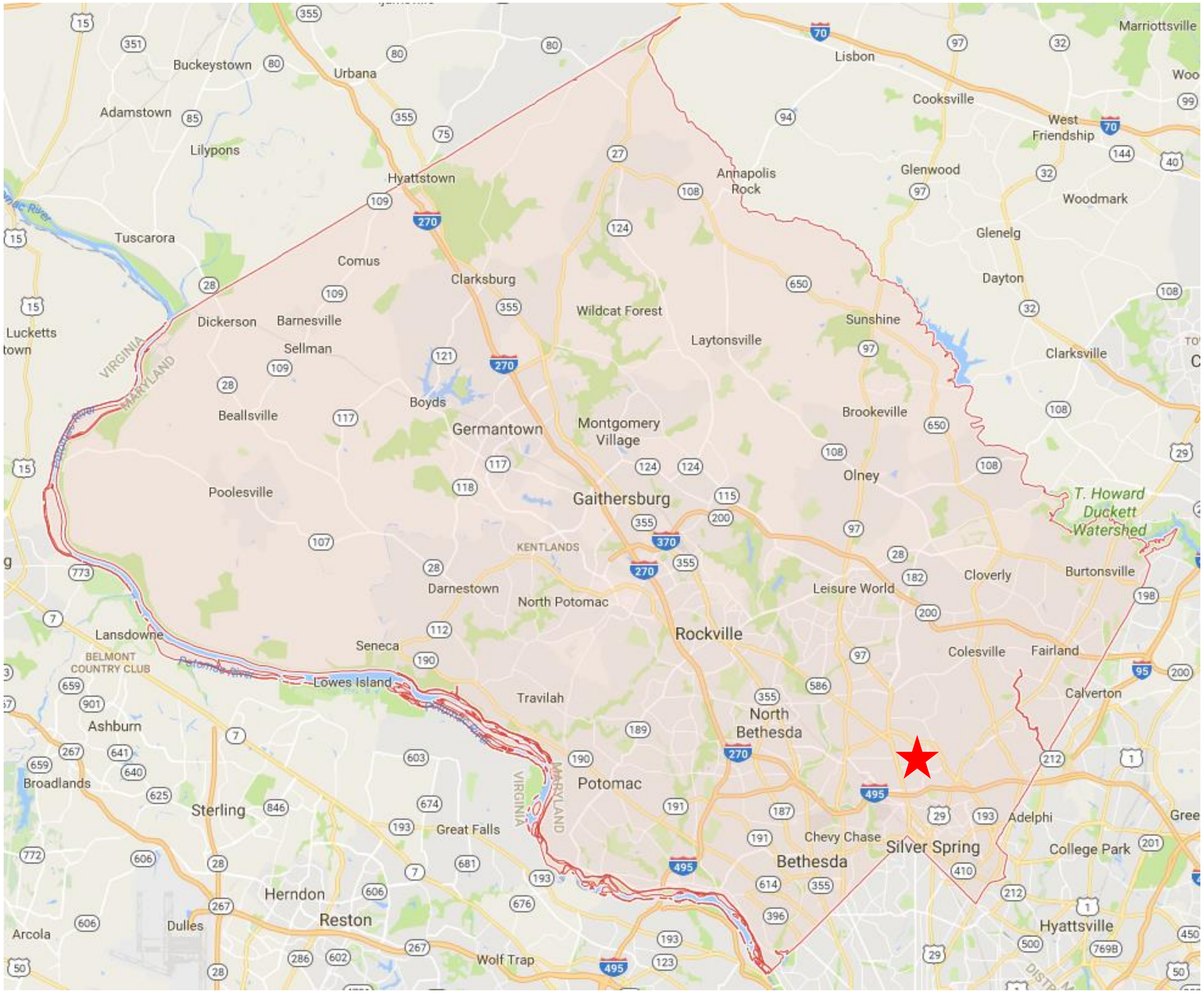
Annual Meeting and Adoption of FY 2023 Operating & Capital Budgets

Kayrine Brown, Acting, Executive Director

Property Management
Real Estate Development
Mortgage Finance
Finance

June 8, 2022

Oaks at Four Corners Development Corporation



Property Snapshot:

- Located in West Silver Spring.
- Low-rise apartment community constructed in 1985 for residents 62 years of age or older.
- Community Room, Business Center, Free Parking, Outdoor Recreational Space, Pet Friendly.

Oaks at Four Corners Development Corporation – FY 2023 Overview

Background

- **August 21, 1996 -** Commission authorized the creation of The Oaks at Four Corners Corporation and passed a resolution approving the Articles of Incorporation for the Development and By-laws.

- **September 3, 1996** - The Housing Opportunities Commission ("HOC") executed a Contract of Sale Agreement with the Corporation whereby the Corporation purchased the improvements known as The Oaks at Four Corners together with a ground lease.

- **December 11, 1996 -** The Board of Directors for The Oaks at Four Corners Development Corporation adopted the By-laws, which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.

- **March 26, 1997 -** Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.

- **April 23, 1997 -** Board of Directors approved a resolution that allowed for the incorporation of The Oaks at Four Corners annual budget preparation and presentation into the HOC budget process.

- The Oaks is an apartment building for seniors, age 62 or older.

321 University Boulevard, Silver Spring, MD 20910
Manager: Edgewood Management

Unit Mix	Market	Affordable	Total
1BR	56	35	91
2BR	16	13	29
Total Units	**72**	**48**	**120**

The regulatory agreement restricts 48 units at or below 60% AMI.

Oaks at Four Corners Development Corporation – FY 2023 Update

Property Management

- The property maintained a 94.75% occupancy rate in 2021 with a strong competitive market in Silver Spring. Property was holding units for the relocation of residents from Shady Grove due to the renovations. Property received a score of 99b on its most recent REAC inspection on November 18, 2019.

Turnover	Avg. Occupancy CY 2021	Current Occupancy
20%	94.75%	97%

Maintenance

- Maintenance tickets performed during the year were: Preventive Maintenance (78%) Turnover Work (8%), Appliance Repairs (3%), Plumbing (10.28%),

- Due to COVID 19 protocol, only priority and emergency work orders were performed since March 2020 , However in 2021 maintenance has started to take care of regular work tickets which has resulted in a increase in the number of work orders.

Total Work Orders CY 2021	Average Days to Close
1,778	1-2 days

Capital Improvements

- Most of the proposed capital funding is for the replacement of fascia and gutters, painting of the siding along with the replacement of Carpet/Flooring and Appliances on turns.

Redevelopment/Refinancing

- The property is in the Real Estate Development pipeline for refinance and renovation in the next 24 months.

Oaks at Four Corners Development Corporation – FY 2023 Budget Summary

Oaks at Four Corners Development Corporation

FY 2023 Operating and Capital Budgets

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Total Revenue	**$1,437,179**	**$1,421,884**	**$1,421,151**	**$1,407,634**	**$1,372,175**
Expenses:					
Operating - Admin	$223,136	$272,148	$229,227	$196,536	$188,730
Operating - Fees	$77,811	$67,100	$69,768	$71,637	$70,343
Bad Debt	$6,984	$8,200	$6,958	$4,151	$4,304
Tenant & Protective Services	$82,776	$81,287	$62,803	$69,081	$67,467
Taxes, Insurance & Utilities	$144,399	$141,837	$138,700	$121,134	$113,358
Ground Rent	$0	$0	$0	$0	$200
Maintenance	$278,503	$299,458	$244,350	$338,459	$270,838
Subtotal - Operating Expenses	**$813,609**	**$870,030**	**$751,806**	**$800,998**	**$715,240**
Net Operating Income ("NOI")	**$623,570**	**$551,854**	**$669,345**	**$606,636**	**$656,935**
Debt Service	$278,978	$280,025	$281,016	$281,942	$282,813
Replacement Reserves	$171,996	$171,996	$171,996	$171,996	$171,996
Asset Management Fees	$165,440	$128,390	$128,390	$129,405	$135,670
Excess Cash Flow Restricted	$7,156	$0	$87,943	$23,293	$66,456
Subtotal - Expenses Below NOI	**$623,570**	**$580,411**	**$669,345**	**$606,636**	**$656,935**
NET INCOME	**$0**	**($28,557)**	**$0**	**$0**	**$0**

	FY 2023 Proposed Budget	FY 2022 Amended Budget	FY 2021 Actuals	FY 2020 Actuals	FY 2019 Actuals
Capital Budget:					
Kitchen and Bath Supplies	$9,888	$9,888	$13,455	$14,842	$6,610
Electrical Supplies	$0	$1,200	$3,589	$2,868	$3,531
Grounds/Landscaping Sup.-Cap.	$3,750	$5,000	$3,550	$3,536	$2,150
Windows and Glass	$0	$0	$0	$0	$2,267
Doors	$3,500	$0	$1,060	$3,250	$7,605
Flooring and Carpeting	$18,036	$12,787	$18,870	$28,820	$18,089
Plumbing Equipment	$3,960	$3,600	$2,280	$6,910	$4,787
HVAC Equipment	$13,500	$5,500	$4,200	$1,854	$16,502
Appliance Equipment	$8,336	$7,385	$10,534	$5,852	$3,960
Miscellaneous Equipment	$14,027	$9,800	$10,835	$0	$7,920
Windows/Glass Contracts	$12,240	$7,350	$12,165	$17,435	$8,159
Roofing/Gutter Contracts	$45,000	$5,000	$0	$0	$40,390
Paint/Wallcovering Int. Cont.	$25,000	$0	$0	$31,783	$0
Fencing Contracts	$5,000	$7,800	$1,975	$6,890	$0
Asphalt/Concrete Contracts	$7,500	$15,000	$0	$75,200	$0
Miscellaneous Contracts	$0	$93,516	$39,980	$6,194	$0
Total Capital Budget	**$169,737**	**$183,826**	**$122,493**	**$205,434**	**$121,970**

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.4% effective January 2023; the County Executive's voluntary rent guideline is 1.4%.
- Market rents will be increased by 1.4% but upon turnover will be increased to the current "market rate".
- The projected cash flow is $7,156 which will be restricted to the property.
- Capital is budgeted at $169,737.
- DSCR is 1.62.

Time Frame

The FY 2023 Proposed Operating and Capital Budgets for Oaks at Four Corners Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 10, 2022, Board action is requested at the June 8, 2022 meeting.

Budget Impact

The FY 2023 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY 2023 Operating and Capital Budgets for Oaks at Four Corners Development Corporation by the Board of Directors.

RESOLUTION NO.: 22-001$_{OC}$ **RE: Oaks at Four Corners Development Corporation Annual Meeting: Election of Officers and Adoption of FY'23 Operating and Capital Budgets**

WHEREAS, the Oaks at Four Corners Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission");

WHEREAS, the Corporation's Board of Directors is solely comprised of HOC Commissioners;

WHEREAS, the Corporation desires to elect the officers of the Commission as officers of the Corporation;

WHEREAS, the Corporation needs an annual budget that provides a sound financial and operating plan for operation of Oaks at Four Corners Apartments (the "Property");

WHEREAS, the Corporation entered into an Asset Management Agreement with the Commission;

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Property's annual budget preparation, presentation, and approval process with the Commission's budget process;

WHEREAS, the Corporation's FY'23 Operating and Capital Budgets were presented to the Commission's Budget, Finance and Audit Committee on May 10, 2022;

WHEREAS, the Corporation has reviewed and desires to approve the FY'23 Operating and Capital Budgets for the Property; and

WHEREAS, the Corporation desires to authorize the Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Oaks at Four Corners Development Corporation that:

1. The officers of the Commission are elected as the officers of the Corporation.
2. The Corporation approves the FY'23 Operating and Capital Budgets for the Property.
3. The Executive Director of HOC (including the Acting Executive Director), or their duly authorized designee, is authorized to execute any and all documents (including, without limitation, all deeds, mortgages, bonds, and contracts) that have been approved by the Corporation.
4. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Oaks at Four Corners Development Corporation at a meeting conducted on June 8, 2022

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Patrice M. Birdsong
Special Assistant to the Board of Directors
of the Corporation

AUTHORIZATION TO RENEW THE PROPERTY MANAGEMENT CONTRACT FOR OAKS AT FOUR CORNERS DEVELOPMENT CORPORATION

June 8, 2022

- The property management contract for Oaks at Four Corners Development Corporation ("Oaks at Four Corners") is expiring on **July 31, 2022**. The contract with Edgewood Management Corporation provides for a one-year renewal through **July 31, 2023.**

- This represents the final renewal allowed under the contract and prior to its expiration, a full procurement for property management services will be untaken.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff's recommendation that the Board of Directors of Oaks at Four Corners Development Corporation accept the recommendation to renew the property management contract for Oaks at Four Corners Apartments for one year through July 31, 2023.

M E M O R A N D U M

TO: Board of Directors of the Oaks at Four Corners Development Corporation

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Jay Berkowitz, Asset Manager Division: Property Management Ext. 9676
Nathan Bovelle, Interim Director Division: Property Management Ext. 9708

RE: The Oaks at Four Corners – Property Management Contract: Presentation of request to Renew the Property Management Contract for Oaks at Four Corners Development Corporation

DATE: June 9, 2021

BACKGROUND:

Staff is requesting the property management contract with Edgewood Management for Oaks at Four Corners Apartments be renewed through July 2023.

The Oaks at Four Corners is a garden style walk-up apartment development, which was constructed in 1986 and sits on 5.56 acres in Silver Spring. The underlying land is owned by Montgomery County and the improvements are subject to a ground lease. This property serves seniors aged 62 and older, has not yet undergone a comprehensive renovation, but is in the planning pipeline for 2023.

Further detail is provided in the table below.

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Oaks at Four Corners Development Coporation	Silver Spring	120	48	60% AMI	97%	99B

The following table details the property information, including number of units, current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining. The contract renewal will reflect that the management fee will be based on performance.

Property	Current Vendor	Current Vendor Start Date	Annual Renewal Contract Cost	Contract End Date	Proposed Renewal Period	Remaining Contract Renewals

Oaks at Four Corners	Edgewood	August 2019	$57,600	7/31/2021	8/1/2022 to 7/31/2023	0

ISSUES FOR CONSIDERATION:

Does the Board of Directors of Oaks at Four Corners Development Corporation wish to authorize the Executive Director to execute a One Year Renewal of the property management services contract with Edgewood/Vantage Management for property management services at Oaks at Four Corners?

BUDGET IMPACT:

The renewal of the property management contract for Oaks at Four Corners for one year will not have a budget impact as the costs associated with the services were factored into the FY2022 property budget. Additionally, the renewal will be performance-based so the management fee would be lower if revenue declined below budgeted expectations. In addition to occupancy, performance criteria will include REAC scoring. The property has had no reduction in fees because of the occupancy levels or REAC score.

TIME FRAME:

For formal action at the June 8, 2022 meeting of the Board of Directors.

STAFF RECOMMENDATION & ACTION NEEDED:

Staff requests that the Board of Directors of Oaks at Four Corners Development Corporation approve the property management contract renewal with Edgewood Management for one year at Oaks at Four Corners for one year through July 2023.

RESOLUTION NO.: 22-002OC **RE: Authorization to Renew the Property Management Contract for Oaks at Four Corners Development Corporation**

WHEREAS, Oaks at Four Corners Development Corporation owns the development known as Oaks at Four Corners located in Silver Spring, Maryland (the "Property "); and

WHEREAS, staff desires to renew the current property management contract at the Property for one (1) year with Edgewood Management.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Oaks at Four Corners Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contact at the Property.

BE IT FURTHER RESOLVED by the Board of Directors of Oaks at Four Corners Development Corporation that the Executive Director (including the Acting Executive Director) of the Housing Opportunities Commission of Montgomery County, or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Board of Directors of Oaks at Four Corners Development Corporation at a meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Board of Directors of
Oak at Four Corners Development Corporation

Committee Reports and Recommendations for Action

Administrative and Regulatory Committee

RESPONSE TO MANAGEMENT LETTER COMMENTS IN THE FY 2021 AUDITED FINANCIAL STATEMENTS

June 8, 2022

- CliftonLarsonAllen ("CLA"), the auditors for the Housing Opportunities Commission of Montgomery County, delivered Unqualified Audited Financial Statements for fiscal year 2021, to the Commission on November 3, 2022.

- CLA included a Management Letter with comments that identified deficiencies and provided recommendations to strengthen internal controls for Information Technology operations.

- Staff discussed its response to the Management Letter with the Administrative and Regulatory Committee on May 16, 2022.

- Following this discussion, the Commission will be asked to take the following actions in two separate discussions:
  - Technology Policy and Acceptable Use Policy
    - Approval of Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy to reflect Current Processes and Risks.
  - Information Security Assurance Policy
    - Approval of Information Technology Security Assurance Policy to Incorporate Changes in Systems Infrastructure, New Technologies, and User Environment to Reflect Current Processes and Risks,
    - Approval of HOC Telework Policy.

MEMORANDUM

TO:	Housing Opportunities Commission of Montgomery County		
VIA:	Kayrine V. Brown, Acting Executive Director		
FROM:	Staff: Karlos Taylor David Brody Irma Rodriguez	Division: Information Technology	Ext. 9454 Ext. 9449 Ext. 9415
RE:	Response to Management Letter Comments in the FY 2021 Audited Financial Statements		
DATE:	June 8, 2022		

OVERALL GOAL & OBJECTIVE:
To respond to and address comment by auditors, CliftonLarsonAllen, LLP ("CLA") for the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") during the completion of the fiscal year 2021 audited financial statements for which CLA identified a deficiency in internal control that did not rise to the level of a significant deficiency or material weakness. CLA viewed this as an opportunity to strengthen HOC internal controls and improve the efficiency of IT operations.

BACKGROUND:
CliftonLarsonAllen, LLP delivered Unqualified Audited Financial Statements for fiscal year 2021 and the Commission approved them at its meeting on November 3, 2021. Though unqualified, CLA issued a Management Letter, which identified deficiencies and provided recommendations to strengthen internal controls for Information Technology operations.

CLA Management Letter Comments
The Management Letter contained four bulleted comments. Management responded by resolving two of the four items and a detailed summary of staff's initial response were included with the final audited financial statements. The first addressed outdated operating system upgrade, which was remediated by upgrading or removing obsolete workstations from use. The second committed to review user access and termination on a monthly basis to ensure that no terminated employees remained active on the network.

HOC Cyber Incident Response Plan to respond to Disaster Recovery/Business Continuity Plan
The HOC Cyber Incident Response Plan will act as a guide and framework for responding to significant cyber security incidents. The document also defines those who will be responsible to manage and mitigate such incidents. It is a new, formal plan that was developed in accordance with federal guidelines and aligned with protocols of the National Institute of Standards and Technology (NIST).

A cyber incident response plan is a critical component of an organization-wide disaster recovery/business continuity plan. Given the rising incidence of cyberattacks, such as malicious code or viruses and ransomware, it is vital for IT departments to be able to identify, investigate and mitigate these incidents swiftly and efficiently in order to protect data and maintain business operations.

The primary elements of the HOC Cyber Incident Response Plan include guiding methodology and principles; response team; response methodology and procedures; communication and escalation plan and procedures; incident response capability for training and validation; incident response metrics collection and reporting; incident response plan supporting playbooks; and incident workflow/process.

Generally, each of these sections outlines various definitions, requirements and/or considerations, processes and/or procedures necessary for a concerted incident response. Regarding Response Team, the member composition, roles and responsibilities of the various interdependent groups which must work together to manage the incident response process are identified and defined.

Information Technology Strategic Plan

This Information Technology Strategic Plan ("Strategic Plan") articulates clear vision and objectives and sets a roadmap to attain and maintain the strategy, and additionally defines metrics by which the IT Division can quantify its success in meeting stated goals. The Strategic Plan will be effective July 1, 2022 and span a five-year period from FY2023 to FY2028. Moreover, it will supersede the 2016 Information Technology Strategic Plan presented to CLA in the fiscal year 2021 audit cycle. This update was necessary to address the dramatic changes in technology and business operational needs since the inception of the 2016 Information Technology Strategic Plan.

The Strategic Plan includes discussion of HOC's Mission and Vision, IT Division's mission and values, IT Division's strengths, trends in information technology and society, which inform and shape decision-making and primary work, and strategic initiatives, including objectives, relevance, action plans and measurable outcomes.

The five IT Division strategic initiatives outlined are:

1. Innovate and integrate administrative systems;
2. Enhance technology systems and services;
3. Provide excellent, secure, and compliant IT and services;
4. Foster partnerships and collaboration; and
5. Develop and empower our talent.

In the development of these strategic initiatives, the IT Division recognizes its role as a key partner for sustaining business operations and supporting and advancing the work of HOC, particularly as HOC moves forward through a changing landscape of post-pandemic society and work environment.

Data Classification Guidelines

The Data Classification Guidelines are a new set of guidelines designed to explain security requirements while storing sensitive information outside of HOC's secured network infrastructure. They are aligned with the IT Strategic Plan and Information Security Assurance Policy so as to emphasize a greater focus on security and data management. Authorized users who extract, post, or use sensitive information must ensure that the security of the storage location, web application, or service is commensurate with the level of security protection required for the data and obtain approval from their supervisors.

It is critical that users understand and adhere to these guidelines in order to protect HOC's sensitive information once it is outside of HOC's secured systems, since the threat of unauthorized access or inappropriate use increases as a result. Users will be required to read and acknowledge this document in conjunction with the Technology and Acceptable Use Policy and Information Security Assurance Policy.

The major provisions of the guidelines address classification of system risk level designations and appropriate data use. System risk level designations, which range from 0-3, are based on the increasing sensitivity of the data maintained or processed by each system or application. When users understand system risk level designations, they can understand how sensitive that data is within the system and evaluate how they must proceed with extracting, posting, using and storing the data outside HOC's secured environment accordingly. Appropriate data use sets forth how users must ensure that the level of system risk designation corresponds appropriately with level of data sensitivity, defines the levels of sensitive information and approved risk level by storage category or device and consequences for violations.

The Data Classification Guidelines are referenced in the following sections of the Information Security Assurance Policy:

- Section 2.9 *"Handling Sensitive Information"*
- Section 3.4 *"Confidentiality and Secure Handling"*
- Section 9.2 *"Bring Your Own Devices"*
- Section 9.3 *"Terms and Conditions"*

In addition to the items heretofore discussed, the following policies were developed. Each will be discussed separately for approval by the Commission.

1. Technology Policy and Acceptable Use Policy
    a. Approval of Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy to reflect Current Processes and Risks.
2. Information Security Assurance Policy
    a. Approval of IT Security Assurance Policy to Incorporate Changes in Systems Infrastructure, New Technologies, and User Environment to Reflect Current Processes and Risks,
    b. Approval of HOC Telework Policy.

The auditors reviewed all the materials which have been developed in response to its Management Letter and confirmed that staff has satisfactorily responded to their comments.

ISSUED FOR CONSIDERATION:

None.

PRINCIPALS:

Housing Opportunities Commission

BUDGET IMPACT:

None.

TIME FRAME:

Recommended policies will be presented to the Commission for approval on June 8, 2022.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

None.

APPROVAL OF INFORMATION TECHNOLOGY AND ACCEPTABLE USE OF INFORMATION TECHNOLOGY INFRASTRUCTURE AND RESOURCES POLICY TO REFLECT CURRENT PROCESSES AND RISKS

June 8, 2022

- The Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy ("IT Policy") will supersede the Technology Policy, last revised April 2006.

- The IT Policy reflects HOC's current operating environment, taking into account processes and risks in response to the many changes in technology and business operations, since 2006.

- The IT Policy will set expectations and establish guidelines for users and managers of IT resources and services, in alignment with current IT practices regarding user responsibilities and prohibited uses, intellectual property, privacy, monitoring, reporting, violation and disciplinary action, and user policy acknowledgement.

- The Administrative and Regulatory Committee reviewed this item at its meeting on May 16, 2022, and supports staff's recommendation that the Commission to adopt the IT Policy and authorize the Executive Director (including the Acting Executive Director), or their designee, to implement it.

M E M O R A N D U M

TO:	Housing Opportunities Commission of Montgomery County		
VIA:	Kayrine V. Brown, Acting Executive Director		
FROM:	Staff: Karlos Taylor	Division: Information Technology	Ext. 9454
	David Brody		Ext. 9449
	Irma Rodriguez		Ext. 9415
RE:	**Technology Policy and Acceptable Use Policy:** Approval of Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy to Reflect Current Processes and Risks		
DATE:	June 8, 2022		

STATUS: Committee Report: Deliberation __X__

OVERALL GOAL & OBJECTIVE:

To request that the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") adopt the Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy ("IT Policy") to reflect current processes and risks. In addition, to authorize the Executive Director (including the Acting Executive Director), or their designee, to implement the IT Policy.

BACKGROUND:

The IT Policy will supersede the Technology Policy, last revised in April 2006. This update reflects HOC's current operating environment in response to changes in technology since 2006 and standardizes operating guidelines.

Information Technology ("IT") policies are designed to help organizations and businesses use, operate, and manage IT infrastructure and systems effectively and efficiently. In so doing, IT resources and services are available to support business activities and operations as well as ensure continuity and meet regulatory, legal, and statutory requirements. Given the continually evolving environment in IT, outdated policies and procedures can create conflict between processes actually occurring and documented procedures.

The IT Policy will set expectations and establish guidelines for users and managers of IT resources and services, in alignment with current IT practices regarding user responsibilities and prohibited uses, intellectual property, privacy, monitoring, reporting, violation and disciplinary action, and user policy acknowledgement.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept staff's recommendation, which is supported by the Administrative and Regulatory Committee, to adopt the proposed IT Policy and in addition, to authorize the Executive Director (including the Acting Executive Director), or their designee, to implement it?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County

BUDGET IMPACT:

None.

TIME FRAME:

The Administrative and Regulatory Committee informally reviewed this item at its meeting on May 16, 2022, and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission adopt the proposed IT Policy and authorize the Executive Director (including the Acting Executive Director), or their designee, to implement it effective July 1, 2022.

RESOLUTION: 22-41

RE: Approval of Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy to Reflect Current Processes and Risks

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") seeks to replace the Technology Policy, last revised April 2006 (the "2006 Policy"); and

WHEREAS, HOC's systems infrastructure, technology, and operations have undergone significant changes since 2006; and

WHEREAS, HOC seeks to implement the Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy ("IT Policy") to reflect current processes and risks; and

WHEREAS, HOC has considered and incorporated best practices and protocols to develop the IT Policy in accordance with technology industry standards and regulatory, legal and statutory requirements.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that, effective as of July 1, 2022, it approves the proposed IT Policy and affirms that the 2006 Policy is no longer effective.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director (including the Acting Executive Director), or their designee, is authorized and directed without further action on its part, to take any or all other actions necessary and proper to carry out the activities contemplated in the IT Policy and herein.

I HEREBY CERTIFY the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

Housing Opportunities Commission
OF MONTGOMERY COUNTY

10400 Detrick Avenue
Kensington, MD 20895-2484
(240) 627-9400

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY INFORMATION TECHNOLOGY AND ACCEPTABLE USE OF INFORMATION TECHNOLOGY INFRASTRUCTURE AND RESOURCES POLICY

STATEMENT OF POLICY

Purpose

This Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy ("IT Policy") provides the Housing Opportunities Commission of Montgomery County's ("HOC") expectations and guidelines to those who use and manage its Information Technology ("IT") resources and services. This policy is current as of July 2022, and supersedes the Technology Policy of April 2006. It will remain in effect until such times that revisions are necessary.

HOC's IT Division provides resources to the agency to enable it to provide affordable housing and supportive services that enhance the lives of low- and moderate-income families and individuals throughout Montgomery County, Maryland so that:

- No one in Montgomery County is living in substandard housing;
- HOC can strengthen families and communities as a good neighbor;
- HOC can establish an efficient and productive environment that fosters trust, open communication and mutual respect; and
- HOC can work with advocates and providers to enhance support for residents of Montgomery County.

Access or use of IT resources that interferes, interrupts, or conflicts with these purposes is not acceptable and will be considered a violation of this IT Policy.

Scope

This IT Policy, and all policies referenced herein, apply to the entire HOC community including staff, residents, volunteers, administrative officials, authorized guests, commissioners, delegates, and independent contractors (the "User(s)") who use, access, or otherwise employ, locally or remotely, HOC IT resources, whether individually controlled, shared, stand-alone, or networked.

This IT Policy specifically incorporates by reference the Information Security Assurance Policy ("ISA Policy"), Data Classification Guidelines and the Cyber Incident Response Plan. All Users are responsible for reviewing the ISA Policy and Data Classification Guidelines in conjunction with this IT Policy.

Definitions
IT resources include computing, networking, communications, application, telecommunications systems, infrastructure, hardware, software, data, databases, personnel, procedures, physical facilities, cloud-based vendors, Software as a Service (SaaS) vendors, and any related materials and services.

USER RESPONSIBILITIES AND STATEMENT OF PROHIBITED USES

A. Intent of Use

Only authorized Users have the privilege to access and use IT resources. Access and use is limited to the purposes that are consistent with the mission and administrative goals of HOC.

Users are expected to uphold the standards and principles of HOC while using IT resources and are required to respect the rights of others at all times. Users are prohibited from using any portion of IT resources to post or transmit any information, including data, text, files, links, software, chat, collaboration, communication, or other content ("Content") that is abusive, disparaging, discriminatory, hostile, combative, threatening, harassing, intimidating, defamatory, pornographic, or obscene. Users who do not respect the Intent of Use of IT resources may be held in violation of this IT Policy.

B. Username

HOC recognizes that common practice in computing, online or otherwise, involves use of a "username", "login", "AccessIT ID", or "screen name" (collectively, "Username") that may be different from the User's legal name. Using someone else's name or assuming someone else's identity without appropriate authorization, however, is a violation of HOC's principles and this IT Policy.

Users may not use IT resources under false name, identification, email address, signature, or other medium of any person or entity without proper authorization. HOC prohibits such use of a Username for the purposes of misrepresentation or an attempt to avoid legal or other obligations. Any such unethical use may constitute a violation of this IT Policy.

C. Passwords

When choosing a password for access to IT resources, or portions thereof, Users must adhere to the following rules to prevent unauthorized access through any User's password.

1. Use a different password for each account.
2. Do not write down password(s) on a piece of paper or record them in a file.
3. Do not use the following items to formulate passwords:
    1. Birth dates;
    2. Names (First, Last, or any combination);
    3. Unaltered words that could be found in a dictionary, including non-English words, and words spelled backwards;
    4. Telephone numbers;
    5. Social Security numbers;
    6. Famous or other proper names; or
    7. Alphabet or keyboard sequences (e.g., "QWERTY").

4. Passwords must meet the following criteria:
    1. Consist of eight (8) characters or more;
    2. Contain at least one (1) numeric;
    3. Contain at least one (1) uppercase and one (1) lowercase character; and
    4. Does not contain any of the following special characters: @& /

Passwords must not be reused; Users are required to change their password every (90) days.

Users should not have an expectation of privacy regarding Content located in HOC's IT resources, whether that Content is protected by a Username and password, or otherwise.

D. Additional Responsibilities

All Users must fully comply with the standards and responsibilities of acceptable use as outlined in:

1. All applicable provisions of HOC's employee handbooks, agreements, and any and all other policies, standards, and procedures established by HOC;
2. This IT Policy in its entirety including the related policies as defined in the Related Policies and Procedures section;
3. All local, state, federal, and international laws;
4. All application and/or software license agreements acquired by HOC and its authorized units; and
5. All applicable HOC policies and procedures including sexual harassment and non-discrimination.

Users must adhere to the following responsibilities:

1. Self-policing of passwords and access codes as set forth above;
2. Respecting and protecting the confidentiality, integrity, and availability of all HOC IT resources;
3. Ensuring that all data and files that the User accesses, transmits, and/or downloads are free from any computer code, file, or program which could damage, disrupt, expose to unauthorized access, or place excessive load on any computer system, network, or other IT resources;
4. Reporting any security risk or code, file, or program, including computer viruses, Trojan horses, worms, or any other malware that affects any IT resources, including any owned or operated by the User; and
5. Properly backing up appropriate User systems, software, and data.

E. Additional Prohibited Uses

Users are prohibited from accessing or using IT resources in the following manners:

1. Initiating or participating in unauthorized mass mailings to news groups, mailing lists, or individuals, including, but not limited to, chain letters, unsolicited commercial email (commonly known as "spam"), floods, and bombs;
2. Giving others, by password or other means, unauthorized access to any User account or IT resources;
3. Seeking to, without authorization, wrongly access, improperly use, interfere with, dismantle, disrupt, destroy, or prevent access to, any portion of IT resources including User or network accounts;

4. Violating or otherwise compromising the privacy, or any other personal or property right, of other Users or third parties through use of IT resources;
5. Disguising or attempting to disguise the identity of the account or other IT resources being used including "spoofing" resource addresses, impersonating any other person or entity, or misrepresenting affiliation with any other person or entity;
6. Using IT resources to gain or attempt to gain unauthorized access to networks and/or computer systems;
7. Engaging in conduct constituting wasteful use of IT resources or which unfairly monopolizes them to the exclusion of others;
8. Engaging in conduct that results in interference or degradation of controls and security of IT resources;
9. Exploiting or otherwise using IT resources for any commercial purpose, unless expressly authorized by HOC in writing;
10. Engaging in computer crimes or other prohibited acts;
11. Intentionally or unintentionally violating any applicable local, state, federal, or international law;
12. Knowingly or negligently running, installing, uploading, posting, emailing, or otherwise transmitting any computer code, file, or program, including, but not limited to, computer viruses, Trojan horses, worms, or any other malware, which damages, exposes to unauthorized access, disrupts, or places excessive load on any computer system, network, or other IT resource; and
13. Using any IT resource, including email or other communication system to intimidate, insult, embarrass, or harass others, or to interfere unreasonably with an individual's work or to create a hostile or offensive environment.

INTELLECTUAL PROPERTY

As each User should have an expectation that others will not abuse his or her intellectual property rights, every User must also respect the intellectual property rights of others, including those of other Users, all members of the HOC community, and all third parties.

Potential violation of intellectual property laws and rights is not merely limited to unauthorized downloading of copyrighted movies, television shows, music, and software through file-sharing software. Rather, the concept of intellectual property broadly covers all copyrighted works, trademarks, patents, and other proprietary and confidential information.

HOC requires every User to adhere to a strict policy of respecting intellectual property rights. Infringing and illegal uses may involve:

- Unauthorized copying, sharing, and use of digital videos or images, digital music as well as logos and other marks;
- Unauthorized copying, sharing, or installation of software, including commercially licensed software as well as "shareware"; and
- Unauthorized copying, sharing, or use of copyrighted, or otherwise proprietary, data or collections of data.

PRIVACY

A. Standard Use Privacy

HOC reserves the right to access, inspect, examine, monitor, intercept, remove, restrict, and take possession of all HOC owned and operated IT resources, including but not limited to, electronic mail, network connectivity, hard disks, printed media, devices, data, software, printers, voice mail, removable media, fax machines, scanners, computers, mobile devices, telephony equipment, connected devices, laptops, documents, and other files.

HOC also reserves the right to access, inspect, examine, monitor, intercept, remove and restrict use and access to the IT resources indicated above.

HOC may exercise these rights for various reasons, including but not limited to:

- Ascertaining whether Users are using the systems in accordance with this IT Policy and other HOC guidelines;
- Preventing, investigating, or detecting unauthorized use of HOC's systems;
- Ensuring compliance with third party agreements and guidelines; and
- Ensuring compliance with applicable laws and regulations.

Users are expected and obligated to use such IT resources in a manner consistent with the purposes, objectives, and mission of HOC and this IT Policy.

Except where applicable law provides otherwise, Users should have no expectation of a reasonable level of privacy while accessing or using HOC IT resources. For example, issuance of a password or other means of access is to assure appropriate confidentiality of HOC-related information and files. However, it does not guarantee privacy, especially for personal or unlawful use of IT resources.

Users should note that HOC may also require back-up and caching of various portions of IT resources; logging of activity; monitoring of general usage; and other activities that are not directed against any individual User or User account, for protecting HOC's IT resources and systems, maintaining security and maintenance, or restoring normal operations of IT resources.

HOC reserves the right to examine, use, and disclose any data or content found on HOC's IT resources for the purposes of furthering the health, safety, discipline, legal rights, security, or intellectual or other property of any User or other person or entity. Information that HOC gathers from such permissible monitoring or examinations may also be used in disciplinary actions. Such information may be disclosed to law enforcement officials when necessary.

Users are responsible for the security of their own User IDs and passwords. Passwords must not be shared with other persons.

B. Website Privacy

HOC uses the following practices and procedures for its website. HOC reserves the right to change these practices and procedures at any time without prior notice. The following is not intended and should not be interpreted as a contract of any nature, either stated or implied. The Privacy Policy may be found here:

https://www.hocmc.org/extra/91-privacy-policy.html

MONITORING, REPORTING, VIOLATION, AND DISCIPLINARY ACTION

A. Monitoring

As noted above, HOC may, but is not required to, monitor, block, or otherwise prevent inappropriate use of IT resources. Nonetheless, in the event of a violation or failure to comply with this IT Policy, HOC may monitor any User's access and use of IT resources in order to determine whether violations are taking place. If violations are found, HOC may initiate charges and impose appropriate sanctions by following the various processes and procedural safeguards that are applicable to the User's employment or program status.

B. Reporting

Users have an obligation to report violations of this IT Policy as well as any potential security or other breach of any portion of IT resources. Reporting of any such violations or other issues involving the inappropriate use of IT resources should be referred to:

- The Chief Technology Officer (or delegate); and
- The Division Director of the person making the report.

C. Violations

A violation of this IT Policy is considered a violation of HOC's principles, objectives, and standards. Depending on the severity of the violation, it may also violate HOC's other policies or even local, state, federal, or international law. HOC may impose penalties ranging from the termination of the User's access to IT resources to disciplinary review and further action including non-reappointment, discharge, or dismissal. In cases involving egregious violations, HOC may initiate legal action or cooperate with an action brought by applicable authorities or third parties.

D. Disciplinary Action

Users who fail to fulfill their responsibilities and engage in prohibited conduct are subject to disciplinary action imposed by HOC. Staff are subject to disciplinary action including reprimand, suspension, and dismissal under their respective handbook and collective bargaining agreements. Depending on the nature and severity of the violation, sanctions can range from various levels of warnings to immediate termination of employment or program participation.

HOC will exercise good faith and proper discernment in its enforcement of this IT Policy. HOC will respect the freedom to which Users are entitled, insofar as legally required. Under no circumstances shall HOC be liable to any User or third party for any violation, including illegal or improper acts that any User commits through the use of IT resources.

USER OBLIGATION TO REVIEW AND ACCEPT

HOC will periodically update this IT Policy. Prior to accessing and using IT resources, each User represents and acknowledges that the User has checked and read this IT Policy as well as the ISA Policy on a regular basis so as to be informed of any changes hereto. If any User does not agree to check this IT Policy for revisions on a regular basis, said User may not use IT resources. As such, Users will be required to sign an acknowledgement of this IT Policy, ISA Policy and Data Classification Guidelines as part of their onboarding process. Additionally, Users will be required annually to review and sign an acknowledgment of both policies and guidelines, during the annual performance evaluation period.

PLAN REVISION

Revision	*Date*	*Summary of Changes*	*Approved by*
1.0	3-2-2022	Document Creation	
1.1	5-6-2022	Addressed CiftonLarsenAllen requested revisions as of 5/4/2022	

APPROVAL OF INFORMATION TECHNOLOGY SECURITY ASSURANCE POLICY TO INCORPORATE CHANGES IN SYSTEMS INFRASTURCTURE, NEW TECHNOLOGIES, AND USER ENVIRONMENT TO RELECT CURRENT PROCESSES AND RISKS AND APPROVAL OF HOC TELEWORK POLICY

June 8, 2022

- The Information Security Assurance Policy ("ISA Policy") in conjunction with the Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy ("IT Policy") will supersede the Technology Policy, last revised April 2006.

- The ISA Policy reflects HOC's current processes and risks in response to changes in information technology systems infrastructure, new technologies, and user environment since 2006; this update is necessary as outdated policies and procedures can create conflict between processes actually occurring and documented procedures.

- The ISA Policy defines required technical controls and security configurations; user action and prohibitions; and acceptable use of IT resources and services and addresses these processes: management and employee responsibilities; identification and authentication; network resource connectivity; antivirus/anti-malware/software; encryption; building and physical access; telework; mobile device management; disposal of hardware; change management; data integrity; security and awareness training; security management process; employee background checks; discovery policy; eDiscovery policy and cyber breach and notification procedures.

- The HOC Telework Policy is referenced in *Chapter 8, "Telework"* of the ISA Policy; its key terms are incorporated in the Telework Program of the Collective Bargaining Agreement, which were presented and approved by the Commission on May 4, 2022.

- The Administrative and Regulatory Committee reviewed these items at its meeting on May 16, 2022 and supports staff's request for the Commission to adopt the ISA Policy and HOC Telework Policy and authorize the Executive Director (including the Acting Executive Director) or their designee, to implement them.

- Since the Administrative and Regulatory Committee's approval, the sections, *"Appeals Process"* and *"Data Sharing",* were removed from the HOC Telework Policy as they only applied to represented employees.

M E M O R A N D U M

TO:	Housing Opportunities Commission of Montgomery County		
VIA:	Kayrine V. Brown, Acting Executive Director		
FROM:	Staff: Karlos Taylor	Division: Information Technology	Ext. 9454
	David Brody		Ext. 9449
	Irma Rodriguez		Ext. 94 15
RE:	**Information Security Assurance Policy and Telework Policy:** Approval of Information Technology Security Assurance Policy to Incorporate Changes in Systems Infrastructure, New Technologies, and User Environment to Reflect Current Processes and Risks and Approval of the HOC Telework Policy		
DATE:	June 8, 2022		

STATUS: **Consent ______ Deliberation ___X___ Status Report____ Future Action_____**

OVERALL GOAL & OBJECTIVE:
To request that the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") adopt the Information Security Assurance Policy ("ISA Policy") and the HOC Telework Policy, which is referenced in the ISA Policy and resulted from the CliftonLarsonAllen LLP's ("CLA"s) Management Letter recommendations. In addition, to authorize the Executive Director (including the Acting Executive Director), or their designee, to implement the ISA Policy and the HOC Telework Policy.

BACKGROUND:
The **Information Security Assurance Policy ("ISA Policy")** will serve in conjunction with the Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy ("IT Policy") to supersede the Technology Policy, last revised in April 2006. This update addresses changes in systems infrastructure, new technologies and user environment to reflect current processes and risks.

Information Technology ("IT") security policies are essential to secure sensitive corporate information for organizations and businesses. By adhering to requirements within these policies and procedures therein, the risks of security threats (i.e., unauthorized access, disclosure, corruption, loss, and disruption in both physical and electronic formats) are mitigated. These policies also set forth measures for corrective action and audit. Outdated policies and procedures can create conflict between processes actually occurring and documented procedures, which may in turn, affect practices implemented to guard against the ever widening security threat landscape in IT.

The ISA Policy defines required technical controls and security configurations; user action and prohibitions; and acceptable use of IT resources and services; in order to ensure integrity and availability of the HOC data environment in accordance with current industry practices.

The ISA Policy incorporates and addresses the following processes:

1. Statement of policy and management responsibilities;
2. Employee responsibilities;
3. Identification and authentication;
4. Network resource connectivity;
5. Antivirus/Anti-Malware/Software;
6. Encryption;
7. Building and physical access;
8. Telework;
9. Mobile device management;
10. Disposal of hardware;
11. Change management;
12. Data integrity;
13. Security and awareness training;
14. Security management process;
15. Employee background checks;
16. Discovery policy - procedures and disclosure;
17. eDiscovery policy – retention; and
18. Cyber breach and notification procedures

The HOC Telework Policy is referenced in *Chapter 8, "Telework"* of the ISA Policy and presented separately as an attachment to this memorandum for review and discussion.

The key terms of the Telework Policy are incorporated in the Telework Program of the Collective Bargaining Agreement ("CBA"), which were presented and approved by the Commission on May 4, 2022, and summarized below:

- The Telework Policy outlines the General Roles and Responsibilities of multiple parts of the organization for coordinating and managing the telework program, including 1) **Human Resources to** Administers of HOC's Telework Program, 2) **HOC Departments/Divisions for its** Implementation, 3) **Supervisors to facilitate Employee and Team Telework Success, and 4) Teleworkers** to maintain or enhance services and outcomes for HOC customers.
- Participation in Telework is voluntary. The employee participation in Telework may fall in one of the following categories: 1) Recurring telework with employees working from a remote location on a regular, recurring basis up to five days per week; or 2) Intermittent/Situational telework with employees generally working on-site, but would telework for limited periods

of time based on either circumstances impacting the availability of the HOC worksite, or job responsibilities that could best be accommodated by working remotely.

- Eligible Positions: For the purposes of the Telework Program, HOC has developed a list of standards for the determination of position eligibility.
- Employee Requests to Telework: Employees may request to participate in the Telework Program by completing a Telework Application. The application is evaluated to ensure that the duties and responsibilities within the position can be accomplished through telework, provided it does not negatively affect service delivery or performance.
- Other components of the Telework Program cover:
    - Continued Participation in Telework;
    - Computer Requirements – Mandatory HOC-issued laptop;
    - Employee Workspace, Work Schedule/Time and Attendance;
    - Customer Service, Performance & Telework;
    - Security and Data sharing;
    - Terms and Conditions of Telework Agreements; and
    - Discontinuation of Telework and the appeals process.

Since the Administrative and Regulatory Committee's approval on May 16, 2022, the sections, *"Appeals Process"* and *"Data Sharing"*, were removed from the HOC Telework Policy as they only applied to represented employees.

ISSUES FOR CONSIDERATION:
Does the Commission wish to accept staff's recommendation, which is supported by the Administrative and Regulatory Committee, to adopt the proposed ISA Policy?

Does the Commission wish to accept staff's recommendation, which is supported by the Administrative and Regulatory Committee, to adopt the proposed HOC Telework Policy?

PRINCIPALS:
Housing Opportunities Commission of Montgomery County

BUDGET IMPACT:
None.

TIME FRAME:
The Administrative and Regulatory Committee informally reviewed these items at its meeting on May 16, 2022 and supports staff's recommendations.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Commission adopt the proposed ISA Policy.

Staff also recommends that the Commission adopt the proposed HOC Telework Policy.

Staff further recommends that the Commission authorize the Executive Director (including the Acting Executive Director), or their designee, to implement the ISA Policy and the HOC Telework Policy effective July 1, 2022.

RESOLUTION: 22-42A **RE: Approval of Information Technology Security Assurance Policy to Incorporate Changes in Systems Infrastructure, New Technologies, and User Environment to Reflect Current Processes and Risks**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") seeks to replace the Technology Policy, last revised April 2006 (the "2006 Policy") by means of the Information Security Assurance Policy ("ISA Policy") in conjunction with the Information Technology and Acceptable Use of Information Technology Infrastructure and Resources Policy ("IT Policy"); and

WHEREAS, HOC has implemented changes in systems infrastructure, new technologies, and user environment since 2006; and

WHEREAS, HOC seeks to implement the ISA Policy, which incorporates changes in systems infrastructure, new technologies, and user environment to reflect current processes as well as risks; and

WHEREAS, HOC has considered and incorporated best practices and protocols to develop the ISA Policy in accordance with technology industry standards as well as federal, state, and local requirements

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that, effective as of July 1, 2022, it approves the ISA Policy.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director (including the Acting Executive Director), or their designee, is authorized and directed without further action on its part, to take any or all other actions necessary and proper to carry out the activities contemplated in the ISA Policy and herein.

I HEREBY CERTIFY the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION: 22-42B **RE: Approval of the HOC Telework Policy**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") seeks to implement the HOC Telework Policy, wherein key provisions were incorporated in the Telework Program of the Collective Bargaining Agreement and were approved by the Commission on May 4, 2022.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that, effective as of July 1, 2022, it approves the HOC Telework Policy.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director (including the Acting Executive Director), or their designee, is authorized and directed without further action on its part, to take any or all other actions necessary and proper to carry out the activities contemplated in the HOC Telework Policy and herein.

I HEREBY CERTIFY the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

Housing Opportunities Commission OF MONTGOMERY COUNTY

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HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY INFORMATION SECURITY ASSURANCE POLICY

1. INTRODUCTION

1.1 Purpose

This Information Security Assurance Policy ("ISA Policy") defines the technical controls and security configurations which Users and Information Technology ("IT") administrators are required to implement in order to ensure the integrity and availability of the data environment at the Housing Opportunities Commission of Montgomery County ("HOC"). It serves as a central policy document with which all employees, contractors, volunteers and temporary staff must be familiar and defines actions and prohibitions that all Users must follow. The ISA Policy provides IT managers within HOC with policies and guidelines concerning the acceptable use of HOC technology equipment, email, internet connections, voicemail, facsimile, future technology resources and information processing.

The requirements and restrictions defined in this document shall apply to network infrastructures, databases, External Media, Encryption, hardcopy reports, films, slides, models, wireless, telecommunication, conversations, and any other methods used to convey knowledge and ideas across all hardware, software, and data transmission mechanisms. All HOC employees, temporary workers, contractors, and subcontractors working at all locations must adhere to this ISA Policy.

Security Policy Statement

- HOC must integrate information security principles into all aspects of HOC's activities.
- HOC must ensure that reasonable security policies, standards, controls, processes, practices, and procedures are established and maintained to safeguard IT resources.
- HOC must follow a risk-based approach to protect the confidentiality, integrity, and availability of assets as business needs and IT resources change.
- HOC must operate IT security activities effectively, responsibly, and ethically, complying with all local, state and federal laws, and regulations.
- With oversight from the Board of Commissioners and HOC's strategic plan, the Chief Technology Officer ("CTO") and Chief Compliance Officer ("CCO") must be responsible for the approval of and ensuring ongoing compliance with this policy.
- The CTO and CCO together are responsible for ensuring IT resources are secure from unauthorized access (to maintain appropriate confidentiality) and unauthorized alterations (to maintain integrity), and are available to authorized Users (to maintain availability), to enable HOC to meet its mission in an effective and timely manner.
- The CTO and CCO together are responsible for establishing and maintaining an information security program aligned to HOC's IT risk that includes developing, deploying, and maintaining

reasonable security policies, processes, practices, procedures, guidelines, and technologies to protect IT resources.

- The CTO and CCO together ensure that the information security program includes training to support this ISA Policy.
- The CTO and CCO are to be members of and coordinate with the Cybersecurity Incident Response Team ("CSIRT") in response to information security incidents, violations, or crimes arising from or relating to the use of IT resources.
- Users are responsible for safeguarding IT resources, which Users utilize, access, and interact with, even if Users do not have the responsibility of managing them.
- HOC Legal provides legal guidance to this ISA policy.

1.2 Scope

This ISA Policy document defines common security requirements for all HOC personnel and systems that create, maintain, store, access, process or transmit information. This ISA Policy also applies to information resources owned by others, such as contractors of HOC, entities in the private sector, in cases where HOC has a legal, contractual or fiduciary duty to protect said resources while in HOC custody. In the event of a conflict, the more restrictive measures apply. This ISA Policy covers the HOC network system, which comprises various hardware, software, communication equipment and other devices designed to assist HOC in the creation, receipt, storage, processing, and transmission of information. This definition includes equipment at its office locations, remote locations, and other cloud and third party environments.

Third-Party IT Resources

HOC may contract with software application vendors or providers of other IT resources. Such third-party providers may have their own policies applicable to Users. This ISA Policy requires that you must comply with any such third-party policies if it is more restrictive than this policy.

1.3 Acronyms / Definitions

Common terms and acronyms that may be used throughout this document.

CCO	The Chief Compliance Officer is responsible for annual security training of all staff on confidentiality issues and administering HIPAA privacy compliance issues.
CSIRT	Cybersecurity Incident Response Team – a cross-divisional team of technical and business leaders organized by their role in the incident response process.
CST	Confidentiality and Security Team
CTO	The Chief Technology Officer
Cyber Security Breach	Any incident that results in unauthorized access to computer data, applications, networks, or devices.
Data Breach	A security violation (e.g., unintentional information disclosure, data leak, information leakage, data spill), in which sensitive, protected, or confidential data is copied, transmitted, viewed, stolen, or used by an unauthorized individual.

Data Owners	Each department or unit that maintains HOC data, either in electronic or paper form, is required to designate a records management coordinator who will ensure that records in their area are preserved, maintained, and retained in compliance with records management policies and retention schedules established by the Compliance Division [or other designated authority].
ED	The Executive Director is responsible for the overall privacy and security practices of the organization.
Encryption	The process of transforming Information, using an algorithm, to make it unreadable to anyone other than those who have a specific "need to know".
External Media	i.e., CD-ROMs, DVDs, flash drives, USB keys, thumb drives.
Firewall	A dedicated piece of hardware of software running on a computer which allows or denies traffic passing through it, based on a set of rules.
HIPAA	Health Insurance Portability and Accountability Act
HOC	Housing Opportunities Commission of Montgomery County
IIHI	Individually Identifiable Health Information (IIHI), which includes information related to the past, present or future condition, treatment, payment or provision of health care to the identified individual.
IT	Information Technology
Legal Services	May consist of internal HOC Legal Counsel and/or outside Counsel.
PHI	Personal Health Information. Individually identifiable health information except for education records covered by FERPA and employment records.
PII	Personally Identifiable Information - any form that consists of a combination of an individual's name and one or more of the following: Social Security Number, driver's license or state ID, account numbers, credit card numbers, debit card numbers, personal code, security code, password, personal ID number, photograph, fingerprint, or other information which could be used to identify an individual.
Security Breach Group	Responds to initial privacy/security breach reports. Members include Chief Compliance Officer, Chief Technology Officer, Manager of Technical Operations, Help Desk Supervisor and General Counsel Contact: securitybreach@hocmc.org
User	Any staff, residents, volunteers, administrative officials, authorized guests, commissioners, delegates, and contractors who use, access, or otherwise employ, locally or remotely, HOC IT resources, whether individually controlled, shared, stand-alone, or networked.
Virus	A software program capable of reproducing itself and usually capable of causing great harm to files or programs on the computer it attacks. A true virus cannot spread to another computer without human assistance.

1.4 Management Responsibilities

Human Resources/Compliance must:

- Ensure that all personnel are aware of and comply with this ISA Policy;
- Create performance standards, control practices, and procedures designed to provide reasonable assurance that all employees observe this ISA Policy; and

- Request all technology related services through the Information Technology Division.

HOC has established a Compliance Officer as required by federal law. This Privacy/Compliance Officer (P/CO) will oversee all ongoing activities related to the development, implementation, and maintenance of HOC privacy policies in accordance with applicable federal and state laws.

The current Privacy/Compliance Officer for HOC is: Darcel Cox, CCO

1.5 Confidentiality / Security Team (CST)

HOC has established a Confidentiality / Security Team made up of key personnel whose responsibility it is to identify areas of concern within HOC, and act as the first line of defense in enhancing the appropriate security posture.

All members identified within this ISA Policy are assigned to their positions by the Executive Director. This team will consist of the positions within HOC most responsible for the overall security policy planning of the organization - the ED, P/CO, and CTO (where applicable). The members of the CST are:

1. Executive Director
2. Chief Compliance Officer
3. Chief Technology Officer
4. Manager of Technical Operations, IT Division

The CST will meet as needed to discuss security issues and to review concerns that arise. The CST will identify areas that should be addressed during annual training and review/update security policies as necessary.

The CST will address security issues as they arise, recommend, and approve immediate security actions to be undertaken. It is the responsibility of the CST to identify areas of concern within HOC and act as the first line of defense in enhancing the security posture of HOC.

The CST is responsible for maintaining a log of security concerns or confidentiality issues. This log must be maintained on a routine basis, and must include the dates of an event, the actions taken to address the event, and recommendations for personnel actions, if appropriate. This log will be reviewed during meetings as needed.

2. EMPLOYEE RESPONSIBILITIES

2.1 Employee Requirements

The first line of defense in data security is the individual User. A user is defined as any staff, residents, volunteers, administrative officials, authorized guests, commissioners, delegates, and contractors who use, access, or otherwise employ, locally or remotely, HOC IT resources, whether individually controlled, shared, stand-alone, or networked. HOC Users are responsible for the security of all data, which may come to them in whatever format. HOC is responsible for maintaining ongoing training programs to inform all Users of these requirements.

Wear Identifying Badge - In order to help maintain building security, all employees should prominently display their employee identification badge. Contractors who may be in HOC facilities are provided with different colored identification badges. Other people who may be within HOC facilities should be wearing visitor badges and should be chaperoned.

Challenge Unrecognized Personnel - It is the responsibility of all HOC personnel to take positive action to provide physical security. If an employee notices an unrecognized person in a restricted HOC office location, the employee should immediately report the unrecognized person to any security personnel on duty and/or Facilities. All visitors to HOC offices must sign in at the front desk. In addition, all visitors must wear a visitor/contractor badge. All other personnel must be employees of HOC. Any challenged person who does not respond appropriately should be immediately reported to supervisory staff.

Secure Laptop - When out of the office, all laptop computers must be secured. HOC computers will contain sensitive data; the utmost care should be taken to ensure that data is not compromised. Laptop computers are easy to steal, particularly during periods of mobility.

Unattended Computers - Unattended computers should be locked by the User when leaving the work area. This feature is discussed with all employees during yearly security training. HOC policy states that all computers will have automatic screen locking functionality set to activate upon fifteen (15) minutes of inactivity. Employees are not permitted to take any action, which would override this setting.

Home Use of HOC Corporate Assets - Only computer hardware and software owned by and installed by HOC is permitted to be connected to or installed on HOC equipment. Only software that has been approved for corporate use by HOC may be installed on HOC equipment. All employees and contractors must read and understand the list of prohibited activities that are outlined in the Information Technology & Acceptable Use of Information Technology Infrastructure and Resources Policy and herein.

Retention of Ownership - All software programs and documentation generated or provided by employees, consultants, or contractors for the benefit of the HOC are the property of HOC unless covered by a contractual agreement. Nothing contained herein applies to software purchased by HOC employees at their own expense.

2.2 Prohibited Activities

Personnel are prohibited from the following activities. The list is not inclusive. Other prohibited activities are referenced elsewhere in this document and within the Information Technology & Acceptable Use of Information Technology Infrastructure and Resources Policy.

- Deliberately crashing an information system is strictly prohibited. Users may not realize that they caused a system crash, but if it is shown that the crash occurred as a result of User action, a repetition of the action by that User may be viewed as a deliberate act.
- Attempting to break (i.e., hack) into an IT resource or to bypass a security feature. This includes running password-cracking programs or sniffer programs and attempting to circumvent file or other resource permissions.
- Introducing, or attempting to introduce, computer Viruses, malware, Trojan horses, peer-to-peer (i.e. P2P) or other malicious code into an information system.
    - Exception: Authorized information system support personnel, or others authorized by the CTO or HOC Privacy/Compliance Officer, may test the resiliency of a system. Such personnel may test for susceptibility to hardware or software failure, security against hacker attacks, and system infection.
- The willful, unauthorized access or inspection of confidential or sensitive information to which you have not been approved on a "need to know" basis is prohibited. HOC has access to private information which is protected by a variety of federal, state and local laws including but not limited to HIPAA regulations which stipulate a "need to know" basis before approval is granted to view the information. The purposeful attempt to look at or access information to which you have not been granted access by the appropriate approval procedure is strictly prohibited.
- Use of personal software is prohibited. All software installed on HOC computers must be approved by HOC.
- Violating or attempting to violate the terms of use or license agreement of any software product used by HOC is strictly prohibited.
- Engaging in any activity for any purpose that is illegal or contrary to the policies, procedures or business interests of HOC is strictly prohibited.

Guidelines Statement

Personnel should follow the following guidelines:

- Approved anti-malware software must be installed on HOC-owned and managed devices.
- Users should report suspicious activity to the HOC Helpdesk.
- Do not allow downloads from unknown or untrusted sites.
- Be aware of browser warnings when a website asks for additional access to your computer.
- Be aware of spyware or adware on your computer. These types of software often have adverse effects on a computer, including, but not limited to: pop-ups or unsolicited tabs in a web browser, sluggish computer performance, or multiple unrequested browser windows.

2.3 Electronic Communications, Internet, and Web Usage

As a productivity enhancement tool, HOC encourages the business use of electronic communications. However, all electronic communication systems and all messages generated on or handled by HOC owned equipment are considered the property of HOC– not the property of individual Users. This applies to all

HOC employees and contractors, and covers all electronic communications including, but not limited to, telephones, mobile phones, email, voice mail, instant messaging platforms, Internet, fax, computers, servers, Infrastructure as a Service (IaaS), Software as a Service (SaaS), and Platform as a Service (PaaS).

HOC-provided IT resources are intended for business purposes. However, incidental personal use is permissible as long as:

1. It does not consume more than a trivial amount of employee time or resources;
2. It does not interfere with staff productivity;
3. It does not preempt any business activity; and
4. It does not violate the acceptable use policy or any of the following:
    a. Copyright violations – This includes the act of pirating software, music, books and/or videos or the use of pirated software, music, books and/or videos and the illegal duplication and/or distribution of information and other intellectual property that is under copyright.
    b. Illegal activities – Use of HOC information resources for or in support of illegal purposes as defined by federal, state or local law is strictly prohibited.
    c. Commercial use – Use of HOC information resources for personal or commercial profit is strictly prohibited.
    d. Political Activities – All political activities are strictly prohibited on HOC premises. HOC encourages all of its employees to vote and to participate in the election process, but these activities must not be performed using HOC assets or resources.
    e. Harassment – HOC strives to maintain a workplace free of harassment and that is sensitive to the diversity of its employees. Therefore, HOC prohibits the use of computers, email, voice mail, instant messaging, texting and the Internet in ways that are disruptive, offensive to others, or harmful to morale. For example, the display or transmission of sexually explicit images, messages, and cartoons is strictly prohibited. Other examples of misuse include, but are not limited to, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassing, discriminatory, derogatory, defamatory, threatening or showing disrespect for others.

Email is typically not considered a secure data transfer method, especially when sending it externally (i.e., not HOC domain). Secure information may be sent through email, provided an HOC approved email Encryption solution is used.

Junk/SPAM Email - All communications using IT resources shall be purposeful and appropriate. Distributing "junk" mail, such as advertisements or unauthorized solicitations, is prohibited. Advertisement offers services from someone else to you. Solicitations are when someone asks you for something. If you receive any of the above, delete the email message immediately. Do not forward the email message to anyone.

Generally, while it is NOT the policy of the HOC to monitor the content of any electronic communication, HOC is responsible for servicing and protecting the HOC equipment, networks, data, and resource availability and therefore, may be required to access and/or monitor electronic communications from time to time. Several different methods are employed to accomplish these goals and are conducted at the discretion of designated HOC staff. HOC's Information Technology & Acceptable Use of Information Technology Infrastructure and Resources Policy define the rights of the User.

HOC reserves the right, at its discretion, to review any employee's files or electronic communications to the extent necessary to ensure all electronic media, data, and services are used in compliance with all applicable laws and regulations as well as HOC policies.

Employees should structure all electronic communication with recognition of the fact that the content could be monitored, and that any electronic communication could be forwarded, intercepted, printed or stored by others.

2.4 Social Media Participation

These guidelines apply to HOC employees or contractors who create or contribute to blogs, wikis, social networks, virtual worlds, or any other kind of social media. Whether a User logs into Twitter, Instagram, LinkedIn, Yelp, Wikipedia, or Facebook pages, or comment on online media stories — these guidelines apply.

While all HOC employees are welcome to participate in social media, we expect everyone who participates in online commentary to understand and to follow these simple but important guidelines. The overall goal is simple: to participate online in a respectful, relevant way that protects our reputation and follows the letter and spirit of the law.

1. Be transparent and state that you work at HOC. If you are writing about HOC or a competitor, use your real name, identify that you work for HOC, and be clear about your role.
2. Never represent yourself or HOC in a false or misleading way. All statements must be true and not misleading; all claims must be substantiated.
3. Post meaningful, respectful comments — in other words, please, no spam and no remarks that are off- topic or offensive.
4. Use common sense and common courtesy: for example, it is best to ask permission to publish or report on conversations that are meant to be private or internal to HOC. Make sure your efforts to be transparent do not violate HOC's privacy, confidentiality, and legal guidelines for external commercial speech.
5. Stick to your area of expertise and do feel free to provide unique, individual perspectives on non-confidential activities at HOC.
6. When disagreeing with others' opinions, keep it appropriate and polite. If you find yourself in a situation online that looks as if it's becoming antagonistic, do not get overly defensive and do not disengage from the conversation abruptly: feel free to ask the Director of Legislative and Public Affairs for advice and/or to disengage from the dialogue in a polite manner that reflects well on HOC.
7. If you want to write about the competition, make sure you behave diplomatically, have the facts straight and that you have the appropriate permissions.
8. Never comment on anything related to legal matters, litigation, or any parties with whom HOC may be in litigation.
9. Never participate in Social Media when the topic being discussed may be considered a crisis. Even anonymous comments may be traced back to your or HOC's IP address. Refer all Social Media activity around crisis topics to Legislative and Public Affairs and/or Legal.
10. Be smart about protecting yourself, your privacy, and HOC's confidential information. What you publish is widely accessible and will be around for a long time, so consider the content carefully. Google has a long memory.

NOTE: Mainstream media inquiries must be referred to the Director of Legislative and Public Affairs.

2.5 Internet Access

Internet access is provided for HOC Users and is considered a great resource for the organization. This resource is costly to operate and maintain, and must be allocated primarily to those with business, administrative or contract needs. Internet access provided by HOC should be used in accordance with the Information Technology & Acceptable Use of Information Technology Infrastructure and Resources Policy.

Users must understand that individual Internet usage is monitored, and if an employee is found to be spending an excessive amount of time or consuming large amounts of bandwidth for personal use, disciplinary action will be taken.

Many Internet sites, such as games, peer-to-peer file sharing applications, and online music sharing applications, may be blocked by HOC's routers and Firewalls. This list is constantly monitored and updated as necessary. Any employee visiting pornographic sites will be disciplined and may be terminated.

2.6 Reporting Software Malfunctions and Potential Compromises

Users should inform the HOC Helpdesk when the User's software does not appear to be functioning correctly. The malfunction - whether accidental or deliberate - may pose an information security risk. If the User, or the User's manager or supervisor, suspects a computer Virus infection, HOC computer Virus policy should be followed, and these steps should be taken immediately:

- Stop using the computer.
- Do not carry out any commands, including commands to Save data.
- Do not close any of the computer's windows or programs.
- Do not turn off the computer or peripheral devices.
- If possible, physically disconnect the computer from networks to which it is attached.
- Inform the appropriate personnel or IT as soon as possible.
- Write down any unusual behavior of the computer (screen messages, unexpected disk access, unusual responses to commands) and the time when they were first noticed.
- Write down any changes in hardware, software, or software use that preceded the malfunction.
- Do not attempt to remove a suspected Virus!

If the issue is found to have the potential of spreading, the IT response team must escalate the issue to the CSIRT and appropriate communications to all HOC staff should be sent to mitigate any additional risk and exposure.

2.7 Report Security Incidents

It is the responsibility of each HOC employee, contractor, volunteer, or intern to report perceived security incidents on a continuous basis to the appropriate supervisor or security person. A User is any person who has access to an information resource as referenced in *Section 2.1 Employee Requirements*. Users are responsible for the day-to-day, hands-on security of that resource. Users are to formally report all security incidents or violations of the security policy immediately to the CTO or CCO. Users should report any perceived security incident to either their immediate supervisor, or to their division director.

Reports of security incidents shall be escalated as quickly as possible. Each member of the CSIRT must inform the other members as rapidly as possible. Each incident will be analyzed to determine if changes in the existing security structure are necessary. It is the responsibility of the CSIRT to provide training on any procedural changes that may be required as a result of the investigation of an incident.

Security breaches shall be promptly investigated. If criminal action is suspected, IT and the Chief Compliance Officer shall contact the appropriate law enforcement and investigative authorities immediately, which may include but is not limited to, the police or the FBI.

2.8 Transfer of Sensitive / Confidential Information

When confidential or sensitive information from one individual is received by another while conducting official business, the receiving individual shall maintain the confidentiality or sensitivity of the information in accordance with HOC privacy policies as well as all applicable laws. All employees must recognize the sensitive nature of data maintained by HOC and hold all data in the strictest confidence. Any purposeful release of data to which an employee may have access is a violation of HOC policy and will result in personnel action, and may result in legal action.

Personal software shall not be used on HOC computers or networks. If a need for specific software exists, Users must submit a request to their supervisor or division head. Users shall not use HOC purchased software on systems unless licensed to do so. Leveraging HOC supplied SaaS solutions from non-HOC equipment may be allowed so long as the appropriate security protocols are being followed.

HOC proprietary data, including but not limited to employee information, IT Systems information, financial information or human resource data, shall not be placed on any system (computer or service) that is not the property (or licensed) of HOC without written consent of the respective supervisor or division director. SaaS solutions such as G-Suite and AODOCS are supplied to enable data access with mobility while maintaining security. It is crucial to HOC to protect all data and, in order to do that effectively, we must control the systems in which it is contained. In the event that a supervisor or division director receives a request to transfer HOC data to a non- HOC computer system or service, the supervisor or division director should notify the CTO and CCO or appropriate personnel of the intentions and the need for such a transfer of data.

2.9 Handling Sensitive Information

"Sensitive Information" is information that must be protected from unauthorized access or disclosure because of laws, regulations, HOC policy, or by agreement, whether the information is in physical or electronic format.

Members of the HOC community, who access information, in physical or electronic format, obtained by or from HOC staff, vendors, customers, volunteers, contractors, or visitors using HOC facilities, services or IT systems, are responsible for properly using and, when appropriate, protecting and safeguarding the privacy of Sensitive Information that has been collected, produced or maintained by HOC in connection with its mission and/or operation as a public entity.

Members of the HOC Community must know the difference between Public Information and Sensitive Information and how to classify and protect Sensitive Information.

Every member of the HOC community is obligated to protect Sensitive Information from unauthorized access or disclosure and should be aware of the four (4) Data Classification levels used to identify and secure Sensitive Information per the Data Classification Guidelines. The goal is to assure that every member of our community can readily define Sensitive Information, such as Social Security numbers (SSN), or financial numbers in conjunction with a person's name, so they can appropriately classify the information, follow appropriate security precautions to protect the information, and not jeopardize the privacy rights of others or HOC's institutional rights or obligations.

Assigning the appropriate level of protection to Sensitive Information is called Data Classification. Much of the information under HOC's control is classified as public information, in physical and/or electronic format, and can be shared without constraint. However, some information is classified as non-public because it is personally identifiable information ("PII"), HOC proprietary information, sensitive research data, or information that is controlled by laws or regulations. Whether in physical and/or electronic format, Data Owners and Custodians must identify and appropriately classify Sensitive Information so it is protected appropriately.

2.10 Transferring Software and Files between Systems

Special precautions are required to block Internet (public) access to HOC information resources not intended for public access, and to protect confidential HOC information when it is to be transmitted over the Internet.

The following security and administration issues shall govern Internet usage.

Prior approval of the CTO, CCO, or appropriate personnel authorized by HOC shall be obtained before:

- An Internet, or other external network connection, is established.
- HOC information (including notices, memoranda, documentation and files, software, and other forms of content) is made available on any Internet-accessible computer (e.g. web, SaaS, PaaS, and IaaS) or device.
- Users may not install or download any software (applications). If Users have a need for additional software, the User is to contact their supervisor.
- Use shall be consistent with the goals of HOC. The network can be used to market services related to HOC, however use of the network for personal profit or gain is prohibited.
- Confidential or sensitive data - including all Personal Identifiable Information (PII), credit card numbers, social security numbers, passwords, and other parameters that can be used to access goods or services - shall be encrypted before being transmitted through the Internet.

3. IDENTIFICATION AND AUTHENTICATION

3.1 User IDs

Individual Users shall have a unique login ID and password. An access control system shall identify each User and prevent unauthorized Users from entering or using information resources. Security requirements for User identification include:

- Each User shall be assigned a unique identifier.
- Users shall be responsible for the use and misuse of their individual logon ID.

All User login IDs are audited at least twice yearly. HOC must be notified upon the departure of all employees and contractors, at which time login IDs are revoked.

The logon ID is locked or revoked after a maximum of three (3) unsuccessful login attempts, which then require the passwords to be reset by the appropriate Administrator.

Users who desire to obtain access to HOC systems or network resources must be authorized to do so by their supervisor and IT.

3.2 Passwords

User Account Passwords

User IDs and passwords are required in order to gain access to all HOC computers, network services and technology resources. All passwords are restricted by a corporate-wide password policy to be of a "Strong" nature. This means that all passwords must conform to restrictions and limitations that are designed to make the password difficult to compromise. Users are required to select a password in order to obtain access to any electronic information at the system, network and computer level. When passwords are reset, the User will be automatically prompted to manually change that assigned password.

3.3 Multi-Factor Authentication

Users must utilize Multi-Factor Authentication (MFA) to access all IT resources (e.g., Yardi, portal, Housing Path, email, Google Drive™, Zoom®).

Users must not share individual account access methods (e.g., DUO passcodes, passwords) with others. Users may authenticate via push notifications to smartphones and tablets, mobile passcode, SMS passcode, telephone callbacks, or hardware tokens. Should these methods not be available to the User, they should contact the HOC Helpdesk for support.

The CTO and/or CCO must approve access to IT resources that cannot support MFA.

3.4 Confidentiality and Secure Handling

Users of IT resources shall sign, as a condition for employment, an appropriate confidentiality agreement. The agreement shall include the following statement, or a paraphrase of it:

"I understand that any unauthorized use or disclosure of information residing on HOC information resource systems may result in disciplinary action consistent with the policies and procedures of federal, state, and local agencies."

Temporary workers and third-party employees not already covered by a confidentiality agreement shall sign such a document prior to accessing HOC information resources.

Confidentiality agreements shall be reviewed when there are changes to contracts or other terms of employment, particularly when contracts are ending or employees are leaving an organization.

HOC protected data, HOC sensitive data, or public data must be stored or transmitted per the Data Classification Guidelines.

Protection measures must be taken and maintained to prevent unauthorized or unlawful disclosure of HOC data. Protection measures are based on data classification and include, but are not limited to, the following:

3.5 Access Control

Forms of access control include:

- Physical access control (e.g., controlled access to buildings, rooms, data centers, appropriate handling, storage, and disposal of media).
- Administrative access control (e.g., restrict access based on role or authority).
- Technical access control (e.g., information stored on a secure server and use of privacy configurations, appropriate handling, storage, and disposal of media).

Information resources are protected by the use of access control systems. Access control systems include both internal (i.e., directory data, passwords, Encryption, access control lists, constrained User interfaces, etc.) and external (i.e., intrusion detection and preventions systems, Firewalls, antivirus and malicious content prevention, authentication systems, etc.).

Rules for access to resources (including internal and external telecommunications and networks), have been established by the information/application owner or manager with responsibility for the resources. Access is granted only by the approval of a division supervisor, system owner and CTO. This guideline satisfies the "need to know" requirement of federal regulations, since the supervisor or division director is the person who most closely recognizes an employee's need to access data.

System Based Identification and Authentication Requirements: The systems maintaining sensitive data shall maintain logs, including current User activity authorizations and data access.

3.6 User Login Entitlement Reviews

If an employee changes positions at HOC, the employee's new supervisor or division director shall promptly notify the Information Technology Division of the change in roles, by indicating through the employee onboarding system, both the roles or access to be added and the roles or access to be removed. This ensures that the employee has access to the minimum necessary data to effectively perform their new job functions. The effective date of the position change should also be noted during the employee onboarding process so that the IT Division can ensure that the employee will have appropriate roles, access, and applications for their new job responsibilities. For a limited training period, it may be necessary for the employee who is changing positions to maintain their previous access as well as adding the roles and access necessary for their new job responsibilities.

3.7 Termination of User Login Account

Upon termination of an employee, whether voluntary or involuntary, the employee's supervisor or division head shall promptly notify the IT Division by indicating “Remove Access” through the employee off boarding process. If the employee’s termination is voluntary and the employee provides notice, the employee's supervisor or division director shall promptly notify the IT Division of the employee's last scheduled work day so that their User account(s) can be configured to expire. The employee’s division director shall be responsible for ensuring that all keys, ID badges, and other access devices as well as HOC equipment and property is returned to HOC prior to the employee leaving HOC on their final day of employment.

No less than quarterly, the IT Manager(s) or their designee(s) shall provide a list of active User accounts for both network and application access to Human Resources for review. Human Resources shall review the employee access lists within five (5) business days of receipt. If any of the employees on the list are no longer employed by HOC, Human Resources will immediately notify the IT Division of the employee’s termination status and submit the updated off boarding information.

4. NETWORK RESOURCE CONNECTIVITY

4.1 Firewalls

Authorization from the CTO or appropriate personnel must be received before any employee or contractor is granted access to an HOC router or Firewall.

The following requirements must be met:

- Users who have the ability to grant access to restricted network devices including but not limited to routers, switches, and Firewalls must abide by the rules in this ISA Policy.
- All IT resources that allow access to data, systems, and networks must contain a default "deny all" inbound access rule.
- All sensitive IT resources on networks and systems must be secured from direct public access.

4.2 Wireless

User authentication is required before accessing the HOC wireless networks.

HOC monitors the wireless network for interfering devices to ensure reliable access.

HOC reserves the right to restrict/remove device access to the wireless network to prevent Users from infecting, degrading, or otherwise negatively affecting IT resources.

Users must not install a personal wireless access point or any device that interferes with wireless IT resources. Should any such device be detected, HOC notifies the User, the User is then required to disable and remove the device from the network. If the User does not promptly disable the device, HOC reserves the right to disconnect the device from the network.

5. ANTIVIRUS/ANTI-MALWARE/SOFTWARE

5.1 Antivirus

Antivirus software is installed on all HOC computers and servers. Virus definitions update patterns are updated daily on HOC servers and workstations. Virus update engines and data files are monitored by appropriate administrative staff who are responsible for keeping all Virus patterns up to date.

All HOC IT resources must maintain up-to-date antivirus software.

HOC provides antivirus software and maintains it on all HOC-owned IT resources.

Updates and Virus patches may be pushed out to individual devices through automated procedures on an as needed basis, which is known as Remote Deployment Configuration.

Uninstalling or disabling the antivirus product for any reason is prohibited.

Individuals who use non-HOC devices and choose to use other solutions should refer to the documentation provided with the software.

Users are responsible for updating the software to the most current version when prompted by their systems; IT will configure to update Virus definitions daily automatically.

5.2 Anti-Malware

All capable HOC-owned and managed devices must have installed approved anti-malware software.

Users should report suspicious activity to the HOC Helpdesk.

Users shall not allow downloads from unknown or untrusted sites.

Users should be aware of browser warnings when a website asks for additional access to your computer.

Users should be aware of spyware or adware on their computer. These types of software often have adverse effects on a computer, including, but not limited to: pop-ups or unsolicited tabs in a web browser, sluggish computer performance, or multiple unrequested browser windows.

5.3 Retention of Ownership: Software

All software programs and documentation generated or provided by employees, consultants or contractors for the benefit of HOC are the property of HOC unless covered by a contractual agreement. Nothing contained herein applies to software purchased by HOC employees at their own expense.

6. ENCRYPTION

Encryption involves the process of transforming data so that it is unreadable by anyone who does not have a decryption key. Encryption is the translation of data into a secret code. Encryption is the most effective way to achieve data security. To read an encrypted file, you must have access to a secret key or password that enables you to decrypt it. Unencrypted data is called plain text; encrypted data is called cipher text.

Full disk Encryption ("FDE"), also known as whole disk Encryption, is the process of encrypting all the data on the hard drive(s) on a computer, including the computer's operating system, and permitting access to the data only after successful authentication.

- The Encryption software used and the specific Encryption methods shall be chosen and maintained by designated IT personnel only. Staff are not to encrypt HOC data or personal data stored with an HOC system without the clear direction and approval of the HOC IT Division.
- Laptops, desktops, and servers are required to employ full disk Encryption regardless of their intended use or the data stored on them.
- Users are required to employ Encryption for all HOC Sensitive and Protected data regardless of the medium (e.g., USB, external hard drive, cloud storage).
- Users must not attempt to disable, remove, or otherwise tamper with the Encryption software.

7. BUILDING AND PHYSICAL ACCESS

It is the policy of HOC to provide building access in a secure manner. Each site is unique in terms of building ownership, lease contracts, entranceway access, fire escape requirements, and room control. However, HOC strives to continuously upgrade and expand its security and to enhance protection of its assets and sensitive information that has been entrusted to it.

The following list identifies measures that are in effect at HOC. All other facilities, as applicable, have similar security appropriate for that location.

- Description of building, location, square footage, and the use of any generator.
- Entrance to the building during non-working hours is controlled by a security code system. Attempted entrance without this code results in immediate notification to the police department.
- Only specific HOC employees are given the security code or badge access rights for entrance. Disclosure of the security code to non-employees is strictly prohibited.
- The security code is changed on a periodic basis and eligible employees are notified by company email or voice mail. Security codes are changed upon termination of employees that had access.
- The reception area is staffed at all times during the working hours of 8:00 AM to 5:00 PM.
- Any unrecognized person in a restricted office location should be reported to any security personnel on duty and/or Facilities. All visitors must sign in at the front desk, wear a visitor badge, and be accompanied by an HOC staff member. In some situations, non-HOC personnel, who have signed the confidentiality agreement, do not need to be accompanied at all times.
- Swipe cards control access to all other doors. Each card is coded to allow admission to specific areas based on each individual's job function or need to know.
- The first floor of the building has motion detection sensors that are activated after hours. Any movement within the building will result in immediate notification to the police department. All outside windows have glass breakage sensors, which if tripped, will result in immediate notification to the police department.
- The building is equipped with security cameras to record activities in the parking lot and within the area encompassing the front entrance. All activities in these areas are recorded on a 24-hour a day, 365 days per year basis.
- Fire Protection: Use of local building codes will be observed. Manufacturer's recommendations on the fire protection of individual hardware will be followed.

8. TELEWORK

All Users who participate in the HOC Telework program shall adhere to and act in accordance with guidelines set forth within the HOC Telework Policy.

9. MOBILE DEVICE MANAGEMENT

9.1 HOC-Owned Mobile Devices

Mobile devices issued to employees of HOC are to be used for business purposes only and remain the property of HOC.

All requests for mobile devices must be made using a service request and approved by the supervisor and division director.

HOC-owned mobile devices must be returned to the approving HOC division director, upon leaving the department, or when the device is no longer needed to conduct HOC business.

9.2 Bring Your Own Devices (BYOD)

When accessing HOC IT resources with a personal mobile device, the User must follow the data classification policies per the Data Classification Guidelines and is subject to the rules governing data.

HOC does not accept liability for the maintenance, backup, or loss of data stored on Users' personal mobile devices.

Users are responsible for backing up all software and data to appropriate backup storage systems.

HOC is not liable for the loss, theft, or damage of any User's personal mobile devices, including, but not limited to when the device is being used for HOC business or during business travel.

The User's personal mobile device may be subject to disclosure in the event of litigation, and the User will be required to cooperate with HOC in providing access to the device for that purpose.

9.3 Terms and Conditions

Users of mobile devices that access IT resources, which include non-HOC owned devices, must comply with the following security and risk management measures:

1. If your device is lost, stolen, or compromised, you must report it immediately to the IT Helpdesk.
2. HOC IT provides security and risk management software for accessing IT resources.
3. HOC does not accept liability for any damages due to the installation of the software mentioned above on non-HOC-owned devices.
4. All devices must be secured using a PIN (4-digit minimum) or other password protection.
5. All devices must enable automatic lockout for idle devices for (5) five or fewer minutes, where possible.
6. All devices must have remote wipe capability installed and enabled, where possible.
7. Users of mobile devices that access IT resources will be subject to remote locking or data wiping of lost, stolen, or otherwise compromised devices. To implement these security requirements, Users may contact the HOC Helpdesk.

User Code of Conduct

Users of mobile devices that access IT resources, which include non-HOC owned devices, are expected to take reasonable measures to protect the security and integrity of that data, including:

- Following the rules outlined in Section 4.2, "Wireless" of this ISA Policy;
- Protecting the physical security of the device;
- Maintaining the software configuration of the device (i.e., operating system or installed applications);
- Installing an up-to-date and secure operating system and application software as they become available;
- Following rules of HOC Protected or HOC Sensitive data per the Data Classification Guidelines; and
- Ensuring the device's security controls are not subverted via hacks, jailbreaks, security software changes, or security setting changes and working with the IT Helpdesk to test and validate any configuration, application, or settings.

10. DISPOSAL OF HARDWARE

10.1 External Media

It must be assumed that External Media possesses sensitive data that should be protected and disposed of accordingly. External Media should be disposed of in a method that ensures that there will be no data leakage and that the confidentiality and security of that data will not be compromised.

The following steps must be adhered to:

- It is the responsibility of each employee to identify media, which should be shredded and to utilize this ISA Policy in its destruction.
- External Media should never be placed in the trash.
- When no longer needed, all forms of External Media are to be sent to the appropriate personnel for proper disposal.
- The media will be secured until appropriate destruction methods are used based on NIST 800-88 guidelines.

10.2 Requirements Regarding Equipment

All equipment to be disposed of will be wiped of all data or destroyed, and all settings and configurations will be reset to factory defaults. No other settings, configurations, software installation or options will be made. Asset tags and any other identifying logos or markings will be removed.

10.3 Disposition of Excess Equipment

As older HOC computers and equipment are replaced with new systems, older machines are held in inventory for a variety of uses:

- Older machines may be utilized for spare parts.
- Older machines are used on an emergency replacement basis.
- Older machines are used for testing new software.
- Older machines are used as backups for other production equipment.

11. CHANGE MANAGEMENT

Statement of Policy

To ensure that HOC is tracking changes to network resources, systems, and devices including software releases and software vulnerability patching in information systems that contain protected data. Change tracking allows the IT Division to efficiently troubleshoot issues that arise due to an update, new implementation, reconfiguration, or other change to the system. Change tracking also allows for efficient communications to the business regarding notifications that may impact critical processes.

Procedure

1. The IT staff or other designated HOC employee who is updating, implementing, reconfiguring or otherwise changing any production infrastructure system (i.e., servers, network equipment or cloud infrastructure) will present a change plan and justification for the change to the CTO for approval.
    a. Changes to systems that may have an impact on the business must be communicated to the business prior to the change or immediately after if addressing an emergency.
2. The employee implementing the change will ensure that all necessary data backups are performed prior to the change.
3. The employee implementing the change also shall be familiar with the rollback process in the event that the change causes an adverse effect within the system and needs to be removed.

12. DATA INTEGRITY

Statement of Policy

HOC shall implement and maintain appropriate electronic mechanisms to corroborate that sensitive data has not been altered or destroyed in an unauthorized manner.

The purpose of this policy is to protect HOC data from improper alteration or destruction.

Procedure

To the fullest extent possible, HOC shall utilize automation, applications, integrations, and workflows with built-in intelligence that automatically checks for human errors.

HOC shall maintain intrusion detection systems. The Chief Technology Officer or delegate shall be responsible for installing, maintaining, and updating such systems.

To prevent transmission errors as data passes from one computer to another, HOC will use Encryption, as determined to be appropriate, to preserve the integrity of data.

HOC will check for possible duplication of data in its database repositories and systems to prevent poor data integration between different systems.

To prevent programming or software bugs, HOC will test its information systems for accuracy and functionality before it starts to use them. HOC will update its systems when IT vendors release fixes to address known bugs or problems.

HOC will install and regularly update antivirus software on monitoring all systems to detect and prevent malicious code from altering or destroying data.

13. SECURITY AND AWARENESS TRAINING

Statement of Policy

To establish a security awareness and training program for all members of HOC.

All workforce members shall receive appropriate training concerning HOC security policies and procedures. Such training shall be provided on an ongoing basis to all new and current employees.

1. Security Training Program
    a. The Chief Technology Officer and Chief Compliance Officer shall have joint responsibility for the development and delivery of the security training. All workforce members shall receive such training throughout the year. Training will be monitored and attendance and/or participation in such training will be mandatory for all.
    b. The CTO shall be responsible for maintaining appropriate documentation of all training activities and supporting the selection of training materials. This includes responsibility for the development and delivery of ongoing security training in response to environmental and operational changes affecting the security of data, e.g., threat landscape changes, new software, and new protocols.

2. Security Reminders
    a. The CTO shall generate and distribute routine security reminders to all workforce members on a regular basis. Periodic reminders may address credentials, malicious software, incident identification and response, and access control. The CTO may provide such reminders through formal training, e-mail messages, and discussions during staff meetings, newsletter/intranet articles, posters, promotional items such as coffee mugs, mouse pads, sticky notes, etc. The CTO shall be responsible for maintaining appropriate documentation of all periodic security reminders.
    b. The CTO shall generate and distribute special notices to all workforce members providing urgent updates, such as new threats, hazards, vulnerabilities, and/or countermeasures.

3. Protection from Malicious attacks and software
    a. As part of the aforementioned Security Training Program and Security Reminders, the CTO shall provide training concerning the prevention, detection, containment, and eradication of malicious software.
    b. In addition, the CTO will ensure the workforce is educated on ransomware threats, attacks, and responses. Every staff member may play a critical role in defending and mitigating such risks; therefore, each must be part of the solution.

14. SECURITY MANAGEMENT PROCESS

Purpose

To ensure HOC conducts an accurate and thorough assessment of the potential risks and vulnerabilities to the confidentiality, integrity, and availability of IT resources held by HOC.

Annually, HOC shall conduct an accurate and thorough risk analysis. HOC shall re-assess the security risks to its business and evaluate the effectiveness of its security measures and safeguards as necessary in light of changes to business practices and technological advancements.

The CTO (or designee) is authorized to perform periodic information security risk assessments to determine areas of vulnerability and to initiate appropriate remediation.

Risk assessments must identify, quantify, and prioritize risk acceptance and objectives relevant to HOC. The results are to guide and determine the appropriate management action and priorities for managing information security risks and for implementing controls to protect against these risks.

Risk assessments are performed periodically to address changes in security requirements and the risk situation (e.g., threats, vulnerabilities, impacts, risk evaluation, and data classification).

Risk assessments are to be undertaken systematically, capable of producing comparable and reproducible results. The information security risk assessment should have a clearly defined scope to be effective and should include relationships with risk assessments in other areas, if appropriate.

All patches or configuration changes must be deployed to HOC-owned or managed IT resources in a timely manner.

All IT resources must be part of a patch management cycle.

Application and system owners are responsible for the assessment and remediation of IT resources under their management or supervision.

If a solution or remediation is not available to address a vulnerability, the CSIRT must approve any compensating or other mitigating controls.

Application and system owners must have a written and auditable procedure addressing remediation steps.

The CTO or their delegate shall evaluate effectiveness of measures and safeguards following implementation and make appropriate adjustments.

The CTO shall be responsible for identifying appropriate times to conduct follow-up evaluations and coordinating such evaluations. The IT Division shall identify appropriate persons within the organization to assist with such evaluations. Such evaluations shall be conducted upon the occurrence of one or more of the following events: changes in the HIPAA Security Regulations; new federal, state, or local laws or regulations affecting the security of PHI; changes in technology, environmental processes, or business processes that may affect HIPAA Security policies or procedures; or the occurrence of a serious security incident. Follow-up evaluations shall include the following:

- Inspections, reviews, interviews, and analysis to assess adequacy of administrative and physical safeguards. Such evaluation shall include interviews and tabletop exercises to assess employee compliance; review of latest security policies and procedures for correctness and completeness; and inspection and analysis of training, incident, and logs for compliance.
- Analysis to assess adequacy of controls within the network, operating systems and applications. As appropriate, HOC IT shall engage outside vendors to evaluate existing physical and technical security measures and make recommendations for improvement.

15. EMPLOYEE BACKGROUND CHECKS

HOC will conduct employment reference checks, investigative consumer reports, and background investigations on all candidates for employment prior to making a final offer of employment and may use a third party to conduct these background checks. HOC will obtain written consent from applicants and employees prior to ordering reports from third-party providers and will provide a description of applicant and employee rights and all other documentation as required by law to each applicant or candidate in accordance with FCRA and applicable state and federal statutes. All background checks are subject to these notice and consent requirements.

An investigative consumer report compiles information on a candidate’s general reputation, personal characteristics, or mode of living. This information may be gathered online including social networking sites, through public or educational records, or through interviews with employers, friends, neighbors, associates, or anyone else who may have information about the employee or potential employee. In the pre-employment process, investigative consumer reports typically include such things as criminal records checks, education verification checks, and employment verification checks.

The type of information that will be collected by HOC in background checks may include, but is not limited to, some or all of the following:

- Private and government agency reports related to any history of criminal, dishonest, or violent behavior, and other reports that relate to suitability for employment.
- Education (including degrees awarded and GPA).
- Employment history, abilities, and reasons for termination of employment.
- Professional licensing board reports.
- Address history.
- Credit reports.
- Social security number scans.
- Civil court filings.
- Motor vehicle and driving records.
- Professional or personal references.

This information may also be sought out at other times during employment, such as during reassignment or promotional periods, and following safety infractions or other incidents.

HOC will conduct background checks in compliance with the federal Fair Credit Reporting Act (FCRA), the Americans with Disabilities Act (ADA), and all other applicable local, state, and federal laws and regulations. Applicants and employees may request and receive a copy of requested "investigative consumer reports."

A reported criminal offense conviction will not necessarily disqualify a candidate from employment. The nature and seriousness of the offense, the date of the offense, the surrounding circumstances, rehabilitation, the relevance of the offense to the specific position(s), and whether hiring, transferring or promoting the applicant would pose an unreasonable risk to the business may be considered before a final decision is reached. HOC will follow FCRA requirements, other applicable statutes, and HOC procedures for providing information and reports, making decisions, and responding to applicants and employees regarding potentially adverse actions to an investigative report.

HOC reserves the right to withdraw any offer of employment or consideration for employment, or discharge an employee, upon finding falsification, misrepresentation, or omission of fact on an employment application, resume, or other attachments, as well as in verbal statements, regardless of when it is discovered.

Background check reports shall be maintained in separate, confidential files and retained in accordance with the HOC's document retention procedures.

16. DISCOVERY POLICY: PRODUCTION AND DISCLOSURE

Statement of Policy

It is the policy of this organization to produce and disclose relevant information and records in compliance with applicable laws, court procedures, and agreements made during the litigation process.

Purpose

The purpose of this policy is to outline the steps in the production and disclosure process for health information and records related to e-discovery for pending litigation.

Scope

This policy addresses e-discovery production and disclosure procedures related to the Federal Rules of Civil Procedures.

Procedure

Accurate Employee Identification

Responsible	Action
HOC	For litigation involving an individual's Computer Work, phone verify the employee's identity, including demographic information and identifiers, including the employee number. *[Note: When conducting searches, it is critical to identify the correct employee and relevant information.]*

Subpoena Receipt and Response

Responsible	Action
Legal Services	Upon receipt, subpoenas should be reviewed to determine that all elements are contained, the parties and the purpose are clearly identified, and the scope of information requested is clear. ● Validate the served subpoenas before official acceptance. The validation process includes at a minimum: ○ Verification of appropriate service of the subpoena and that the organization is under legal obligation to comply with it, and ○ Verification that the seal and clerk of the court signature are present and valid. Review of the venue and jurisdiction of the court for the case.
HOC	Notify Legal Services that a subpoena has been received and determine if a legal hold is in place. If not, Legal Services should determine whether a legal hold should be applied.
HOC	If the subpoena requests "any and all records," HOC and/or Legal Services should work with the judge and/or plaintiff's attorney to clarify the scope and type of information being requested. *[Note: The e-discovery process will identify vast volumes of data, which can overwhelm a case; the parties should identify information that is necessary and relevant rather than providing all information.]*

Responsible	Action
Legal Services	Provide direction to HOC in the processing of the subpoena, including the specific information to produce, agreed upon file formats and forms of production, whether an objection will be filed, timeframe to produce and disclose, and whether on-site testing/sampling will be conducted by the requesting party.
Legal Services	If an outside firm is retained, such as outside counsel or discovery/litigation consultants, perform an analysis to determine if the contracted firm will have access to PHI and will need to sign a contract with HOC.

Search and Retrieve Process

Responsible	Action
Legal Services	Identify the potential sources of information which may hold potentially relevant information, such as: ● Local area servers for the office ● Personal shares or personal folders on servers ● Dedicated servers for the organization ● Laptop and/or department computers ● Home computers, PDAs, smartphones ● Email, including archived email and sent email ● Email trash bin, desktop recycle bin ● Text/instant message archives ● Removable storage media (e.g., CDs, DVDs, memory sticks and thumb drives) ● Department/office files such as financial records ● Personal desk files ● Files of administrative personnel in department/office ● Files located in department/office staff home ● Web site archives
HOC, Data Owners	Based on direction from Legal Services on the potential locations of relevant information and the information agreed upon in the discovery plan and/or subpoena, establish search parameters (employee identifiers, search terms, key words, etc.) and conduct the search process. Maintain a record of the systems searched, search methodology, search parameters (terms), and search results.
IT	Assist HOC and Data Owners in the search and retrieval process for various systems and data sources.
HOC, Data Owners	Screen or filter the search results, eliminating inappropriate information (e.g., wrong employee, outside the timeframe, not relevant to the proceeding, etc.).
Legal Services	Review the content of the data/data sets found to determine relevance to the proceeding and identify information that is considered privileged.
Legal Services, HOC, Data Owners	Determine the final list of relevant data/data sets, location, and search methodology.

Production of Records/Data

Responsible	Action
HOC, Data Owners, IT	Determine the format the information will be disclosed, such as: paper, ASCII, PDF, TIF, screen shot, mirror copy of data file, or review of material on-line. The format will vary depending on data, source, and agreement made in the Discovery Plan/Form 35.

HOC, Data Owners, IT	Produce the information in the agreed-upon format as outlined in the discovery plan/Form 35.
Legal Services, HOC, Data Owners, IT	Mask, redact, or retract non-relevant, privileged, or confidential information (such as on a different employee) as appropriate.
Legal Services	Conduct final review of information before disclosing to requesting party
Legal Services	Retain a duplicate of information disclosed to the requesting party.

Charges for Copying and Disclosure

Responsible	Action
HOC, Data Owners, IT	For the information searched and disclosed, calculate the costs for search, retrieval, and disclosure methods using the organization's established formula and governmental formulas for reproduction charges.
HOC	Invoice requesting parties for allowable charges related to the reproduction of employee information and records
Legal Services	Determine whether other expenses may be charged in accordance with the discovery plan or negotiation with litigants and/or judge.

Testing and Sampling

Responsible	Action
Legal Services	A party to the legal proceeding may request to test and sample the search and retrieve methodology. Testing and sampling should be discussed and agreed upon during the pretrial conference and part of the discovery plan, including whether an external party will test and sample the search and retrieve methodologies. The costs and charges should also be determined and negotiated.
HOC, Data Owners	Retain information on all searches; including methodology, key words, and systems used in case the methodology has to be recreated for testing purposes and to determine if the sample was statistically valid.
Legal Services, HOC	Assign a monitor for the outside party during their testing protocols.

Responding to Interrogatories, Deposition, Court Procedures

Responsibility	Action
Legal Services	Legal Services manages the completion of the interrogatories, the taking of depositions, and giving of testimonies in court.
HOC (official record custodian)	HOC may provide information for an interrogatory, be deposed, or testify in court. HOC is the official custodian of the record and can testify whether the records were kept in the normal course of business and the authenticity of the records. In addition, HOC also addresses the good faith operations related to records management, retention/destruction, and the search and retrieval process/parameters.
IT (official system custodian)	IT may provide information for an interrogatory, be deposed, or testify in court. IT is the official custodian of the information system and may testify about the technical infrastructure, system architecture, security practices, source applications, and the good faith operations from a technical infrastructure perspective.
Data Owners	Data owners may provide information for an interrogatory, be deposed, or testify in court. The Data Owners may testify about the specific issues related to their department/business process area.

Primary/Direct Custodian	Primary/direct custodians may provide information for an interrogatory, be deposed, or testify in court. The primary/direct custodians are those person(s) who work with the data directly or have direct involvement/knowledge of the events of the litigation.
Business Associates/Third Parties	Business Associates/Third Parties may provide information for an interrogatory, be deposed, or testify in court. These include contractors and others who serve a variety of functions associated with a party's information but who themselves are not parties to the litigation. Examples include Internet service providers, application service providers such as a claims clearinghouse, and other providers who provide services ranging from off-site data storage to complete outsourcing of the IT Division.

17. e-DISCOVERY POLICY: RETENTION

Statement of Policy

It is the policy of HOC to maintain and retain enterprise health information and records in compliance with applicable governmental and regulatory requirements. HOC will adhere to retention schedules and destruction procedures in compliance with regulatory, business, and legal requirements, and act in accordance with guidelines set forth within the HOC Compliance Oversight Process for Document Retention. The processes outlined within this policy serve to complement, not to supersede, the guidelines within the HOC Compliance Oversight Process for Document Retention.

Purpose

The purpose of this policy is to achieve a complete and accurate accounting of all relevant records within the organization; to establish the conditions and time periods for which paper based and electronic health information and records will be stored, retained, and destroyed after they are no longer active for employee or business purposes; and to ensure appropriate availability of inactive records.

Scope

This policy applies to all enterprise information and records whether the information is paper based or electronic.

Definitions

Data Owners - Each department or unit that maintains HOC data, either in electronic or paper form, is required to ensure that records in their area are preserved, maintained, and retained in compliance with records management policies and retention schedules established by the Compliance Division [or other designated authority].

Property Rights - All enterprise information and records generated and received are the property of the organization. No employee, by virtue of their position, has any personal or property right to such data even though they may have developed or compiled them.

Workforce Responsibility - All employees and agents are responsible for ensuring that enterprise data and records are created, used, maintained, preserved, and destroyed in accordance with this ISA Policy.

Destruction of Enterprise Information and Records - At the end of the designated retention period for each type of data source, it will be destroyed in accordance with the procedures in this ISA Policy, unless a legal hold/preservation order exists or is anticipated.

Unauthorized Destruction - The unauthorized destruction, removal, alteration, or use of employee information and records is prohibited. Persons who destroy, remove, alter or use health information and records in an unauthorized manner will be disciplined in accordance with the HOC Personnel Policy and the Collective Bargaining Agreement.

Procedure

Responsibility	Action
HOC	HOC will be responsible for the following: ● Review, maintain, publish, and distribute retention schedules and records management policies and procedures. ● Develop control forms relating to business records. ● Audit compliance with records management (both electronic and paper) policies and retention schedules and report findings as needed. ● Provide training for records management. Training will be provided to any individual or department that needs assistance. ● Oversee operation of designated offsite record storage center(s) for archival storage of paper health information and records or serve as contract administrator for such services. ● Contract for destruction of paper and electronic records and certification thereof.
IT/HOC/Data Owners	IT/HOC/Data Owners will ensure that electronic storage of enterprise health information and records is carried out in conjunction with archiving and retention policies.
HOC	Departments are responsible for implementing and maintaining records management programs for their designated areas. They will organize and manage online records management control forms relating to enterprise records and information in their areas of responsibility to accomplish the following: ● Transfer records to storage ● Identify, control, and maintain records in storage ● Retrieve and/or return records from/to storage ● Document the destruction of records and the deletion of records from the records inventory ● Monitor the records management process
Legal Services	Legal Services serves as subject matter expert and provides counsel regarding records designations and legal and statutory requirements for records retention and pending legal matters. It ensures that access to or ownership of records is appropriately protected in all divestitures of property or lines of business or facility closures.

Guidelines for Retention of Records/Information and Schedules

Record Retention	Unless otherwise stipulated, retention schedules apply to all records. Records will only be discarded when the maximum specified retention period has expired, the record is approved for destruction by the record owner, and a Certificate of Destruction is executed.
Non-record Retention	Non-records are maintained for as long as administratively needed, and retention schedules do not apply. Non-records may and should be discarded when the business use has terminated. For example, when the non-record information, such as an employee's personal notes, is transferred to a record, such as an incident report, the notes are no longer useful and should be discarded. Preliminary working papers and

	superseded drafts should be discarded, particularly after subsequent versions are finalized. Instances where an author or recipient of a document is unsure whether a document is a record as covered or described in this policy should be referred to the Compliance Officer for determination of its status and retention period.
Email Communication Retention	Depending on content, email may be considered records and are subject to this policy. If an email message would be considered a record based on its content, the retention period for that email message would be the same for similar content in any other format. The IT Division maintains an archive that ingests and securely retains all email separately from the email system.
Development of Records Retention Schedules	Retention Schedule Determined by Law: All records will be maintained and retained in accordance with Federal and state laws and regulations. Electronic records must follow the same retention schedule as physical records, acknowledging the format and consolidated nature of records within an application or database. Retention of Related Computer Programs: Retention of records implies the inherent ability to retrieve and view a record within a reasonable time. Retained electronic data must have retained with it the programs required to view the data. Where it is not economically feasible to pay for maintenance costs on retired or obsolete hardware or software only for the purpose of reading archived or retained data, then data may be converted to a more supportable format, as long as it can be demonstrated that the integrity of the information is not degraded by the conversion. Data Owners should work closely with IT personnel in order to comply with this section. Retention of Records in Large Applications: Retention of data for large-scale applications, typically those that reside in the data center and are accessed by a larger audience, shall be the responsibility of the IT Division. Retention of Records on Individual Workstations: Primary responsibility for retention of data created at the desktop level—typically with email, Microsoft Office applications such as Word, Excel, PowerPoint, Access, or other specialized but locally run and saved computer applications—shall be with the User/author. The User/author will ensure that the documents are properly named and saved to be recognizable by the User in the future, and physically saved to a "shared drive." By saving a copy in this manner, IT will create an archive version of the saved document for a specified number of years after the User deletes the copy from the shared drive. Records with retention periods in excess of this period will require an alternative means of retention. Users are responsible for the security of any confidential information and/or protected health information created or maintained on their workstations.

Storage and Destruction Guidelines

Records Destruction	General Rule: Records that have satisfied their legal, fiscal, administrative, and archival requirements may be destroyed in accordance with the Records Retention Schedules. Permanent Records: Records that cannot be destroyed include records of matters in litigation or records with a permanent retention. In the event of a lawsuit or government investigation, the applicable records that are not permanent cannot be destroyed until the lawsuit or investigation has been finalized. Once the litigation/investigation has been finalized, the record may be destroyed in accordance with the Records Retention Schedules, but in no case shall records used in evidence to litigation be destroyed earlier than a specified number of years from the date of the settlement of litigation. Destruction of Records Containing Confidential Information: Records must be destroyed in a manner that ensures the confidentiality of the records and renders the information unrecognizable. Approved methods shall be employed to destroy records in accordance with local, state and federal rules; these methods may include but are not limited to recycling, shredding, burning, pulping, pulverizing and magnetizing. Destruction of Non-Records Containing Confidential Information: Destruction of Non-Records containing personal health information or other forms of confidential corporate, employee, member, information of any kind shall be rendered unrecognizable for both source and content by means of shredding, pulping, etc., regardless of media. This material shall be deposited in on-site, locked shred collection bins or boxed, sealed, and marked for destruction. Disposal of Electronic Storage Media: Electronic storage media must be assumed to contain confidential or other sensitive information and must not leave the possession of the organization until confirmation that the media is unreadable or until the media is physically destroyed. Disposal of Electronic Media: Electronic storage media, such as CD-ROMS, DVDs, tapes, tape reels or USB thumb drives containing confidential or sensitive information may only be disposed of by approved destruction methods. Approved methods shall be employed in accordance with local, state and federal rules. These methods may include but are not limited to: burning, shredding or other approaches to rendering the media unusable, i.e., degaussing, which uses electro-magnetic fields to erase data, or, preferred for magnetic media when media will not be physically destroyed, "zeroization" programs (a process of writing repeated sequences of ones and zeros over the information). CD-ROMs, DVDs, magneto-optical cartridges and other storage media that do not use traditional magnetic recording approaches must be physically destroyed. Disposal of IT Assets: Disposal of information system equipment, including the irreversible removal of information and software, must occur in accordance with approved procedures and will be coordinated by IT personnel.

18. CYBER BREACH AND NOTIFICATION PROCEDURES

Definition

Cyber Security Breach is any incident that results in unauthorized access to computer data, applications, networks, or devices. A Data Breach is a security violation (e.g., unintentional information disclosure, data leak, information leakage, data spill), in which sensitive, protected, or confidential data is copied, transmitted, viewed, stolen, or used by an unauthorized individual.

Statement of Policy

Any individual who suspects that a theft, breach, or exposure of HOC Protected data or HOC Sensitive data has occurred must immediately provide a description of what happened to the HOC Compliance Division via email.

Purpose

To outline the process for notifying affected individuals of a breach of protected information under the Privacy Act, unsecured protected health information (PHI) for the purposes of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Health Information Technology for Economic and Clinical Health Act ("HITECH"), and/or state breach notification purposes.

Scope

This applies to all employees, volunteers, and other individuals working under contractual agreements with HOC.

Definitions

State Breach – Unauthorized acquisition or reasonable belief of unauthorized acquisition of Personal Information that compromises the security, confidentiality, or integrity of the Personal Information.

Personal Information – Personal Information has many definitions including definitions by statute, which may vary from state to state. Most generally, Personal Information is a combination of data elements, which could uniquely identify an individual. Please review applicable state Data Breach statutes to determine what definition of Personal Information is applicable for purposes of the document.

HIPAA Breach – Unauthorized acquisition, access, use, or disclosure of unsecured PHI.

Personally Identifiable Information ("PII") – Information in any form that consists of a combination of an individual's name and one or more of the following: Social Security Number, driver's license or state ID, account numbers, credit card numbers, debit card numbers, personal code, security code, password, personal ID number, photograph, fingerprint, or other information which could be used to identify an individual.

Individually Identifiable Health Information ("IIHI") – PII which includes information related to the past, present or future condition, treatment, payment or provision of health care to the identified individual.

Privacy Act Breach – Unauthorized acquisition or reasonable belief of unauthorized acquisition of personal information protected by the Privacy Act. This information includes, but is not limited to Social Security Number, government issued ID numbers, financial account numbers or other information posing a risk of identity theft.

Private Information – Information protected by the Privacy Act, Personally Identifiable Information, Personal Information and Protected Health Information collectively.

Protected Health Information (PHI) – Individually identifiable health information except for education records covered by FERPA and employment records.

Procedure

Reporting a Possible Breach

1. Any employee who becomes aware of a possible breach of privacy involving Private Information in the custody or control of HOC will immediately inform their supervisor/manager.
    a. Notification should occur immediately upon discovery of a possible breach.
2. The supervisor/manager will verify the circumstances of the possible breach and inform the Chief Compliance Officer, Chief Technology Officer, the division Administrator/Director, Security Breach group and HOC Help Desk immediately.
    a. Email helpdesk@hocmc.org and securitybreach@hocmc.org.
    b. Provide as much detail as possible.
    c. Be responsive to requests for additional information.
    d. Be aware that the Chief Compliance Officer has an obligation to follow up on any reasonable belief that Private Information has been compromised.

Containing the Breach

1. Members of the Security Breach group will take the following steps to limit the scope and effect of the breach.
    a. Work with division(s) to immediately contain the breach. Examples include, but are not limited to:
        i. Stopping the unauthorized practice.
        ii. Recovering the records, if possible.
        iii. Shutting down the system that was breached.
        iv. Mitigating the breach, if possible.
        v. Correcting weaknesses in security practices.
        vi. Notifying the appropriate authorities including the local Police Department if the breach involves, or may involve, any criminal activity. Any notification to the authorities must be in conjunction with the Executive Director and legal counsel.

Investigating and Evaluating the Risks Associated with the Breach

1. To determine what other steps are immediately necessary, the Chief Compliance Officer in collaboration with the HOC's Legal Counsel and affected department(s) and administration, will investigate the circumstances of the breach.
    a. A team will review the results of the investigation to determine root cause(es), evaluate risks, and develop a resolution plan.
    b. The Chief Compliance Officer, in collaboration with HOC Legal Counsel, will consider several factors in determining whether to notify individuals affected by the breach including, but not limited to:
        i. Contractual obligations.
        ii. Legal obligations – the HOC Legal Counsel should complete a separate legal assessment of the potential breach and provide the results of the assessment to the Chief Compliance Officer and the rest of the breach response team.
        iii. Risk of identity theft or fraud because of the type of information lost such as social security number, banking information, identification numbers.
        iv. Risk of physical harm if the loss puts an individual at risk of stalking or harassment.
        v. Risk of hurt, humiliation, or damage to reputation when the information includes medical or disciplinary records.
        vi. Number of individuals affected.

Notification

1. The Chief Compliance Officer will work with the division(s) involved, HOC Legal Counsel and appropriate leadership to decide the best approach for notification and to determine what may be required by law.
2. If required by law, notification of individuals affected by the breach will occur as soon as possible following the breach.
    a. Affected individuals must be notified without reasonable delay, but in no case later than sixty (60) calendar days after discovery, unless instructed otherwise by law enforcement or other applicable state or local laws.
        i. Notices must be in plain language and include basic information, including:
            1. What happened;
            2. Types of data involved;
            3. Steps individuals should take;
            4. Steps covered entity is taking; and
            5. HOC Contact Information.
        ii. Notices should be sent by first-class mail or if an individual agrees, electronic mail or phone call. If insufficient or out-of-date contact information is available, then a substitute notice is required as specified below.
    b. If law enforcement authorities have been contacted, those authorities will assist in determining whether notification may be delayed in order not to impede a criminal investigation.
3. The required elements of notification vary depending on the type of breach and which law is implicated. As a result, the HOC Chief Compliance Officer and Legal Counsel should work closely to draft any notification that is distributed.
4. Indirect notification such as website information, posted notices, media will generally occur only where direct notification could cause further harm, or contact information is lacking.

    a. If deemed appropriate with a mass breach consisting of five hundred (500) or more individuals and contact information is insufficient for direct communications, HOC may notify a prominent media outlet that is appropriate for the size of the location with affected individuals, and notice will be provided in the form of a press release.
5. Using multiple methods of notification in certain cases may be the most effective approach.

Business associates must notify the HOC if they incur or discover a breach of unsecured PHI.

1. Notices must be provided without reasonable delay and in no case later than sixty (60) days after discovery of the breach.
2. Business associates must cooperate with the HOC in investigating and mitigating the breach.

Notice to Health and Human Services (HHS) as required by HIPAA – If the HOC Legal Counsel determines that HIPAA notification is not required; this notice is also not required.

1. Information regarding breaches involving five hundred (500) or more individuals, regardless of location, must be submitted to HHS at the same time that notices to individuals are issued.
2. If a breach involves fewer than five hundred (500) individuals, the HOC will be required to keep track of all breaches and to notify HHS within sixty (60) days after the end of the calendar year.

Prevention

1. Once immediate steps are taken to mitigate the risks associated with the breach, the Compliance Officer will investigate the cause of the breach.
    a. If necessary, this will include a security audit of physical, organizational, and technological measures.
    b. This may also include a review of any mitigating steps taken.
2. The Compliance Officer will assist the responsible department to put into effect adequate safeguards against further breaches.
3. Procedures will be reviewed and updated to reflect the lessons learned from the investigation and regularly thereafter.
4. The resulting plan will also include audit recommendations, if appropriate.

Compliance and Enforcement

All division directors, managers and supervisors are responsible for enforcing these procedures. Employees who violate these procedures are subject to discipline up to and including termination in accordance with the Collective Bargaining Agreement and HOC Personnel Policy.

PLAN REVISION

Revision	***Date***	***Summary of Changes***	***Approved by***
1.0	3-2-2022	Document Creation	
1.1	5-6-2022	Addressed CLA requested revisions as of 5/4/2022	

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TELEWORK POLICY

PURPOSE AND SCOPE

Telework is the employee's performance of duties and responsibilities of their position from home. Telework is intended to be a transparent arrangement. Teleworkers and supervisors should maintain awareness of its effect on position responsibilities and proactively adapt to minimize any negative effect on the work.

While telework is a critical element of an employee-friendly and family-friendly workplace, other options are available to employees and managers to accomplish this goal. These options include the use of Compressed Work Schedules and Flex Time**.** HOC's goal is to utilize telework to establish a more efficient, responsive, and resilient approach to providing services to customers and businesses in the community**.** Other advantages of telework include:

- Providing healthy work environments to foster an engaged workforce better able to balance work and life commitments.
- Enhancing recruitment and retention of employees.
- Building a more resilient organization prepared for future crises where we limit barriers to getting work done when in-office work is not possible.
- Leading other organizations within the County and region towards achieving environmental and health goals through more limited commuting.
- Contributing to achieving the County's greenhouse gas reduction goals to help move our community and our nation toward a better future.
- Cost savings for reduced office space needs.

<u>Telework</u>

It is important that the home office be conducive to the work to be performed and free from unnecessary distractions. HOC provides standards for the telework location in the section on "Workspace." Anyone requesting to work from a location other than their home, even temporarily, must get approval from their Division Director. Employees must notify their immediate supervisor of any changes to their telework location. All regular telework locations must be within 90 miles of the employee's HOC worksite.

Not all positions and not all employees are good candidates for telework. Some positions require direct face-to-face contact with customers or direct service that can only be done in-person or at a specific work location. In some cases, a position's duties and responsibilities may be restructured so that duties and assignments that can be performed through a telework arrangement are done in that manner and duties not suited to telework are performed in the traditional work setting.

It is also important to recognize that the telework location is not intended to duplicate the flexibility of the traditional work setting. Under no circumstances are work related in-person meetings to be conducted at an employee's home.

The key to a successful telework arrangement is individual proficiency with the tools and equipment that enable the employee to be productive while teleworking, including the ability to manage and prioritize the work requirements independently.

A teleworker who participates in the Telework Program more than half the time may be required to relinquish their office space and utilize a hoteling station when they are at the Main Worksite. In the event a teleworker does not have a dedicated workspace at the Main Worksite, the teleworker will be provided with a locking cabinet or drawer in which personal items may be stored for safekeeping while they are at the Main Worksite.

GENERAL ROLES AND RESPONSIBILITIES

Telework relies on multiple parts of the organization coordinating action through defined roles and responsibilities.

Human Resources - Administers HOC'S Telework Program

- Appoint a Telework Manager, provides HOC's oversight to the program and searches for solutions to continuously improve teleworking.
- Provides guidance on position suitability and employee eligibility criteria for the departments/ divisions to apply.
- Assists departments/divisions in achieving the goals set forth.
- Provides direction to departments/divisions in the areas of pay and leave; Agency closure; Performance Plan and Review process; recruitment and retention; and accommodations for persons with disabilities, consistent with the Collective Bargaining Agreement (for represented staff) and Agency practices.
- Coordinates with other departments that play a role in teleworking such as Information Technology and Facilities.
- Acts as an information resource for teleworkers, departments and supervisors.
- Supports departments, teams, and employees–by providing education and training on best practices in telework environment.
- Coordinates Telework Application and Termination processes (including the Union Appeals process for represented staff).

HOC Departments/ Divisions - Implement HOC Telework Program

- Maintain telework agreements.
- Determine position suitability for participation in telework.
- Work with Human Resources (HR) to meet telework objectives consistent with operational needs.
- Report to HR on the progress of implementing the telework program to include the approved number of telework participants and the approved frequency of participation.
- Incorporate telework into departmental Continuity of Operations Plans consistent with existing HOC policies and procedures.
- Division Directors will agree or disagree with the supervisor's recommendation by approving or denying Telework Applications.

- Submit all Telework Applications, whether approved or denied, to the Human Resources Office.

Supervisors - Facilitate Employee and Team Telework Success

- Implement telework agreements with individual employees and establish clear expectations with the employees regarding performance.
- Recommend Telework Applications for approval or denial and submit to the Department Director with supporting documentation.
- Ensure the individual has the appropriate training and equipment for successful teleworking.
- Identify and remove barriers to telework by utilizing new and/or available technologies and updating work processes, consistent with operational need.

Teleworkers – Maintain or Enhance Services and Outcomes for HOC Customers

- Submit a Telework Application, collaborate with supervisor to execute a telework agreement, and attend telework training as required.
- Prepare and plan for unexpected teleworking situations to ensure organizational resilience in the face of emergencies.
- Teleworking employees are expected to be able to attend on-site events that are needed to fulfill the responsibilities of their position. Each employee's telework agreement will clarify expectations regarding on-site availability. Just as with on-site employees, commuting expenses are the responsibility of the employee.
- Telework employees agree to perform only official duties and not to conduct secondary employment or personal business during scheduled working hours. Personal business includes, but is not limited to, actively caring for dependents, making home repairs, running errands, etc. during working hours.
- Teleworkers are required to immediately notify management of any changes that may alter their telework agreement.

PARTICIPATION IN TELEWORK

Participation in the Telework Program is voluntary. The expectation is that any employee in a position eligible for telework will be prepared for telework should the occasion arise. Position duties and responsibilities may be restructured so that duties and assignments that can be performed through a telework arrangement are done in that manner and duties not suited to telework are performed at the HOC worksite.

Employee participation in telework may fall in one of the following categories:

- Recurring telework – employees work from a remote location on a regular, recurring basis up to 5 days per week.
- Intermittent/Situational telework – employees would generally work on-site, but would telework for limited periods of time based on either circumstances impacting the availability of the HOC worksite, or job responsibilities that could best be accommodated by working remotely.
- On-site – employees do not telework.

Employees working remotely and employees working on-site have equal responsibility to provide seamless access to information and participate in work functions, as well as video conferencing and meetings to fully support a partially remote telework environment.

ELIGIBLE POSITIONS

For the purposes of the Telework Program, the Housing Opportunities Commission has developed the standards listed below for the determination of position eligibility.

- The essential functions of the position must be able to be performed off-site with access to Google Drive, email, and phone support.
- Telework employees must be able to troubleshoot routine problems independently or with only phone assistance from the Informational Technology Division.
- The employee must be able to work independently and plan and carry out assignments with little assistance or direction from others.
- Confidentiality of proprietary information of the Housing Opportunities Commission must be maintained.
- Service delivery to the customers of the position, internally and externally, must be maintained or improved.

Examples of duties typically suitable for remote work/telework

Many positions have duties which are "portable" and thus should be at least in part compatible with remote work. These tasks do not require employees to be physically present at the worksite. Examples include:

- Reading/reviewing documents, articles, or emails
- Data entry and analysis
- Receiving and making telephone calls
- Performing research
- Analyzing documents and studies
- Preparing written letters, memorandums, reports, and correspondence
- Preparing presentations
- Participating in virtual programs/events
- Setting up and participating in conference calls or online/virtual meetings
- Participating in and creating professional development and training
- Collaborating with team members and supervisors

Duties not typically suitable for remote work/telework

Functions which require on-site, physical interface or interaction in order to be fully effective typically do not lend themselves to being performed effectively remotely. In some cases, these interactions may involve direct service to the public; in other cases, the duties require a physical presence for other reasons and may include the following:

- On-site Events – e.g., duties that must be performed in a building or other structure, a promotional event such as groundbreaking ceremonies, town hall meetings, snow removal etc.

- Job Duties – e.g., maintenance work for housing units and HOC facilities, performing on-site inspection activities, leasing activities, and other responsibilities such as picking up and delivering mail as well as functions which require use of equipment located at HOC facilities, large scale scanning and printing.
- Individuals – e.g., positions that work with people that require in-person interaction or oversight, etc.
- Outside organizations or entities – positions that require in-person interaction or oversight e.g. a senior living complex, etc.

EMPLOYEE REQUESTS TO TELEWORK

Employees may request to participate in the Telework Program by completing a Telework Application. The Application allows the employee to respond to several questions concerning the duties and responsibilities of their position. The questionnaire is designed to assist the employee, supervisor, and Division Director in studying the essential functions of the job in order to determine whether and how, all or some of the duties and responsibilities of the employee's position can be performed through a telework arrangement and to address any service concerns.

When evaluating employee requests for telework, supervisors should consider whether certain portions of the employee's work are portable and lend themselves to telework, as discussed in the section on Duties Appropriate for Telework. The request and approval process should consist of a conversation between the supervisor and employee with respect to the amount and frequency of telework given the duties of the position and operational needs of the department. Supervisors must approve or deny the employee's telework request within 14 calendar days.

Restructuring of the position's duties and responsibilities within the position to develop a workload that can be accomplished through telework is allowable provided it does not negatively impact service delivery or performance, however, a position's duties and responsibilities may not be altered. For example, removing a task from a telework candidate and assigning it to another employee in order to meet the standards for telework is not acceptable.

If an employee's telework request is denied, HOC must identify in writing how the request as submitted could lead to the erosion of the level and/ or quality of the services provided by the requesting employee's position.

Continued Participation in Telework

Employees must maintain competencies in critical areas to perform successfully in a telework environment. It is the responsibility of the supervisor to periodically assess performance to ensure the employee maintains performance standards for their position in a telework environment.

Supervisors must provide employees with information concerning how the employee's performance will be measured under a telework arrangement and provide coaching and feedback, where necessary to achieve these objectives.

Successful telework hinges on the following:

- Strong time management skills
- Strong communication skills
- Ability to prioritize
- Proficiency with technology
- Meeting the Workspace Requirements

Computer Requirements

Employees participating in the HOC Telework Program must have an HOC issued laptop to properly interface with the HOC Network systems. The Information Technology (IT) Division will not send technicians to the off-site location to perform service.

Candidates selected for the Telework Program and their supervisors will be required to attend a training provided by the Human Resources Office to familiarize themselves with troubleshooting standard telework problems (such as using VMware, contacting IT etc.).

TOOLS AND EQUIPMENT

HOC Provided Tools and Equipment

Employees participating in the Telework Program will be responsible for the cost, purchase, and maintenance of additional office equipment and supplies necessary to properly furnish the workspace used for telework. Consumable office supplies typically used by the employee in the course of business at HOC will be provided by HOC. If in doubt, the employee is advised to discuss their needs with their supervisor.

While HOC will provide standard consumable office supplies, supplies will not to be delivered to the telework location by HOC. It is the responsibility of the employee to pick up the supplies at HOC offices and transport them to their home office.

Employees can bring home IT related equipment that is currently provided for their exclusive use (e.g., a laptop, second monitor, or docking station) with the Division Director's and IT's approval. Such requests shall not be unreasonably denied. Shared equipment must remain at the office (e.g. printers, copiers). HOC will not provide duplicate items, equipment, or devices unless approved by ADA Accommodation.

Employee-Provided Equipment/Utilities

Unless equipment is provided by HOC, the teleworker is responsible for the purchase, installation, and maintenance of all equipment and services needed to telework. HOC shall not be responsible for the purchase, maintenance, repair, and operational costs of any personal devices. Employees are responsible for ensuring access to bandwidth to perform their assigned duties. Employees are expected to acquire internet service and other general utilities at their own expense. The teleworker must have adequate broadband speed necessary to conduct HOC business remotely (a minimum of 15 Mbps).

The use of personal mobile devices for HOC work is permitted but devices must always be password protected and encrypted. Teleworking employees are eligible for the cell phone stipend. Documents, information, and emails concerning HOC business remain the property of HOC when they are stored on personal devices. Sensitive information must not be stored or accessed on non-HOC controlled devices.

Workspace

Employees participating in the Telework Program must designate a specific workspace for telework. The home office must be maintained by the employee in a clean, professional, and safe condition. To ensure that these conditions are met, the following standards apply**:**

- Employees must arrange an appropriate workspace at their home where noise levels can be controlled.
- Employees must be able to take telephone calls and participate in online video meetings with minimal distractions while maintaining appropriate confidentiality.
- The teleworker must have a comfortable office chair with adequate back support. The Agency will not provide furniture for the employee's remote workspace unless an ADA request is approved.
- Entryways to the workspace must be clear of obstructions at all times.
- The workspace must be neat, clean, and free of obstructions.
- The workspace must be free of potential hazards that could cause physical harm such as frayed wires, bare conductors, loose wires, exposed wires to the ceiling, frayed or torn carpeting seams, uneven floor surfaces, etc.
- Electrical outlets must be properly grounded and three pronged. Surge protectors may serve this purpose.
- Phone lines, electrical cords, and extension wires must be properly secured behind furniture to ensure no danger of entanglement.
- Lighting must be sufficient for reading and writing.
- Consistent with the Agency's expectations of information security for employees working in an HOC office, teleworking employees will be expected to ensure the protection of documents at their home office. Steps include the use of a locked file cabinet and desk, regular password maintenance, and other steps appropriate for the job and the environment.
- Temperature is comfortable and can be adjusted as needed.
- Homeowner's insurance and any changes in rates or coverage are the responsibility of the employee. Any increase in the teleworker's home utility costs is the responsibility of the employee.

The employee's off-site workspace is also considered an extension of the Agency's workspace. Therefore, the Agency maintains liability for job-related accidents that occur in the off-site workspace during the employee's working hours. Please note that Workers Compensation liability is limited to the designated workspace as opposed to all areas of the home. HOC assumes no responsibility for the employee's personal property. Work related in-person meetings are not to be conducted at an employee's home under any circumstances.

In accordance with HOC's Incident/Accident procedures, accidents occurring at the telework location must immediately be reported to the Human Resources Office and the employee's direct supervisor. The employee is also required to complete an Incident/Accident Report and forward the completed form to their supervisor, their Division Director, and Human Resources within 24 hours of the incident. Any accidents occurring in a telework location may include an inspection of the work-site as directed by HOC's Worker's Compensation administrator.

WORK SCHEDULE/TIME AND ATTENDANCE

The Telework Agreement outlines which work day(s) the employee will telework. Telework Agreements must be structured around circumstances which require the physical presence of the employee in the traditional work setting. For example, critical processes that can only be performed at the traditional work location, or standing meetings in which the employee's physical presence is required.

Consideration should also be given to the work flow of the employee's position, and the work flow of the department to which the employee is assigned to ensure that performance or service will not be negatively affected.

Participants in the Telework Program must adhere to the Telework Work Schedule that is approved. In addition, the supervisor may require the employee to report to the traditional work setting on planned telework days based on identified operational needs or exigent circumstances that require the employee to be on-site to perform duties that could not be performed remotely via telework**.**

Employees in the Telework Program continue to follow the Agency's Time and Attendance standards and adhere to their approved Work Schedule, including work hours, while teleworking. Flexible Work Schedules and Compressed Work Schedules are allowed in a telework arrangement. Telework employees must obtain advance supervisory approval before performing work in excess of their regular work schedule. As always, Overtime and accrual of Compensatory Time Leave must be approved by the employee's supervisor in advance. Requests for leave use must also be approved in advance. With prior supervisory approval, employees may change telework days during a specific week.

CUSTOMER SERVICE, PERFORMANCE, AND TELEWORK

All HOC employees are required to maintain the Customer Service standards for the Housing Opportunities Commission. When an application for telework is submitted, it is important that telework participants and their supervisors discuss the effect of telework on customer service.

Telework employees and their supervisors must develop standard procedures to ensure no loss in service delivery as a result of telework.

Employees participating in the Telework Program are expected to provide the same level of service as would be provided as though they were in the office, including reviewing and responding to email and phone messages. Supervisors and telework applicants should also consider the manner of communication between each other while the employee is teleworking.

SECURITY

Teleworking employees must follow the same Commission and Departmental security and privacy practices that are required at the primary workplace. HOC may assess or enforce additional security protections on personally owned devices systems or systems. HOC business must never be conducted from a non-HOC email address or from an open Wi-Fi such as restaurants, coffee shops, retail shops, etc.

TERMS AND CONDITIONS OF TELEWORK AGREEMENTS

A. While teleworking, the employee is bound by all HOC rules, policies, practices, and instructions as if they were working at the official duty station.
B. To maintain optimal customer service, teleworkers should have their camera on when meeting with customers virtually. Teleworkers are also required to have cameras on in internal virtual meetings when requested by the host.
C. Telework employees will be rated consistent with the performance expectations outlined in their Performance Plan and Review Document.
D. A teleworker may also have a Flex Time or Compressed Work Schedule.
E. The employee understands that they must comply with the terms of their Telework Agreement. If performance requirements or conduct expectations are not met, the supervisor will follow the procedures for discipline or performance coaching and feedback provided in HOC Personnel Policy and the Collective Bargaining Agreement, as appropriate.
F. Under no circumstances are work-related in-person meetings to be conducted at a remote work location.
G. If an HOC employee who typically teleworks on a given day is needed to be physically present at the worksite due to identified operational need, they may be required to change their telework schedule for a period not to exceed 10 working days. Employees must be prepared to report to the office with 24 hours advanced notice.
H. Employees who provide direct customer service or who perform unique functions may be required to report to the office on the same day in extraordinary circumstances (such as multiple unscheduled absences of on-site workers). Volunteers will be solicited first. Should there not be sufficient volunteers, employees shall be mandated to report in order of inverse seniority.

DISCONTINUATION OF TELEWORK

Telework participation may end due to any of the following conditions:

- The employee no longer meets the qualifications for the Telework Program.
- The employee's performance has been negatively affected or the department's service level declines as a result of the employee's participation in the Telework Program.
- The teleworker develops a pattern of not being responsive after repeated coaching and feedback from their supervisor.
- In instances when an employee has received a conduct-related disciplinary suspension, telework may be suspended for up to 90 days following completion of the suspension.
- Repeated failure of an employee to abide by any material portion of the Telework Agreement.
- HOC's Executive Director or designee needs to temporarily suspend the telework arrangement to carry out the missions of government during a demonstrated situation of emergency that requires the employee's physical presence to manage the emergency.
- A telework participant requests to discontinue their participation in the Telework Program.

To properly document and evaluate all reasons for discontinuation from the Telework Program, completion of a Telework Discontinuation Form is required.

Budget, Finance & Audit Committee

FISCAL YEAR 2022 (FY'22) THIRD QUARTER BUDGET TO ACTUAL STATEMENTS: COMMISSION ACCEPTANCE OF THE THIRD QUARTER FISCAL YEAR 2022 BUDGET TO ACTUAL STATEMENTS

June 8, 2022

- The Agency ended the quarter with a net cash flow surplus of $4,054,959, which resulted in a third quarter budget to actual positive variance of $2,832,053.

- The General Fund experienced a positive income and expense variance resulting primarily from savings in expenses coupled with additional Development Fee income, offset by lower draws on the Opportunity Housing Reserve Fund ("OHRF") and the delayed receipt of anticipated Commitment Fee income.

- At the end of the third quarter, several of the unrestricted properties in the Opportunity Housing Fund underperformed budget expectations as a result of overages in various expense categories coupled with lower tenant income.

- The Public Housing Program ended the quarter with a shortfall of $78,975 resulting primarily from additional subsidies received in prior periods for Victory Haven under the Master Lease that were subsequently transferred to the property in the first quarter of FY'22 and a small amount of continued expenses at Emory Grove. The shortfall will be covered by existing cash in the fund.

- The Housing Choice Voucher ("HCV") Program experienced a higher administrative surplus through March 31, 2022, as a result of higher than anticipated administrative fee income countered by a negative variance in administrative expenses.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff's recommendation that the Commission accept the third quarter of fiscal year 2022 budget to actual statements.

MEMORANDUM

TO:	Housing Opportunities Commission of Montgomery County			
VIA:	Kayrine Brown, Acting Executive Director			
FROM:	Staff:	Timothy Goetzinger	Division: Finance	Ext. 4836
		Terri Fowler		Ext. 9507
		Tomi Adebo		Ext. 9472
RE:	**Fiscal Year 2022 (FY'22) Third Quarter Budget to Actual Statements:** Commission Acceptance of the Third Quarter Fiscal Year 2022 Budget to Actual Statements			
DATE:	June 8, 2022			

OVERALL GOAL & OBJECTIVE:
Commission acceptance of the Third Quarter FY'22 Budget to Actual Statements.

BACKGROUND:
The Acting Executive Director presented the quarterly budget to actual statements to the Budget, Finance & Audit Committee for informal review. Recommendations are being presented to the full Commission for formal action.

ISSUES FOR CONSIDERATION:
To assess the financial performance of the Housing Opportunities Commission of Montgomery County ("Agency") for the third quarter of FY'22 against the budget for the same period.

BUDGET/FISCAL IMPACT:
None for FY'22.

TIME FRAME:
For formal action at the June 8, 2022 meeting of the Commission.

The Budget, Finance and Audit Committee informally discussed the FY'22 Third Quarter Budget to Actuals at the May 24, 2022 meeting and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff requests that the Commission formally accept the Third Quarter FY'22 Budget to Actual Statements.

DISCUSSION – THIRD QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the third quarter of FY'22 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher ("HCV") Programs and all Capital Improvements Budgets.

HOC Overall (see Attachment A)

The Agency's Audited Financial Statements are presented on the accrual basis, which reflects non-cash items such as depreciation and the mark-to-market adjustment for investments.

The Commission approves the Operating Budget at the fund level based on a modified accrual basis, which is similar to the presentation of budgets by governmental organizations. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenues, expenses, and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The FY'22 Third Quarter Operating Budget to Actual Comparison (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'22 Third Quarter Budget to Actual Comparison for Capital Expenses.

The Agency ended the quarter with a net cash flow surplus of $4,054,959. This surplus resulted in a third quarter budget to actual positive variance of $2,832,053 when compared to the anticipated third quarter net cash flow surplus of $1,222,906. The primary causes were savings in various expense categories in the General Fund (see General Fund) coupled with higher income, which was countered by lower unrestricted cash flow in some of the unrestricted Opportunity Housing Properties as a result of property performance (see Opportunity Housing Fund).

Explanations of Major Variances by Fund

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of $2,847,254, which resulted in a positive variance of $3,740,657, when compared to the projected deficit of $6,587,911.

As of March 31, 2022, income in the General Fund was $716,474 higher than budgeted and expenses were $3,024,183 lower than budgeted. The positive income variance was primarily the result of receiving additional Development Fee Income coupled with fees received from tax credit properties based on the year-end cash flow distributions that were partially offset by delayed Commitment Fee income and lower draws from the Opportunity Housing Reserve Fund ("OHRF") for Real Estate personnel and predevelopment costs. Whereas Commitment Fee income is a one-time fee that is received at the time the transaction is financed, Development Fee income is many times received in phases depending on the achievement of certain thresholds especially as it relates to transactions financed as a Low Income Housing Tax Credit ("LIHTC") Partnership. Development Fees for Stewartown and West Side Shady Grove that had been budgeted in FY'21 were received in FY'22. In addition, unbudgeted Development Fees were received for Fenton Silver Spring, Alexander House, and Greenhills. The additional Development Fee income was partially offset by lower Commitment Fee income that was the result of timing changes in the capital development transactions for Hillandale Gateway and The Metropolitan. Both the anticipated Commitment and Development fees for the two transactions are now captured in the FY'23 Budget that will be presented to the Commission for adoption.

The positive expense variance was primarily the result of lapse in salary and benefits coupled with savings in professional services, computer software, maintenance contracts, COVID-19 expense and transfers to cover capital projects. A portion of these savings is the result of timing issues and staff does not anticipate the full savings to be realized at year end.

The **Multifamily Bond Fund** and **Single Family Bond Fund** are budgeted to balance each year.

Income (the bond drawdowns that finance the administrative costs for these funds) is in line with the budget. The Multifamily and Single Family Bond Funds experienced positive expense variances of $212,040 and $154,557, respectively, as a result of salary and benefit lapse coupled with savings in professional services and fee expense.

The Opportunity Housing Fund

Attachment B is a chart of the Net Cash Flow for the Development Corporation Properties. This chart divides the properties into two groups.

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'22 Operating Budget. This group ended the quarter with cash flow of $5,679,204 or $375,741 lower than projected.

- **Alexander House Dev Corp** ended the quarter with a negative cash flow variance of $17,400 as a result of lower tenant income and higher concessions that was partially offset by lower vacancy loss and savings in administrative, bad debt and utilities expense offset by overages in maintenance. **Glenmont Crossing Dev Corp** experienced a negative cash flow variance of $93,948 primarily as a result of higher utilities that was slightly countered by savings in bad debt and maintenance expense and lower vacancy. **Magruder's Discovery Dev Corp** experienced a negative cash flow variance of $127,503 mostly as a result of lower tenant income and higher vacancy coupled with overages in maintenance, utilities and administrative expense. Cash flow at **Montgomery Arms Dev Corp** was $77,470 lower than anticipated primarily due to higher maintenance and bad debt expense coupled with lower gross tenant rents and higher concessions partially offset by lower vacancy loss. **Paddington Square Dev Corp** reported a negative variance of $134,020 due to higher utilities, maintenance and insurance coupled with lower gross tenant rents and higher concessions, partially offset by lower bad debt and administrative expense. Cash flow at **Scattered Site One Dev Corp** was $73,377 lower than anticipated due to higher bad debt, maintenance and utility costs coupled with higher vacancy loss that was partially offset by savings in administrative costs and higher gross tenant rents. **VPC One Dev Corp** experienced a positive cash flow variance of $96,268 due to lower bad debt, insurance and tax costs coupled with lower vacancy loss that was partially offset by higher concessions and overages in maintenance expense. **VPC Two Dev Corp** experienced a negative variance of $24,510 primarily due to overages in maintenance and administrative expenses coupled with lower gross rents that was countered by lower bad debt, utility and insurance costs coupled with lower vacancy loss.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'22 Operating Budget. Cash flow from this group of Development Corporation properties was $970,046 more than budgeted for the quarter. **MetroPointe** experienced a negative cash flow variance of $29,546 as a result of higher than anticipated administrative, COVID-19 and bad debt expenses coupled with lower gross rents that were partially offset by lower vacancy loss and higher parking income at the property. Cash flow at the **Oaks at Four Corners Dev Corp** was $84,940 higher than anticipated due to savings in maintenance, administrative and tenant services expenses. The **RAD 6 Dev Corp** properties ended the quarter with a surplus of $437,358 resulting in a positive cash flow variance of $914,652 largely due to the receipt of prior period subsidies. The positive variance in subsidy payments was $882,190. If the additional subsidy income was not received, the portfolio would have experienced a positive cash flow variance of $32,462 ($914,652 - $882,190 = $32,462). The positive variance at **Seneca Ridge** was offset by higher maintenance expense at the property, while the positive variance at **Washington Square** was offset by higher administrative, maintenance, utilities and bad debt expense.

Attachment C is a chart of the Net Cash Flow for the Opportunity Housing Properties. This chart divides the properties into two groups.

- The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'22 Operating Budget. This group ended the quarter with cash flow of $1,245,337 or $510,535 less than projected. Cash flow at **MPDU I (64)** was $111,441 higher than anticipated as a result of lower debt service payments, due to the payoff of the mortgage in March 2021 that was not incorporated into the budget, and savings in administrative cost that was partially offset by overages in maintenance, bad debt and utility expense coupled with slightly higher vacancy loss. **Avondale Apartments** reported a negative cash flow variance of $109,331 primarily due to higher vacancy loss and concessions coupled with higher maintenance, bad debt and administrative expense. **Barclay Affordable** experienced a negative cash flow variance of $337,389 as a result of overages in utilities, maintenance and administrative cost coupled with lower gross rents and higher vacancies. **Camp Hill Square** experienced a negative cash flow variance of $119,848 as a result of higher vacancy loss coupled with higher maintenance, bad debt and administrative expenses that was partially offset by slightly higher gross rents and lower utility costs. **Chelsea Towers** experienced a positive cash flow variance of $80,684 due to lower debt service payments and savings in Housing Association ("HOA") Fees. **Elizabeth House Interim RAD** ended the quarter with a positive cash flow variance of $186,365 as a result of higher tenant income partially countered by overages in utility and security costs that were countered by savings in maintenance. At the time of the development of the FY22 Budget **Georgian Court Affordable**, the three **Manor** properties and **Shady Grove Apartments** were budgeted with four months of operations; however, due to the delay in the conversion of the properties, which occurred in December 2021, the properties experienced an additional two months of operating income and expenses. The additional rental income at **Georgian Court** and **Shady Grove** exceeded the additional expenses resulting in positive variances at both properties. The three **Manor** properties **(Fair Hill Farm, Cloppers Mills and Colesville)** ended the quarter with negative variances due to higher vacancies to support the upcoming renovations coupled with overages in maintenance, administrative and utility expense that when combined with the additional two months of debt service payments exceeded the additional two months of rental income. **Holiday Park** reported a negative cash flow variance of $20,541 primarily due to overages in maintenance and utility costs coupled with slightly lower gross rents, offset by lower bad debt expense. **Jubilee Hermitage** experienced a negative cash flow variance of $16,575 largely due to the payment for utility bills from prior periods coupled with higher bad debt and vacancy loss. Cash flow for **Jubilee Woodedge** was $11,794 lower than projected mainly resulting from lower tenant income that was partially offset by savings in maintenance expense. **Manchester Manor** reported a negative variance of $77,912 due to overages throughout most expense categories coupled with lower subsidy payments. **McHome** experienced a negative cash flow variance of $24,313 as a result of higher vacancy loss coupled with overages in administrative and utilities costs offset by savings in maintenance and bad debt expenses. Cash flow at **McKendree** was $24,267 higher than anticipated due to lower bad debt and administrative expense partially offset by slightly higher maintenance costs. **Metropolitan Affordable** ended the quarter with a positive variance of $90,572 as a result of higher gross tenant rents and lower vacancy loss coupled with savings in maintenance and utility expenses. **MHLP VIII** experienced a negative variance of $37,804 due to lower gross rents and higher vacancies coupled with overages in maintenance, administrative, and utility costs. **MHLP IX Scattered Sites** experienced a negative cash flow variance of $59,112 mainly due to lower gross rents and higher vacancy loss coupled with overages in maintenance, administrative and utility costs that was countered by savings in real estate tax resulting from the state PILOT agreement that has been established for the property resulting in a savings in taxes. **MHLP X** experienced positive cash flow variance of $84,791 mainly due to savings in real estate tax resulting from the state PILOT agreement that has been established for the property coupled with savings in administrative, utility and maintenance expenses that were partially offset by greater than anticipated bad debt expense and vacancy loss. **Pooks Hill Mid-Rise** experienced a negative cash flow variance of $18,550 as a result of higher vacancy loss and concession coupled with higher COVID-19 and security expenses that were partially offset by savings in maintenance and utilities. **Strathmore Court** experienced a negative cash flow variance of $79,572 as a result of overage in most expense categories coupled with lower gross rents that were partially offset by lower vacancy loss. **Strathmore Court Affordable** experienced a negative cash flow variance of $30,815 primarily as a result of higher maintenance, utilities and COVID-19 coupled with lower gross rents and higher than anticipated vacancy loss at the property. **TPP LLC Pomander Court** experienced a negative cash flow variance of $17,658 primarily as a result of higher maintenance and bad debt expense coupled with slightly lower gross rents that was partially offset by savings in administrative and utilities expenses coupled with 100% occupancy for the year resulting in lower vacancy loss. Cash flow for **TPP LLC Timberlawn** was $46,674 lower than budget primarily as a result of overages in maintenance, utility, COVID-19 and security expenses that were partially offset by savings in administrative, tenant services and bad debt expenses coupled with lower vacancy loss and higher tenant fee payments. **Westwood Towers** experienced a negative cash flow variance of $309,988 as a result of higher administrative, maintenance and security expenses coupled with higher concessions that were partially offset by lower vacancy loss coupled with higher gross rents and parking income and savings in utility costs. Cash flow at **The Willows** was $122,287 higher than anticipated mostly due to higher gross rents.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'22 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was $269,866 less than budgeted. The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of $16,902 mainly driven by interest paid on the outstanding debt on the PNC Real Estate Line of Credit ("RELOC") and taxes. There are sufficient reserves at the property to cover the costs. **Bradley Crossing** ended the quarter with a negative variance of $382,427 as a result of higher vacancy loss and maintenance partially offset by higher gross rents coupled with savings in administrative, utility and bad debt expense. **Brooke Park** experienced a negative cash flow variance of $116,544 largely resulting from a delay in occupying the units post renovation. Cash flow at **Brookside Glen** was $129,028 lower than anticipated due to higher bad debt, maintenance, security and utilities coupled with lower gross rents and higher concessions that were partially offset by savings in administrative costs. **Cider Mill** reported a positive cash flow variance of $458,107 due to lower vacancy loss and concessions coupled with slightly higher gross tenant rents as well as lower bad debt expense partially offset by higher utility, maintenance costs and administrative expense. **Diamond Square** ended the year with a negative cash flow variance of $101,659 primarily as a result of overages in maintenance, utilities, security contracts and administrative cost. **Holly Hall Interim RAD**, which was vacated in November 2019 and therefore not budgeted, has continued to experience a small amount of expense for utilities, maintenance and solid waste tax expense of $22,328 which will be covered by unrestricted cash in the Opportunity Housing portfolio. **Paint Branch** experienced a negative cash flow variance of $23,476 due to higher maintenance costs coupled with higher vacancy loss. **Southbridge** ended the year with a positive cash flow variance of $23,633 due to lower vacancy loss coupled with savings in utility and administrative costs that were partially offset by small overages in maintenance. **State Rental Combined** experienced a positive cash flow variance of $82,419 as a result of lower concessions coupled with slightly higher gross tenant rents and savings in administrative, insurance and bad debt expense that were countered by overages in maintenance expenses. **Stewartown Affordable**, which converted to the tax credit portfolio on June 30, 2021, incurred additional operating costs in early FY'22 related to pre-conversion expenses that will be covered by funds in the old property.

The Public Fund (Attachment D)

- The FY'22 Budget was developed with no Public Housing property budgets Subsidies received in prior periods for **Victory Haven** while they were under the Master Lease have been transferred to the Victory Haven property. A small amount of expenses continued at **Emory Grove** for communication costs and solid waste tax.

- The Housing Choice Voucher Program ("HCVP") ended the quarter with a surplus of $1,463,923. The surplus was comprised of an administrative surplus of $1,893,554 countered by Housing Assistance Payment ("HAP") payments that exceeded HAP revenue by $429,631. The HAP shortfall will be covered by a draw from the HCVP reserve known as the Net Restricted Position ("NRP"), which includes funds received in prior years that were recognized but not used. The administrative surplus was the result of higher than anticipated administrative fee income coupled with savings in administrative expenses due largely to staff turnover. The higher administrative fee income was primarily the result of a higher proration factor that was changed to 84.78% and recently increased further to 88% compared to the budgeted rate of 83.832% coupled with the administrative fee income received to support the emergency and COVID 19 vouchers. We received notification from HUD that we will receive additional fees in the 4th Quarter of FY22 for the second increase in the proration.

Tax Credit Partnerships

The Tax Credit Partnerships have a calendar year end.

The Capital Budget (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'22. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

Avondale Apartments exceeded the capital budget due to roof and emergency pipe replacement. **Brookside Glen**, **Camp Hill Square, MHLP IX Scattered Sites** and **Westwood Tower** have overspent the FY'22 capital budget as a result of flooring/carpet and appliance replacement coupled with plumbing and kitchen work. **Jubilee Horizon Court** exceeded the capital budget due to Grounds/Landscaping and HVAC Contracts. **Ken Gar** overspent the capital budget by a nominal amount due to work related to tree removal and the replacement of parking lot LED lamps. **Manchester Manor** overspent the capital budget due to HVAC, elevator, appliance and flooring contracts. **MHLP VIII** exceeded its capital budget as a result of appliance and window replacement. **MHLP IX - Pond Ridge** exceeded its capital budget as a result of appliance replacements for four vacant units as well as six occupied units requiring an appliance to be replaced. **MHLP X** overspent its capital budget due to flooring and appliance replacement. **MPDU I (64)** has overspent the FY'22 capital budget as a result of flooring/carpet and appliance replacement coupled with kitchen work. **Paint Branch** nominally exceeded its capital budget due to HVAC and appliance replacement. **Paddington Square Dev Corp** has exceeded its FY'22 capital budget as a result of flooring/carpet work. **State Rental** has exceeded its FY'22 capital budget as a result of flooring/carpet and appliance replacement coupled with plumbing and kitchen work. **Scattered Site One** and **Scattered Site Two** have overspent the capital budgets largely as a result of appliance equipment and flooring. **Seneca Ridge** exceeded its capital budget as a result of flooring and carpeting, HVAC and appliance replacements. **Stewartown Affordable,** which converted to the tax credit portfolio on June 30, 2021, experienced a small capital charge due to delayed billing for a charge related to flooring/carpeting work at the property prior to conversion. **The Willows** overspent its capital budget due to plumbing.

As stated previously, the conversion of **Georgian Court Affordable** and the three **Manor** properties was delayed, which has resulted in the properties exceeding their respective capital budgets. **Georgian Court Affordable** has exceeded its FY'22 capital budget by $11,938 mainly as a result of flooring/carpeting work and kitchen refinishing. The **Manor at Cloppers Mill** has overspent its FY'22 capital budget due to HVAC and plumbing replacements. The **Manor at Colesville** exceeded the capital budget due to work related to dryer vent cleaning and the replacement of the waste caddy and office copier. The **Manor at Fair Hill Farm** overspent as a result of unanticipated plumbing and HVAC expenditures and replacement of the trash compactor.

The majority of the properties have sufficient property reserves to cover the overages. Where this is not the case, staff is reviewing the obligations from the Opportunity Housing Property Reserve ("OHPR") to ensure sufficient funds are available to cover the balance of the overages.

Resolution No. 22-43: **Re: Acceptance of the Third Quarter FY'22 Budget to Actual Statements**

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

WHEREAS, the Commission reviewed the Third Quarter FY'22 Budget to Actual Statements during its June 8, 2022 meeting; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY'22 Budget to Actual Statements.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 8, 2022.

Patrice Birdsong
Special Assistant to the Commission

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FY 2022 Third Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow (9 Months) Budget	(9 Months) Actual	Variance
General Fund			
General Fund	($6,587,911)	($2,847,254)	$3,740,657
Administration of Multifamily and Single Family Fund			
Multifamily Fund	$479,482	$691,522	$212,040
Draw from / (Restrict to) Multifamily Bond Fund	($479,482)	($691,522)	($212,040)
Single Family Fund	$309,803	$464,360	$154,557
Draw from / (Restrict to) Single Family Bond Fund	($309,803)	($464,360)	($154,557)
Opportunity Housing Fund			
Opportunity Housing Properties	$1,755,872	$1,223,009	($532,863)
Development Corporation Property Income	$6,054,945	$5,679,204	($375,741)
OHRF			
OHRF Balance	$4,363,278	$4,229,749	($133,529)
Excess Cash Flow Restricted	($4,363,278)	($4,229,749)	$133,529
Draw from existing funds	$0	$0	$0
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**$1,222,906**	**$4,054,959**	**$2,832,053**
Public Fund			
Public Housing Rental (1)	$0	($78,975)	($78,975)
Housing Choice Voucher Program HAP (2)	$2,255,745	($429,631)	($2,685,376)
Housing Choice Voucher Program Admin (3)	$155,366	$1,893,554	$1,738,188
Total -Public Fund	**$2,411,111**	**$1,384,948**	**($1,026,163)**
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	$0	$78,975	$78,975
(2) Draw from / Restrict to HCV Program Cash Reserves	($2,255,745)	$429,631	$2,685,376
(3) Draw from / Restrict to HCV Program Excess Admin Fee	($155,366)	($1,893,554)	($1,738,188)
SUBTOTAL - Public Funds	**$0**	**$0**	**$0**
TOTAL - All Funds	**$1,222,906**	**$4,054,959**	**$2,832,053**

FY 2022 Third Quarter Operating Budget to Actual Comparison

	(12 Months) Budget	Capital Expenses (9 Months) Actual	Variance
General Fund			
880 Bonifant	$277,000	$54,710	$222,290
East Deer Park	$95,000	$4,778	$90,222
Kensington Office	$160,000	$65,000	$95,000
Information Technology	$844,580	$500,431	$344,149
Opportunity Housing Fund	$7,386,785	$4,362,937	$3,023,848
TOTAL - All Funds	**$8,763,365**	**$4,987,856**	**$3,553,219**

FY 2022 Third Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY21 operating budget					
Alexander House Dev Corp	($215,723)	($111,404)	$94,005	($233,123)	($17,400)
The Barclay Dev Corp	($66,701)	$13,502	($14,637)	($67,836)	($1,135)
Glenmont Crossing Dev Corp	$321,791	$4,015	($97,964)	$227,843	($93,948)
Glenmont Westerly Dev Corp	$125,599	$31,343	($15,388)	$141,555	$15,956
Magruder's Discovery Dev Corp	$636,820	($83,057)	($44,446)	$509,317	($127,503)
The Metropolitan Dev Corp	$1,577,732	($83,209)	$101,811	$1,596,333	$18,601
Montgomery Arms Dev Corp	$310,143	($12,010)	($65,460)	$232,673	($77,470)
MPDU II (59) Dev Corp	$262,175	$12,701	$10,764	$285,640	$23,465
Paddington Square Dev Corp	$501,018	($57,090)	($76,930)	$366,998	($134,020)
Pooks Hill High-Rise Dev Corp	$396,985	$15,591	$1,548	$414,123	$17,138
Scattered Site One Dev Corp	$169,039	$51,979	($125,356)	$95,662	($73,377)
Scattered Site Two Dev Corp	($57,356)	($8,693)	$5,071	($60,978)	($3,622)
Sligo MPDU III Dev Corp	($6,826)	$11,007	($5,190)	($1,010)	$5,816
VPC One Dev Corp	$1,224,303	$28,156	$68,112	$1,320,571	$96,268
VPC Two Dev Corp	$875,946	$68,763	($93,273)	$851,436	($24,510)
Subtotal	**$6,054,945**	**($118,406)**	**($257,333)**	**$5,679,204**	**($375,741)**
Properties with restricted cash flow (external and internal)					
MetroPointe Dev Corp	($140,443)	$30,633	($60,180)	($169,989)	($29,546)
Oaks at Four Corners Dev Corp	$15,074	$1,763	$83,177	$100,014	$84,940
RAD 6 Dev Corp Total	**($477,294)**	**$969,300**	**($54,650)**	**$437,358**	**$914,652**
Ken Gar Dev Corp	($42,237)	$126,089	$5,231	$89,084	$131,321
Parkway Woods Dev Corp	$2,835	$135,436	$15,272	$153,542	$150,707
Sandy Spring Meadow Dev Corp	($26,589)	$175,518	$45,099	$194,028	$220,617
Seneca Ridge Dev Corp	($286,498)	$239,250	($62,391)	($109,638)	$176,860
Towne Centre Place Dev Corp	($39,590)	$232,703	$10,278	$203,391	$242,981
Washington Square Dev Corp	($85,215)	$60,304	($68,139)	($93,049)	($7,834)
Subtotal	**($602,663)**	**$1,001,696**	**($31,653)**	**$367,383**	**$970,046**
TOTAL ALL PROPERTIES	**$5,452,282**	**$883,290**	**($288,986)**	**$6,046,587**	**$594,305**

FY 2022 Third Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY22 operating budget					
MPDU I (64)	$35,977	($19,415)	$130,856	$147,418	$111,441
Avondale Apartments	$111,314	($62,412)	($46,920)	$1,983	($109,331)
Barclay Affordable	$87,420	($98,566)	($238,823)	($249,969)	($337,389)
Camp Hill Square	$154,739	($70,143)	($49,705)	$34,891	($119,848)
Chelsea Towers	($11,628)	$2,369	$78,315	$69,056	$80,684
Day Care at Lost Knife Road	($23,741)	$11,645	($21,514)	($33,610)	($9,869)
Elizabeth House Interim RAD	$41,532	$231,309	($44,943)	$227,897	$186,365
Fairfax Court	$53,106	$15,225	($11,389)	$56,942	$3,836
Georgian Court Affordable	$108,992	$233,567	($176,255)	$166,303	$57,311
Holiday Park	$8,469	($3,667)	($16,874)	($12,072)	($20,541)
Jubilee Falling Creek	($16,589)	($743)	$3,982	($13,350)	$3,239
Jubilee Hermitage	($583)	($2,554)	($14,021)	($17,158)	($16,575)
Jubilee Horizon Court	($3,687)	($90)	$2,200	($1,577)	$2,110
Jubilee Woodedge	$3,139	($15,885)	$4,091	($8,655)	($11,794)
Manchester Manor	$10,440	($24,665)	($53,247)	($67,472)	($77,912)
The Manor at Cloppers Mill	$33,627	$179,475	($197,010)	$16,093	($17,534)
The Manor at Colesville	$50,290	$168,068	($189,791)	$28,567	($21,723)
The Manor at Fair Hill Farm	$42,689	$194,499	($261,285)	($24,097)	($66,786)
McHome	$85,100	($32,970)	$8,657	$60,787	($24,313)
McKendree	$20,415	$1,098	$23,169	$44,682	$24,267
Metropolitan Affordable	($367,771)	$54,646	$35,926	($277,199)	$90,572
MHLP VII	$40,278	($26,543)	$22,516	$36,251	($4,027)
MHLP VIII	$82,065	($60,867)	$23,064	$44,261	($37,804)
MHLP IX Pond Ridge	($92,745)	($58,039)	$64,147	($86,637)	$6,108
MHLP IX Scattered Sites	($133,271)	($114,113)	$55,001	($192,383)	($59,112)
MHLP X	($52,843)	($19,575)	$104,366	$31,948	$84,791
MPDU 2007 Phase II	$8,958	($294)	$11,879	$20,544	$11,586
Olney Sandy Spring Road	($5,832)	($1,462)	($410)	($7,704)	($1,872)
Pooks Hill Mid-Rise	$175,650	($19,769)	$1,218	$157,100	($18,550)
Shady Grove Apts	$304,812	$363,976	($219,421)	$449,367	$144,555
Strathmore Court	$514,415	($4,475)	($75,096)	$434,843	($79,572)
Strathmore Court Affordable	($390,379)	($12,278)	($18,537)	($421,194)	($30,815)
TPP LLC Pomander Court	$46,573	$7,731	($25,388)	$28,915	($17,658)
TPP LLC Timberlawn	$484,177	$63,758	($110,432)	$437,503	($46,674)
Westwood Tower	$292,054	$157,570	($467,557)	($17,934)	($309,988)
The Willows	$58,710	$121,256	$1,031	$180,997	$122,287
Subtotal	**$1,755,872**	**$1,157,667**	**($1,668,200)**	**$1,245,337**	**($510,535)**
Properties with restricted cash flow (external and internal)					
The Ambassador	$0	$0	($16,902)	($16,902)	($16,902)
Bradley Crossing	$841,618	($460,168)	$77,740	$459,191	($382,427)
Brooke Park	$74,262	($122,329)	$5,785	($42,282)	($116,544)
Brookside Glen (The Glen)	$155,817	($39,384)	($89,644)	$26,789	($129,028)
CDBG Units	$2,496	($779)	$6,122	$7,839	$5,343
Cider Mill Apartments	$141,228	$620,868	($162,761)	$599,335	$458,107
Dale Drive	$4,465	($73)	($24,892)	($20,500)	($24,965)
Diamond Square	$260,721	($3,587)	($98,072)	$159,062	($101,659)
Holly Hall Interim RAD	$0	$1	($22,329)	($22,328)	($22,328)
NCI Units	$16,302	($10,646)	$20,166	$25,822	$9,520
NSP Units	$12,370	($9,727)	$12,474	$15,117	$2,747
King Farm Village	$3,542	($60)	($44)	$3,438	($104)
Paint Branch	$54,148	($11,236)	($12,240)	$30,672	($23,476)
Southbridge	$29,499	$12,924	$10,709	$53,132	$23,633
State Rental Combined	($162,335)	$67,409	$15,009	($79,916)	$82,419
Stewartown Affordable	$0	$135	($34,337)	($34,202)	($34,202)
Subtotal	**$1,434,133**	**$43,348**	**($313,216)**	**$1,164,267**	**($269,866)**
TOTAL ALL PROPERTIES	**$3,190,005**	**$1,201,015**	**($1,981,416)**	**$2,409,604**	**($780,401)**

Attachment C

FY 2022 Third Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(9 Months) Budget	(9 Months) Actual	Variance
Public Housing Rental			
Revenue	$0	$0	$0
Expenses	$0	$78,975	($78,975)
Net Income	**$0**	**($78,975)**	**($78,975)**
Housing Choice Voucher Program			
HAP revenue	$82,057,269	$81,429,602	($627,667)
HAP payments	$79,801,524	$81,859,233	$2,057,709
Net HAP	**$2,255,745**	**($429,631)**	**($2,685,376)**
Admin.fees & other inc.	$6,575,587	$8,587,699	$2,012,112
Admin. Expense	$6,420,221	$6,694,145	($273,924)
Net Administrative	**$155,366**	**$1,893,554**	**$1,738,188**
Net Income	**$2,411,111**	**$1,463,923**	**($947,188)**

FY 2022 Third Quarter Operating Budget to Actual Comparison

For Public Housing Rental Programs - Net Cash Flow

	(9 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(9 Months) Net Cash Flow Actual	Variance
Elizabeth House	$0	$0	($69,661)	($69,661)	($69,661)
Emory Grove	$0	$0	($9,563)	($9,563)	($9,563)
TOTAL ALL PROPERTIES	**$0**	**$0**	**($79,224)**	**($79,224)**	**($79,224)**

FY 2022 Third Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(9 Months) Actual	Variance
General Fund			
880 Bonifant	$277,000	$54,710	$222,290
East Deer Park	$95,000	$4,778	$90,222
Kensington Office	$160,000	$65,000	$95,000
Information Technology	$844,580	$500,431	$344,149
Subtotal	**$1,376,580**	**$624,919**	**$751,661**
Opportunity Housing			
Alexander House Dev Corp	$36,196	$30,491	$5,705
Avondale Apartments	$31,390	$52,697	($21,307)
The Barclay Dev Corp	$132,423	$72,446	$59,977
Barclay Affordable	$105,372	$74,379	$30,993
Bradley Crossing	$80,323	$33,321	$47,002
Brookside Glen (The Glen)	$88,752	$112,966	($24,214)
Camp Hill Square	$48,312	$52,547	($4,235)
CDBG Units	$10,320	$0	$10,320
Chelsea Towers	$16,050	$11,149	$4,901
Cider Mill Apartments	$1,617,656	$540,157	$1,077,499
Day Care at 9845 Lost Knife Road	$6,000	$0	$6,000
Dale Drive	$8,916	$1,303	$7,613
Diamond Square	$635,524	$0	$635,524
Elizabeth House Interim RAD	$5,950	$253	$5,697
Fairfax Court	$49,596	$45,964	$3,632
Georgian Court Affordable	$3,420	$15,358	($11,938)
Glenmont Crossing Dev Corp	$368,845	$83,096	$285,749
Glenmont Westerly Dev Corp	$150,924	$54,849	$96,075
Holiday Park	$19,983	$3,799	$16,184
Jubilee Falling Creek	$9,650	$0	$9,650
Jubilee Hermitage	$8,600	$2,497	$6,103
Jubilee Horizon Court	$9,219	$13,253	($4,034)
Jubilee Woodedge	$8,560	$1,645	$6,915
Ken Gar Dev Corp	$15,271	$18,978	($3,707)
King Farm Village	$2,300	$0	$2,300
Magruder's Discovery Dev Corp	$69,147	$46,579	$22,568
Manchester Manor	$31,092	$37,680	($6,588)
Manor at Cloppers Mill	$25,040	$60,770	($35,730)
Manor at Colesville	$15,740	$31,130	($15,390)
Manor at Fair Hill Farm	$40,300	$178,096	($137,796)
McHome	$74,500	$34,976	$39,524
McKendree	$31,250	$12,152	$19,098
MetroPointe Dev Corp	$673,671	$31,175	$642,496
The Metropolitan Dev Corp	$62,728	$40,879	$21,849
Metropolitan Affordable	$26,888	$13,722	$13,166
Montgomery Arms Dev Corp	$84,017	$51,352	$32,665
MHLP VII	$43,346	$31,460	$11,886
MHLP VIII	$49,000	$56,564	($7,564)
MHLP IX - Pond Ridge	$71,034	$109,977	($38,943)
MHLP IX - Scattered Sites	$76,250	$90,277	($14,027)
MHLP X	$93,600	$119,487	($25,887)
MPDU 2007 Phase II	$10,296	$5,426	$4,870
617 Olney Sandy Spring Road	$2,268	$0	$2,268
MPDU I (64)	$64,604	$85,690	($21,086)
MPDU II (59) Dev Corp	$82,670	$70,195	$12,475
Oaks at Four Corners Dev Corp	$183,826	$56,076	$127,750
NCI Units	$49,920	$17,419	$32,501
NSP Units	$9,558	$1,805	$7,753
Paddington Square Dev Corp	$101,356	$101,718	($362)
Paint Branch	$7,796	$9,098	($1,302)
Parkway Woods Dev Corp	$26,316	$16,021	$10,295
Pooks Hill High-Rise Dev Corp	$56,204	$11,555	$44,649
Pooks Hill Mid-Rise	$49,904	$35,596	$14,308
Sandy Spring Meadow Dev Corp	$15,352	$8,160	$7,192
Scattered Site One Dev Corp	$211,150	$222,062	($10,912)
Scattered Site Two Dev Corp	$47,000	$53,163	($6,163)
Seneca Ridge Dev Corp	$51,204	$59,832	($8,628)
Shady Grove Apts	$12,734	$10,535	$2,199
Sligo MPDU III Dev Corp	$23,550	$22,872	$678
Southbridge	$28,176	$8,347	$19,829
State Rental Combined	$201,350	$312,758	($111,408)
Stewartown Affordable	$0	$1,149	($1,149)
Strathmore Court	$163,280	$161,776	$1,504
Strathmore Court Affordable	$88,058	$56,529	$31,529
Towne Centre Place Dev Corp	$15,964	$8,413	$7,551
TPP LLC Pomander Court	$23,222	$4,041	$19,181
TPP LLC Timberlawn	$85,656	$38,953	$46,703
VPC One Dev Corp	$210,400	$204,479	$5,921
VPC Two Dev Corp	$191,400	$144,415	$46,985
Washington Square Dev Corp	$56,236	$27,301	$28,935
Westwood Tower	$196,800	$238,461	($41,661)
The Willows	$183,380	$201,668	($18,288)
Subtotal	**$7,386,785**	**$4,362,937**	**$3,023,848**
TOTAL	**$8,763,365**	**$4,987,856**	**$3,775,509**

CALENDAR YEAR 2022 (CY’22) FIRST QUARTER BUDGET AMENDMENT: COMMISSION APPROVAL OF THE FY’22 FIRST QUARTER BUDGET AMENDMENT FOR METROPOINTE APARTMENTS

June 8, 2022

- This budget amendment will increase the capital budget by $45,002 from $329,544 to $374,546.

- The Housing Opportunities Commission of Montgomery County (“HOC”) acting for itself and on behalf of Wheaton Metro Limited Partnership (“MetroPointe”) adopted a CY’22 budget for the partnership on November 3, 2021.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff’s recommendation that the Commission accept the CY’22 First Quarter Budget Amendment for MetroPointe Limited Partnership.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Timothy Goetzinger Division: Finance Ext. 4836
Terri Fowler Ext. 9507

RE: **Calendar Year 2022 (CY'22) First Quarter Budget Amendment**: Commission Approval of the FY'22 First Quarter Budget Amendment for MetroPointe Apartments

DATE: June 8, 2022

OVERALL GOAL & OBJECTIVE:
To amend the CY'22 Budget for Wheaton Metro Limited Partnership ("MetroPointe") so that it reflects an accurate plan for the use of the partnership's financial resources for the remainder of the year.

BACKGROUND:
As Managing General Partner, HOC has a fiduciary responsibility for each of the Tax Credit Partnerships. The current HOC budget policy stipulates that the financial performance and budgets of the Low Income Housing Tax Credit ("LIHTC") Partnerships should be reviewed on the same fiscal year as its partners (December 31). The Tax Credit Partnership Budgets require adoption by the Commission, separate from the Agency's general budget process. On November 3, 2021, the Commission adopted the CY'22 budgets for the partnerships that owned the 16 multifamily properties, which are calendar year-end properties.

ISSUES FOR CONSIDERATION:

Capital Budget Amendment:

- **Wheaton Metro Limited Partnership ("MetroPointe"):** Each year, the Property Management staff reviews capital budgets at year end and requests capital funds to roll forward to the next year. This is necessary as there are always capital projects that have not been completed by year end. The Property Management Division has requested that $45,002 for MetroPointe be rolled forward and included in the CY'22 Budget. The work, which will be funded from property replacement reserves, includes garage door replacement, security cameras for the garage, clubhouse and lobby furniture replacements, concrete replacements and HVAC unit replacements. The CY'22 capital budget for MetroPointe will be increased by $45,002 from $329,544 to $374,546.

BUDGET/FISCAL IMPACT:
Approval by the Commission of the CY'22 budget amendment will revise the CY'22 capital budget for MetroPointe Limited Partnership to reflect an accurate plan for the remainder of the year.

PRINCIPALS:
HOC
Wheaton Metro Limited Partnership

TIME FRAME:
For formal action at the June 8, 2022 meeting of the Commission.

The Budget, Finance and Audit Committee informally discussed the CY'22 First Quarter Budget Amendment for MetroPointe Limited Partnership at the May 24 2022 meeting and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Commission formally approve the proposed CY'22 First Quarter Budget Amendment for MetroPointe Limited Partnership.

Resolution No. 22-44

Re: Approval of CY'22 First Quarter Budget Amendment MetroPointe Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") acting for itself and on behalf of Wheaton Metro Limited Partnership ("MetroPointe"), as its managing member, acting for itself and on behalf of MetroPointe LP (the "Partnership"), as its general partner adopted a budget for CY'22 on November 3, 2021 for the Partnership; and

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

WHEREAS, the CY'22 First Quarter Budget Amendment will increase the capital budget by $45,002 from $329,544 to $374,546.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Wheaton Metro Limited Partnership ("MetroPointe"), as its managing member, acting for itself and on behalf of MetroPointe LP, as its general partner, hereby approves the CY'22 First Quarter Budget Amendment for the Partnership.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 8, 2022.

____

Patrice Birdsong
Special Assistant to the Commission

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UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE: AUTHORIZATION TO WRITE-OFF UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE (JANUARY 1, 2022 – MARCH 31, 2022)

June 8, 2022

- HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days.

- Additionally, HOC periodically proposes the write-off of uncollected former resident balances.

- The proposed write-off for the third quarter of Fiscal Year 2022 totaled $126,942, an increase of $77,988 compared to the previous quarter.

- The primary reasons for the write-offs include tenants who skipped or voluntarily vacated their units, tenants who purchased a home, tenants who left because the unit needed to be repaired or renovated, tenants who passed away, and tenants who no longer qualify for certain affordable housing programs.

- The next anticipated write-off of former tenants' uncollectible accounts receivable balance will be for the fourth quarter of FY'22, which will cover the period from April 1, 2022 to June 30, 2022.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff in its recommendation that the Commission approve the proposed write-off of uncollectible former residents' balances for the third quarter of FY'22, which totaled $126,942.

M E M O R A N D U M

TO:	Housing Opportunities Commission of Montgomery County				
VIA:	Kayrine Brown, Acting Executive Director				
FROM:	Staff:	Tim Goetzinger	Division:	Finance	Ext. 4836
		Eugenia Pascual		Finance	Ext. 9478
		Nilou Razeghi		Finance	Ext. 9494
		Nathan Bovelle		Property Management	Ext. 9708
RE:	**Uncollectible Tenant Accounts Receivable**: Presentation of Request to Write-off Uncollectible Tenant Accounts Receivable (January 1, 2022 – March 31, 2022)				

DATE: June 8, 2022

BACKGROUND:

HOC's current policy is to provide for an allowance for any tenant accounts receivable balance, which are older than 90 days. HOC records all proposed write-offs of former tenant accounts receivable balances in HOC's Uncollectible Accounts Receivable Database as well as in the various individuals' Equifax Credit Bureau files. This process updates the financial records to accurately reflect the receivables and provides greater potential for outstanding receivable collection.

The last approved write-off of former tenant accounts receivable balances on March 2, 2022 was for $77,988, which covered the three-month period from October 1, 2021 through December 31, 2021.

The proposed write-off of former tenant accounts receivable balances for the third quarter January 1, 2022 through March 30, 2022 is $126,942.

The $126,942 third quarter write-off is primarily attributable to former tenants within HOC's Opportunity Housing properties, Supportive Housing Properties and LIHTC/RAD Properties – Elizabeth House. The primary reasons for the write-offs across the properties include tenants who no longer qualify for certain affordable programs, voluntarily vacated their units, purchased a home, skipped, passed away, who needed more space, unit for repair or renovation, abandoned/vacated the unit, no longer in any program, moved, were non-compliance with program requirement, and left to live in a nursing home.

The following table shows the write-offs by fund/program.

Property Type	Current Write-offs 01/01/22 - 03/31/22	Prior Write-offs 10/01/21 - 12/31/21	$ Change 12/31/21 - 03/31/22	% Change 12/31/21 - 03/31/22	Fiscal Year 2022 Year-to-Date 07/01/21 - 03/31/22	Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21
Public Housing	$ -	$ -	$ -	0.00%	$ -	$ 706
Opportunity Housing	116,356	43,370	72,986	168.29%	173,410	147,479
Supportive Housing	9,261	2,732	6,529	238.98%	11,993	25,164
RAD Properties	1,324	31,886	(30,562)	-95.85%	33,440	19,294
236 Properties	-	-	-	0.00%	2,762	2,365
	$ 126,941	$ 77,988	$ 48,953	62.77%	$ 221,605	$ 195,008

The following tables show the write-offs by fund and property.

Public Fund

	Current Write-offs 01/01/22 - 03/31/22	Prior Write-offs 10/01/21 - 12/31/21	$ Change 12/31/21 - 03/31/22	$ Change 12/31/21 - 03/31/22	Fiscal Year 2022 Year-to-Date 07/01/21 - 03/31/22	Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21
Public Fund						
Former PH Tenants	$ -	$ -	$ -	0.00%	$ -	$ 706
Total Public Fund	**$ -**	**$ -**	**$ -**	**0.00%**	**$ -**	**$ 706**

Within the public Housing portfolio, there were no write-offs to report in the third quarter of FY '22.

Opportunity Housing Fund

	Current Write-offs 01/01/22 - 03/31/22	Prior Write-offs 10/01/21 - 12/31/21	$ Change 12/31/21 - 03/31/22	$ Change 12/31/21 - 03/31/22	Fiscal Year 2022 Year-to-Date 07/01/21 - 03/31/22	Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21
Opportunity Housing (OH) Fund						
Avondale	$ 2,663	$ -	$ 2,663	0.00%	$ 2,663	$ -
Brooke Park Apts	1,318	-	1,318	0.00%	1,318	-
Camp Hill Square	-	-	-	0.00%	-	3,683
Jubilee - Hermitage	346	-	346	0.00%	346	-
McHome	-	-	-	0.00%	8,392	1,769
MHLP IX - MPDU	-	847	(847)	-100.00%	3,204	3,657
MHLP IX - Pondridge	-	-	-	0.00%	-	11,427
MHLP VII	-	1,475	(1,475)	-100.00%	1,475	2,070
MHLP VIII	37	-	37	0.00%	37	1,742
MHLP X	-	14,578	(14,578)	-100.00%	15,134	-
MPDU I/64	41,084	-	41,084	0.00%	41,084	4,620
NCI-1 - 13202 Black Walnut Cou	-	-	-	0.00%	-	552
NCI-1 - 13304 Lydia St	524	-	524	0.00%	524	-
Scattered Site One Dev Corp	53,072	20,332	32,740	161.03%	73,404	19,992
Scattered Site Two Dev Corp	858	-	858	0.00%	858	2,838
State Rental Partnership	1,308	3,220	(1,912)	-59.38%	6,685	19,171
TPM Dev Corp - MPDU II (59)	1,117	2,918	(1,801)	-61.72%	4,035	23,401
VPC One Corp	14,029	-	14,029	0.00%	14,252	6,869
VPC Two Corp	-	-	-	0.00%	-	45,688
Total OH Fund	**$ 116,356**	**$ 43,370**	**$ 72,986**	**168.29%**	**$ 173,410**	**$ 147,479**

Within the Opportunity Housing portfolio, the $116,357 write-off amounts were primarily attributable to Scattered Sites One Development Corporation, MPDU I/64 and VPC One Corp (Note that there is a $1.00 difference due to rounding). The write-offs were mainly due to tenants who skipped or voluntarily vacated their units, tenants who purchased a home, and a tenant who left because the unit needed to be repaired or renovated.

Supportive Housing

	Current Write-offs 01/01/22 - 03/31/22	Prior Write-offs 10/01/21 - 12/31/21	$ Change 12/31/21 - 03/31/22	% Change 12/31/21 - 03/31/22	Fiscal Year 2022 Year-to-Date 07/01/21 - 03/31/22	Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21
Supportive Housing						
McKinney X - HUD	$ 9,261	$ 2,732	$ 6,529	238.98%	$ 11,993	$ 25,164
Total Supportive Housing	**$ 9,261**	**$ 2,732**	**$ 6,529**	**238.98%**	**$ 11,993**	**$ 25,164**

Within the Supportive Housing Program, the $9,261 write-off amount was due to two tenants who passed away, one tenant who was non-compliant with the program requirement, and one tenant who moved into a nursing home.

LIHTC/RAD Properties

	Current Write-offs 01/01/22 - 03/31/22	Prior Write-offs 10/01/21 - 12/31/21	$ Change 12/31/21 - 03/31/22	% Change 12/31/21 - 03/31/22	Fiscal Year 2022 Year-to-Date 07/01/21 - 03/31/22	Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21
LIHTC/RAD Properties						
Arcola Towers LP	$ -	$ 3,409	$ (3,409)	-100.00%	$ 3,409	$ -
Elizabeth House - Interim RAD	1,324	-	1,324	0.00%	1,324	1,283
Holly Hall RAD	-	-	-	0.00%	-	1,909
RAD 6 - Sandy Spring	-	-	-	0.00%	46	-
RAD 6 - Ken Gar	-	-	-	0.00%	-	295
RAD 6 - Seneca Ridge	-	25,786	(25,786)	-100.00%	25,786	15,807
RAD 6 - Towne Centre Place	-	2,691	(2,691)	-100.00%	2,691	-
Waverly House LP	-	-	-	0.00%	184	-
Total RAD Properties	**$ 1,324**	**$ 31,886**	**$ (30,562)**	**-95.85%**	**$ 33,440**	**$ 19,294**

Within the LITHC/RAD properties, the $1,324 write-off amount was due to one tenant who passed away.

236 Properties

	Current Write-offs 01/01/22 - 03/31/22	Prior Write-offs 10/01/21 - 12/31/21	$ Change 12/31/21 - 03/31/22	$ Change 12/31/21 - 03/31/22	Fiscal Year 2022 Year-to-Date 07/01/21 - 03/31/22	Fiscal Year 2021 Year-to-Date 07/01/20 - 03/31/21
236 Properties						
Bauer Park	$ -	$ -	$ -	0.00%	$ -	$ 353
Town Center Apts	-	-	-	0.00%	2,762	2,012
Total 236 Properties	**$ -**	**$ -**	**$ -**	**0.00%**	**$ 2,762**	**$ 2,365**

Within the 236 properties, there were no write-offs to report in the third quarter of FY ’22.

HOC maintains a relationship with the rent collections firm, Rent Collect Global (“RCG”). All delinquent balances of $200 or more are submitted to RCG for further pursuit. Additionally, HOC offers a Surety Bond Program in which residents are provided the option to purchase a surety bond, at a low rate, from the firm Sure Deposit, Inc., in lieu of paying a traditional security deposit to HOC. Furthermore, the full value of the surety bond is available to HOC for recovery of any damage or other loss, just like a traditional security deposit. Through HOC’s collection efforts and the services of RCG and Sure Deposit, HOC makes every effort to pursue all tenant outstanding receivables. The write-off recovery process is outlined below for your reference.

Finance Write-Off and Recovery Procedures

1. After a tenant vacates, Resident Accounting (RA) receives clearance from HOC Property Management (PM) to post the deposit accounting in Yardi.
2. If a balance is owed, RA prepares a letter to the resident with the balance owed. PM signs and mails the letter to the resident.
3. If a resident purchased a surety bond, PM submits a claim to the bond company to collect the balance owed up to the amount of the bond. Payments made by the bond company are posted to the resident's ledger.
4. If a balance is still owed (at the time of write-off review), it is submitted for consideration to be written-off. Once approved, the write-off is posted in Yardi.
5. PM informs Compliance of the write-off and Compliance reports outstanding balances to a collection company.

The next anticipated write-off will be for the fourth quarter of FY'22 covering April 1, 2022 through June 30, 2022. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the uncollectible accounts receivable database.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept staff's recommendation, which is supported by the Budget, Finance and Audit Committee, to authorize the write-off of uncollectible tenant accounts receivable for $126,942?

BUDGET IMPACT:

The recommended write-off of the tenant accounts receivable balances does not affect the net income or cash flow of the individual properties or the Agency as a whole. The write-off expense was recorded when the initial allowance was established because of the receivable balance being 90 days past due. The recommended write-off is to adjust the balance sheet and remove the aged receivable balances.

TIME FRAME:

The Budget, Finance and Audit Committee informally discussed the Uncollectible Tenant Accounts Receivable at the May 24, 2022 meeting and supports staff's recommendation.

For formal action at the June 8, 2022 meeting of the Commission.

STAFF RECOMMENDATION:

Staff recommends that the Commission authorize the write-off of the uncollectible tenant accounts receivable of $126,942 for the period covering January 1, 2022 to March 31, 2022.

RESOLUTION NO. 22-45 **RE: Uncollectible Tenant Accounts Receivable: Authorization to Write-Off Uncollectible Tenant Accounts Receivable**

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

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

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period of January 1, 2022 – March 31, 2022 is $126,942, consisting of $116,357 from Opportunity Housing properties, $9,261 from Supportive Housing Properties and $1,324 from LIHTC/RAD Properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Acting Executive Director, or her designee, without further action on its part, to take any and all actions necessary and proper to write off $126,942 in uncollectible accounts receivable related to (i) tenant balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 8, 2022.

Patrice M. Birdsong
Special Assistant to the Commission

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ACCEPTANCE OF CALENDAR YEAR ("CY") 2021 LOW INCOME TAX CREDIT PARTNERSHIPS AND LIMITED LIABILITY COMPANY AUDITS

June 8, 2022

- The Finance Division was responsible for the successful completion of 15 Tax Credit Partnership Audits and two (2) Limited Liability Company Audits for CY2021.

- A standard unqualified audit opinion was received for all 15 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits.

- A standard unqualified audit opinion was received for CCL Multifamily LLC and HOC at Westside Shady Grove LLC from the respective independent certified public accounting firm performing the audits.

- The Budget Finance and Audit Committee reviewed the request to accept the 15 CY 2021 Tax Credit Partnership and CCL Multifamily LLC audits at its meeting on May 24, 2022. The audit for the HOC at Westside Shady Grove LLC was completed after the May 24, 2022 Budget, Finance and Audit Committee meeting and added to the full Commission packet.

M E M O R A N D U M

TO:	Housing Opportunities Commission of Montgomery County				
VIA:	Kayrine Brown, Acting Executive Director				
FROM:	Staff:	Timothy Goetzinger	Division:	Finance	Ext. 9754
		Eugenia Pascual		Finance	Ext. 9478
		Claudia Wilson		Finance	Ext. 9474
		Niketa Patel		Finance	Ext. 9584

RE: **Calendar Year 2021 Audits:** Presentation of Calendar Year 2021 Low Income Tax Credit Partnerships and Limited Liability Company Audits

DATE: June 8, 2022

BACKGROUND:

The Housing Opportunities Commission of Montgomery County ("HOC or Commission") is the managing partner in 17 Calendar Year ("CY") 2021 tax credit limited partnerships. Fifteen (15) of the 17 tax credit partnerships required year-end audits for 2021. Elizabeth House III LP is currently under construction and does not yet require an annual audit. HOC at Willow Manor LLC was acquired in December 2021 and the investor does not require an audit for CY2021.

HOC also has four (4) calendar year Limited Liability Company ("LLC") properties, CCL Multifamily LLC (The Lindley), Hillandale Gateway LLC, Wheaton Gateway LLC and HOC at Westside Shady Grove LLC. The CY2021 audits of CCL Multifamily LLC and HOC at Westside Shady Grove LLC are included in this recommendation. Hillandale Gateway LLC and Wheaton Gateway LLC are currently in the pre-development stage and do not require an annual audit for CY2021.

The individual real estate limited partnerships and LLCs presented in the table below are currently required to have an annual audit to satisfy investor requirements. These entities are audited as of December 31, 2021:

Calendar Year 2021 Properties
Low Income Housing Tax Credit (LIHTC)
900 Thayer Limted Partnership
4913 Hampden Lane Limited Partnership
Alexander House Apartments Limited Partnership
Arcola Towers RAD Limited Partnership
Bauer Park Apartments Limited Partnership
Forest Oak Towers Limited Partnership
Greenhills Apartments Limited Partnership
HOC at Georgian Court LLC
HOC at Shady Grove LLC
HOC at Stewartown Homes LLC
HOC at the Upton II LLC
Spring Garden One Associate Limited Partnership
Tanglewood and Sligo Limited Partnership
Waverly House RAD Limited Partnership
Wheaton Metro Limited Partnership
Limited Liability Company (LLC)
CCL Multifamily LLC
HOC at West Side Shady Grove LLC

See Appendix A for each of the properties that report on a calendar year basis.

The property audits for 15 CY2021 Tax Credit Partnerships, CCL Multifamily LLC and HOC at Westside Shady Grove LLC have been finalized. They have received a standard unqualified audit opinion from the independent certified public accounting firms performing the audits. The HOC at Westside Shady Grove LLC property audit was completed after the May 24, 2022 Budget, Finance and Audit Committee meeting and added to the full Commission packet.

ISSUES FOR CONSIDERATION:
Does the Commission wish to accept the staff's recommendation, which the Budget, Finance and Audit Committee supports, to accept the 15 CY 2021 Tax Credit Partnership, CCL Multifamily LLC and HOC at Westside Shady Grove LLC Audits?

BUDGET IMPACT:
There is no budget impact related to acceptance of the 15 CY 2021 Tax Credit Partnership, CCL Multifamily LLC and HOC at Westside Shady Grove LLC Audits.

TIME FRAME:
For formal action at the June 8, 2022 meeting of the Commission.

The Budget, Finance and Audit Committee informally discussed the 15 CY 2021 Tax Credit Partnership and CCL Multifamily LLC Audits at the May 24, 2022 meeting. The HOC at Westside Shady Grove LLC property audit was completed after the May 24, 2022 Budget, Finance and Audit Committee meeting and added to the full Commission packet.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Commission accept the 15 CY 2021 Tax Credit Partnership, CCL Multifamily LLC and HOC at Westside Shady Grove Audits.

Resolution No.: 22-46

Re: Acceptance of CY 2021 Low Income Tax Credit Partnerships and Limited Liability Company Audits

WHEREAS, the Housing Opportunities Commission of Montgomery County ("Commission"), or its wholly-controlled affiliate, is the managing general partner in 15 tax credit partnerships, including: 900 Thayer Limited Partnership, 4913 Hampden Lane Limited Partnership, Alexander House Limited Partnership, Arcola Towers RAD Limited Partnership, Bauer Park Apartments LP, Forest Oak Towers Limited Partnership, Greenhills Limited Partnership, HOC at Georgian Court, LLC, HOC at Shady Grove, LLC, HOC at Stewartown Homes, LLC, HOC at the Upton II, LLC, Spring Garden One Associates Limited Partnership, Tanglewood and Sligo Limited Partnership, Waverly House RAD Limited Partnership and Wheaton Metro Limited Partnership (together, the "Tax Credit Partnerships"); and

WHEREAS, the Commission is the managing member of CCL Multifamily LLC ("CCL Multifamily") and HOC at Westside Shady Grove, LLC ("Westside Shady Grove"); and

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

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

WHEREAS, a standard unqualified audit opinion was received from the respective independent certified public accounting firms performing the audits for CCL Multifamily and Westside Shady Grove.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County accepts the CY 2021 audits for the Tax Credit Partnerships, CCL Multifamily, and Westside Shady Grove.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, June 8, 2022.

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Patrice Birdsong
Special Assistant to the Commission

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Appendix A

Calendar Year 2021 Audit Status

	Name of the	Number of Units	Scattered Site	Remaining Compliance Years	Audit Firm	Opinion	Finding	Audit Status
1	4913 Hampden Lane LP (Lasko Manor)	12	No	4	PKF O'Connor Davies	Unqualified	None	Completed
2	900 Thayer LP	124	No	13	Novogradac & Company	Unqualified	None	Completed
3	Alexander House Limited Partnership	122	No	12	SC&H	Unqualified	None	Completed
4	Arcola Towers RAD LP	141	No	10	CohnReznick LLP	Unqualified	None	Completed
5	Bauer Park Apartments LP	142	No	15	Novogradac & Company	Unqualified	None	Completed
6	Forest Oak Towers LP	175	No	1	Novogradac & Company	Unqualified	None	Completed
7	GreenhillsApartments Limited Partnership	77	No	12	Novogradac & Company	Unqualified	None	Completed
8	HOC at Georgian Court LLC	147	No	NA	Novogradac & Company	Unqualified	None	Completed
9	HOC at Shady Grove LLC	144	No	NA	Novogradac & Company	Unqualified	None	Completed
10	HOC at Stewartown Homes LLC	94	No	NA	Novogradac & Company	Unqualified	None	Completed
11	HOC at The Upton II LLC	150	No	NA	Novogradac & Company	Unqualified	None	Completed
12	Spring Garden One Associates LP	83	No	0	Novogradac & Company	Unqualified	None	Completed
13	Tanglewood and Sligo LP	132	No	7	SC&H	Unqualified	None	Completed
14	Waverly House RAD LP	157	No	10	M K Group	Unqualified	None	Completed
15	Wheaton Metro Limited Partnership (MetroPointe)	53	No	1	CohnReznick LLP	Unqualified	None	Completed
	Limited Liability Companies (LLC's)							
16	CCL Multifamily Limited Liability Company	200	No	NA	Novogradac & Company	Unqualified	None	Completed
17	HOC at West Side Shady Grove LLC	268	No	NA	Novogradac & Company	Unqualified	None	Completed

APPROVAL TO EXTEND THE USE OF PNC BANK N.A. LINE OF CREDIT ("PNC LOC") AND THE REAL ESTATE LINE OF CREDIT ("RELOC") TO FINANCE COMMISSION-APPROVED ACTIONS RELATED TO: MONTGOMERY HOMES LIMITED PARTNERSHIP (MHLP) VII, FAIRFAX COURT APARTMENTS, LYTTONSVILLE (8800 BROOKVILLE ROAD), LINDSAY FORD HOLDINGS SITE (WHEATON GATEWAY), HOC FENWICK & SECOND HEADQUARTERS, BROOKE PARK APARTMENTS, MPDU I (64), AMBASSADOR APARTMENTS, AVONDALE APARTMENTS, AND YEAR 15 LIHTC PROPERTIES

June 8, 2022

- The Commission has previously approved advances from the PNC LOC and RELOC from PNC Bank N.A. to fund the interim financing needs for:
    1. MHLP VII,
    2. Fairfax Court Apartments,
    3. Lyttonsville (8800 Brookville Road),
    4. Lindsay Ford Holdings Site (Wheaton Gateway),
    5. HOC Fenwick & Second Headquarters,
    6. Brooke Park Apartments,
    7. MPDU I (64),
    8. Ambassador Apartments,
    9. Avondale Apartments, and
    10. Year 15 LIHTC Properties.

- As of April 30,2022, total principal balance from these draws was approximately $38.6 million. The authorization from the Commission for the use of the PNC LOC and RELOC will expire on June 30, 2022.

- The estimated total annual cost related to these advances is approximately $747,808 based on the PNC LOC and RELOC's contractual taxable and tax-exempt borrowing rates.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff in its recommendation to extend the use of the PNC LOC and the RELOC through September 30, 2024 to finance Commission-approved actions related to the ten properties previously mentioned above. The extended maturity date will be co-terminus with the PNC LOC and RELOC.

M E M O R A N D U M

TO:	Housing Opportunities Commission of Montgomery County
VIA:	Kayrine Brown, Acting Executive Director
FROM:	Staff: Timothy Goetzinger Division: Finance Ext. 9754 Eugenia Pascual Finance Ext. 9478
RE:	**Extension of the Use of Credit Facilities:** Approval to Extend the Use of PNC Bank N.A. Line of Credit ("PNC LOC") and the Real Estate Line of Credit ("RELOC") to Finance Commission-Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Lyttonsville (8800 Brookville Road), Lindsay Ford Holdings Site (Wheaton Gateway), HOC Fenwick & Second Headquarters, Brooke Park Apartments, MPDU I (64), Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC Properties
DATE:	June 8, 2022

BACKGROUND:

The Commission previously approved advances from the PNC Bank, N.A. Line of Credit ("PNC LOC") to support the interim financing needs of MHLP VII, Fairfax Court Apartments, Lyttonsville (8800 Brookville Road), Lindsay Ford Holdings Site (Wheaton Gateway), HOC Fenwick & Second Headquarters and Brooke Park Apartments. The Commission also authorized draws from the PNC Bank, N.A. Real Estate Line of Credit ("RELOC") to prepay the first and subordinate mortgages of Ambassador Apartments, to purchase Avondale Apartments, to acquire full ownership of Year 15 properties and to provide a construction bridge loan to Brooke Park Apartments. Staff requests approval to extend the current maturity dates through September 30, 2024, which will be co-terminus with the PNC LOC and RELOC. The PNC LOC's contractual taxable borrowing rate is London Interbank Offered Rate ("LIBOR") plus a spread and the tax-exempt borrowing rate is a percentage of LIBOR plus a spread. The RELOC taxable borrowing rate is also based on the LIBOR index plus a spread and the tax-exempt borrowing rate is also based on a percent of LIBOR plus a spread. The unobligated amount as of March 31, 2022 is $8,442,214 for the PNC LOC and $72,031,236 for the RELOC.

The table below indicates the current maturity dates, the outstanding principal amounts and the estimated annual cost under each of these loans.

Property	Line of Credit	Current Maturity date	Principal Balance As of 4-30-2022	Estimated Annual Cost	Libor Rate & Spread under LOC & RELOC	
MHLP VII	$60 million	June 2022	$ 522,725	$ 10,923	2.08962%	Taxable
Fairfax Court Apartments	$60 million	June 2022	306,021	6,395	2.08962%	Taxable
Lyttonsville (8800 Brookville Road)	$60 million	June 2022	10,850,000	226,724	2.08962%	Taxable
Lindsay Ford Holdings Site (Wheaton Gateway)	$60 million	June 2022	11,530,881	240,952	2.08962%	Taxable
HOC Fenwick & Second Headquarters	$60 million	June 2022	2,071,264	43,282	2.08962%	Taxable
Brooke Park Apartments	$60 million	June 2022	1,800,000	37,613	2.08962%	Taxable
MPDU I (64)	$60 million	June 2022	895,819	18,719	2.08962%	Taxable
Ambassador Apartments	$150 million	June 2022	1,862,495	26,665	1.43170%	Tax-exempt
Avondale Apartments	$150 million	June 2022	5,824,451	83,388	1.43170%	Tax-exempt
Year 15 LIHTC	$150 million	June 2022	1,371,600	24,546	1.78962%	Taxable
Brooke Park Apartments	$150 million	June 2022	1,598,150	28,601	1.78962%	Taxable
Total			**$ 38,633,406**	**$ 747,808**		

LIBOR Transition to SOFR

The London Interbank Offered Rate ("LIBOR") has historically been determined by taking a survey of British banks on the rate at which they can borrow from other banks. However, research has shown that several banks engaged in misconduct in rate submissions. To not disrupt financial markets, LIBOR is being gradually terminated, with the final LIBOR-based rate (including 1-month and 3-month tenors) ending on June 30, 2023. The primary replacement rate appears to be the Secured Overnight Financing Rate ("SOFR"), which is a daily compounded index based on actual trading rates of US Treasury securities. Since historical SOFR rates have been lower than LIBOR rates, there will likely be an add-on spread adjustment.

One alternative replacement rate is the Bloomberg Short Term Bank Yield Index ("BSBY"). BSBY is primarily intended for commercial bank loans and is based on actual executable rates for bank deposits, commercial paper, certificates of deposit and corporate bonds. Another alternative replacement rate is Term SOFR (which, unlike SOFR described above, consists of terms exceeding one day, e.g., 1-month, 3-month, etc.) for which daily SOFR is compounded to the corresponding tenor. Both BSBY and Term SOFR have limited liquidity at this time. However, in recent conversations with HOC's relationship banker, PNC Bank's credit team believes that BSBY tracks closer to the market and are likely to use that index to replace LIBOR for its loan products. Staff continues to work with our financial advisor and financial institutions and will present decisions for action by the Commission at a later date.

MHLP VII

The draw on the LOC funded the repayment of the first mortgage associated with MHLP VII, a low-income housing tax credit ("LIHTC") scattered site property. The units were conveyed to HOC at the end of the initial LIHTC compliance period and are now subject to an Extended Use Covenant. HOC intends to continue to operate the property as an affordable housing development. HOC has also purchased the limited partners' interest in MHLP VIII, MHLP IX and, MHLP X, the remaining LIHTC scattered site properties. Future plans are to combine them into a single ownership entity and repay all outstanding indebtedness from refinancing proceeds.

Fairfax Court

Fairfax Court is an 18-unit development located in Chevy Chase. The outstanding draw on the PNC LOC repaid the first mortgage, which was funded with variable rate demand obligation bonds. The Commission intends to operate Fairfax Court as an affordable housing asset and while a renovation plan is being developed, the Commission started to repay the LOC from accrued cash and cash flow from operations at the property as available.

Lyttonsville (8800 Brookville Road)

On November 7, 2018, the Commission approved a draw of up to $10,850,000 from the PNC LOC to fund the acquisition of the approximately 10 acres at 8800 Brookville Road in Silver Spring. This site is available to relocate the existing users to clear the way for redevelopment. The original intent of the acquisition of this property was to provide a relocation site for WSSC's nearby Lyttonsville maintenance depot. After a significant delay, WSSC issued an RFP for the relocation of its Lyttonsville maintenance depot, and the team of HOC and EYA was not selected. Furthermore, WSSC will not pursue the 8800 Brookville site for its use. HOC is preparing to sell the site for industrial development and has multiple interested parties, including Montgomery County. It is expected that a disposition will occur in calendar year 2022. To date, $10,850,000 has been drawn and outstanding.

Lindsay Ford Holdings Site (Wheaton Gateway)

On January 9, 2019, the Commission approved a taxable draw of up to $11,635,000 from the PNC LOC to fund the acquisition of the Lindsay Ford Holdings Site, costs related to the acquisition of the Lindsay Ford Holding Site, and reimbursement of costs incurred by the Commission related to title costs and earnest money deposits. Predevelopment plans are underway for the redevelopment of the site along with the former Ambassador Apartments at which time repayment of the PNC LOC will occur. The total amount drawn was $11,530,881.

HOC Fenwick & Second Headquarters

On April 3, 2019, the Commission approved the execution of a ground lease for the development and ownership of HOC's new headquarters building located in downtown Silver Spring, Maryland at Fenwick Lane and Second Avenue. The new headquarters will house staff currently at the Kensington and East Deer Park offices as well as staff in the Silver Spring Service Center. To fund the conceptual design and predevelopment budget of the building, the Commission authorized the use of the PNC LOC up to $2,908,300. The construction of the building is expected to commence by the beginning of calendar year 2023. Draws through April 30, 2022 totaled $2,071,264.

MPDU I (64)

In December 2013, the Commission authorized the Executive Director, in partnership with Jubilee Association of Maryland, Inc. ("Jubilee"), to accept a grant award to acquire and renovate at least two homes for adults with developmental disabilities. Staff identified three MPDU I (MPDU64)

HOC-owned townhomes in the Chadburn Place Subdivision of Montgomery Village that can be acquired and wholly-owned by a special purpose entity ("SPE") and subsequently renovated to suit the needs of low-income, developmentally disabled adults, to be operated by Jubilee. For HOC to sell the Chadburn Units to the SPE, all debt and mortgage insurance obligations had to be resolved, including prepayment of the outstanding mortgages. On March 3, 2021, the Commission approved a draw of up to $1,400,000 from the PNC LOC to fund the repayment of the outstanding mortgages, as well as the costs related to the renovation, permit fees and construction administration expenses associated with the development plan for three Chadburn Units. Draws through April 30, 2022 totaled $895,819.

Ambassador

On October 28, 2014, HOC prepaid the Ambassador mortgage by drawing $1,862,495 from the RELOC and used the funds to redeem prior outstanding bonds issued for the project. On April 3, 2019, the Commission approved authorization for the Executive Director to enter into a binding joint venture operating agreement to pursue the redevelopment of Wheaton Gateway consisting specifically of the Lindsay Ford Parcels and the Ambassador Apartments. The RELOC loan will be repaid from financing proceeds from the redevelopment. The building has been demolished as of April 2020. The predevelopment continues at its Sketch Plan phase and closing of the vertical financing is projected to occur in 2024.

Avondale

The $7,037,704 draw on the RELOC funded the acquisition of the Avondale properties. Staff has been working to determine the appropriate development strategy for the property. A partial payment of $1,213,253 was made on April 15, 2022 leaving a balance of $5,824,451.

Year 15 LIHTC

On August 3, 2016, the Commission approved taxable draws on the RELOC in an aggregate amount not to exceed $1.6MM as an interim source of funding for consulting services related to the acquisition of full ownership of Year 15 Properties (Barclay, Georgian Court, Manchester Manor, Metropolitan, MHLP IX, MHLP X, Shady Grove, Stewartown Homes, Strathmore Court and Willows). The RELOC loan will be repaid as part of the total project costs for the eventual recapitalization of Year 15 Properties. Draws through April 30, 2022 total $1,371,600 for payments to Morrison Avenue Capital Partners for consulting services to evaluate, negotiate, and complete limited partners' exits related to the acquisition of ten Year 15 properties.

Brooke Park Apartments Construction Bridge Loan

In 2013, the Montgomery County Department of Housing and Community Affairs ("DHCA") exercised its right of first refusal and assigned the right to HOC to purchase Brooke Park Apartments. DHCA approved a commitment letter to finance the net funding needed but was delayed due to other closing commitments. To bridge the receipt of the County loan, the Commission authorized on July 1, 2020 to draw up to $1.8 million on the PNC LOC, which was fully drawn. On February 3, 2021, the Commission authorized an additional $1.6 million to be drawn from the RELOC to avoid interruption in construction activities and to complete the renovation by March 2021. To date $1,598,150 has been drawn from the RELOC. Advances from the PNC lines of credit will be repaid once the County financing is in place.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve the extension of the maturity dates for the draws on the PNC LOC and RELOC related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Lyttonsville (8800 Brookville Road), Lindsay Ford Holdings Site (Wheaton Gateway), HOC Fenwick & Second Headquarters, Brooke Park Apartments, MPDU I (64), Ambassador Apartments, Avondale Apartments and Year 15 LIHTC properties through September 30, 2024, which will be co-terminus with the PNC LOC and RELOC agreements with PNC Bank?

PRINCIPALS:

PNC Bank, N.A.
HOC on behalf of:

1. Montgomery Homes Limited Partnership (MHLP) VII
2. Brookville Road
3. HOC-Fenwick & Second Headquarters
4. Year 15 LIHTC Properties
5. MPDU I (64)
6. Fairfax Court Apartments
7. Wheaton Gateway LLC
8. Brooke Park Apartments
9. Wheaton-University Boulevard Limited Partnership for Ambassador Apartments
10. Avondale Apartments

BUDGET IMPACT:

The amount of interest expense for FY 2023 is estimated to be $747,808. The interest expense will be included in the FY 2023 Agency Budget.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the request to extend the use of the PNC LOC and the RELOC to finance Commission-approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Lyttonsville (8800 Brookville Road), Lindsay Ford Holdings Site (Wheaton Gateway), HOC Fenwick & Second Headquarters and Headquarters, Brooke Park Apartments, MPDU I (64), Ambassador Apartments, Avondale Apartments and Year 15 LIHTC properties through September 30, 2024, which will be co-terminus with the PNC LOC and RELOC agreements with PNC Bank. For Commission action at the June 8, 2022 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends, with the support of the Budget, Finance and Audit Committee, that the Commission approve extending the use of the PNC LOC and the RELOC to finance Commission-approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Lyttonsville (8800 Brookville Road), Lindsay Ford Holdings Site (Wheaton Gateway), HOC Fenwick & Second Headquarters and Headquarters, Brooke Park Apartments, MPDU I (64), Ambassador Apartments, Avondale Apartments and Year 15 LIHTC properties through September 30, 2024, which will be co-terminus with the PNC LOC and RELOC agreements with PNC Bank.

RESOLUTION: 22-47

RE: Approval to Extend the Use of PNC Bank N.A. Line of Credit ("PNC LOC") and the Real Estate Line of Credit ("RELOC") to Finance Commission-Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Lyttonsville (8800 Brookville Road), Lindsay Ford Holdings Site (Wheaton Gateway), HOC Fenwick & Second Headquarters, Brooke Park Apartments, MPDU I (64), Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC Properties

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission") has approved various actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Lyttonsville (8800 Brookville Road), Lindsay Ford Holdings Site (Wheaton Gateway), HOC Fenwick & Second Headquarters, Brooke Park Apartments, MPDU I (64), Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC Properties (together, the "Properties"), which are currently financed through the PNC Bank N.A. Line of Credit (the "PNC LOC") and the PNC Bank N.A. Real Estate Line of Credit (the "RELOC");

WHEREAS, staff recommends extending, through September 30, 2024, the use of the LOC at the taxable borrowing rate or the tax exempt rate, and the use of the RELOC at the taxable rate or the tax exempt rate to continue to finance Commission-approved actions related to the Properties;

WHEREAS, the extended maturity date of September 30, 2024 will be co-terminus with the PNC LOC and the RELOC agreements with PNC Bank, National Association; and

WHEREAS, the estimated cost, as of April 30, 2022, under the PNC LOC and the RELOC is expected to be approximately $747,808.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending, through September 30, 2024, the use of the PNC Bank N.A. Line of Credit and the PNC Bank N.A. Real Estate Line of Credit to finance Commission actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Lyttonsville (8800 Brookville Road), Lindsay Ford Holdings Site (Wheaton Gateway), HOC Fenwick & Second Headquarters, Brooke Park Apartments, MPDU I (64), Ambassador Apartments, Avondale Apartments, and Year 15 LIHTC Properties.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

AUTHORIZATION TO EXTEND INSPECTION SERVICES CONTRACT WITH INSPECTIONS EXPERTS, INC.

June 8, 2022

- In June 2020, HOC entered into a contract with Inspections Experts, Inc., ("IEI") for the purpose of executing all Housing Quality Standard ("HQS") inspections.

- The existing contract between HOC and IEI will expire on July 1, 2022, and the contract renewal is essential to continue all of HOC's inspections.

- HUD regulations and Chapter 10 of HOC's administrative plan outline that all Housing Choice Voucher participants must undergo inspections to ensure a safe and sanitary dwelling unit.

- Inspections required under the contract include annual, initial, quality control, and other Housing Quality Standards inspections such as complaint, radon, and lead-paint based inspections.

- The renewal contract generally contains the same terms as the previous contract with a few modifications agreed upon by HOC and IEI.

- The Budget Finance and Audit Committee considered this request at its meeting on May 24, 2022 and joins staff in its recommendation that the Housing Opportunities Commission of Montgomery County renew the contract with IEI for one year and increase the contract value by $61,347.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Lynn Hayes Division: Housing Resources Ext. 9622
Ali Khademian Ext. 9628

RE: **Procurement of Inspection Services:** Authorization to Extend the Inspection Services Contract with Inspection Experts, Inc. ("IEI")

DATE: June 8, 2022

STATUS: Committee Reports: Deliberation _____X_

BACKGROUND:
All Housing Choice Voucher ("HCV") units must meet minimum standards prior to the execution of the Housing Assistance Payment ("HAP") Contract and annually throughout the term of the assisted tenancy, as defined in 24 CFR Part 982. These standards are referred to as Housing Quality Standards, ("HQS") and include fourteen key aspects.

HQS inspections may be performed by HOC staff or contractors to ensure that the units are in decent, safe and sanitary condition. In addition to initial and annual inspections, the Public Housing Authority ("PHA") is required to conduct Special or Complaint Inspections ("Special"), and Quality Control ("QC") Inspections.

The Housing Opportunities Commission executed a two-year contract with Inspection Experts, Inc. ("IEI") on June 2, 2020 to conduct initial, annual and special inspections. The contract will expire on July 1, 2022 and is eligible for two optional one-year renewals.

Staff is requesting that the Housing Opportunities Commission renew the contract with IEI for one year, with the following new provisions:

- IEI Inspectors will utilize the Yardi Voyager Software Module for all data entry;
- IEI Inspectors will conduct Quality Control Inspections;
- IEI Inspectors will conduct virtual inspections, in lieu of in-person inspections, if requested by the tenant;
- IEI will conduct Carbon Monoxide Detector inspections commencing December 27, 2022; and
- IEI will conduct up to 18,000 initial, annual, Special and QC inspections.

In addition to the HQS inspections, IEI is contracted to perform inspections of HOC's units in conformance with Chapter 26 of the Montgomery County Code.

The remainder of the contract is relatively unchanged and stipulates the same terms in the original agreement. In addition to inspections for the HCV Program, the contractor may conduct inspections for the Supportive Housing Program, Radon Inspections and Lead-Based Paint Inspections.

IEI is an approved Woman-Owned Small Business ("WOSB"), which excels in solid contract performance with several federal government agencies as well as private sector clients. Staff proposes continuation of the contractual agreement with IEI for one additional year.

FUNDING:
HQS inspections are funded by the HCV program Administrative Fees. Inspections for units in accordance with Chapter 26 of the Montgomery County Code are funded in the budget from the General Fund.

ISSUES FOR CONSIDERATION:
Does the Housing Opportunities Commission of Montgomery County wish to accept staff's recommendation, which is supported by the Budget Finance and Audit Committee, to authorize the Executive Director, or her designee to renew the contract with Inspection Experts, Inc. for one year, to provide Inspections for the Housing Choice Voucher Program and HOC properties?

PRINCIPALS:
Housing Opportunities Commission of Montgomery County
Inspection Experts, Inc.

BUDGET IMPACT:
The recommended contract renewal will increase by $61,347 resulting from the anticipated increase in inspections and the increase in fuel costs. There are sufficient administrative fee reserves to cover the increase in costs.

TIME FRAME:
For formal action at the open meeting of the Commission on June 8, 2022.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Housing Opportunities Commission of Montgomery County accept staff's recommendation to authorize the Executive Director (including Acting Executive Director), or their designee, to renew the inspections services contract with Inspection Experts, Inc. for one year to provide Inspections for the Housing Choice Voucher Program and HOC properties.

Staff also recommends that the Commission approve an increase to the contract value, bringing the total of the renewal term to $759,186.25.

RESOLUTION NO.: 22-48

RE: Authorization to Extend Inspection Services Contract with Inspection Experts, Inc. ("IEI")

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") is required to perform Housing Quality Standards Inspections per the U.S. Department of Housing and Urban Development and Chapter 10 of HOC's Administrative Plan;

WHEREAS, the Housing Choice Voucher program requires all participants to undergo Initial, Annual, Quality Control, and other Housing Quality Standards inspections;

WHEREAS, in June 2020, HOC entered into a contract with Inspections Experts, Inc. for a term of two years with two one-year renewals to carry out all of its inspection needs; and

WHEREAS, the existing contract with Inspections Experts, Inc., is set to expire on July 1, 2022, and staff recommends exercising the first renewal option.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director (including the Acting Executive Director), or their designee, is hereby authorized and directed, without any further action on its part, to execute a contract with Inspections Experts, Inc. for a renewal term of one year.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery Count hereby approves an increase of approximately $61,347, raising the total contract value to no more than $759,186.25.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes and directs the Executive Director (including the Acting Executive Director), or their designee, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting on June 8, 2022.

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Patrice Birdsong
Special Assistant to the Commission

RENEWAL OF PROPERTY MANAGEMENT CONTRACTS FOR ALEXANDER HOUSE, CIDER MILL APARTMENTS, FENTON SILVER SPRING, FOREST OAK TOWERS, GREENHILLS APARTMENTS, GEORGIAN COURT APARTMENTS, STEWARTOWN HOMES, WESTWOOD TOWERS, AND METROPOINTE

June 8, 2022

- The property management contracts for Alexander House Apartments, Cider Mill Apartments, Forest Oak Towers, Georgian Court Apartments, Greenhills Apartments, Stewartown Homes Westwood Towers, and MetroPointe are expiring **June 30, 2022**. The property management contract for Fenton Silver Spring expires August 29, 2022.

- These renewals represent the final renewals allowed under the contracts and prior to the expiration of each contract, a full procurement for property management services will be untaken.

- The Budget Finance and Audit Committee reviewed this request at its meeting on May 24, 2022, and joins staff's recommendation that the Commission accept the recommendation to renew the property management contracts with Grady Management, Habitat America, Edgewood Management and Capreit provide for a one-year renewal period through **June 30, 2023**, for Alexander House Apartments, Cider Mill Apartments, Forest Oak Towers, Georgian Court Apartments, Greenhills Apartments, Stewartown Homes, Westwood Towers, and MetroPointe.

- Staff further recommends that the Commission approve renewal of the contract with Edgewood for Fenton Silver Spring for a one-year through August 29, 2023.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Jay Berkowitz, Asset Manager — Division: Property Management — Ext. 9676
Nathan Bovelle, Interim Director — Division: Property Management — Ext. 9708

RE: **Procurement of Property Management Services:** Renewal of Property Management Contracts for Alexander House, Cider Mill Apartments, Fenton Silver Spring, Forest Oak Towers, Georgian Court Apartments, Greenhills Apartments, Stewartown Homes, Westwood Towers and, and Wheaton Metro (MetroPointe)

DATE: May 24, 2022

STATUS: Committee Report: Deliberation __X____

BACKGROUND:
In accordance with Appendix IV of the Housing Opportunity Commission of Montgomery County's ("HOC") Procurement Policy of June 7, 2017, staff is submitting management contracts to the Budget, Finance and Audit Committee in support of staff's recommendation to the Commission for renewal.

The following table identifies the affected properties and provides property information, including the current property management company, annual contract cost, current contract end date, proposed renewal start and end date and contract terms remaining:

Property	Type	Current Vendor	Contract Start Date	Annual Renewal Contract Cost	Current Contract End Date	Proposed Renewal Period	Remaining Contract Renewals
Forest Oak Towers	Senior	Habitat America	7/1/2019	$75,600	6/30/2022	7/1/2022-6/30/2023	0
Alexander House LP	Silver Spring	Edgewood	7/1/2019	$59,736	6/30/2022	7/1/2022-6/30/2023	0
Fenton Silver Spring	Family	Edgewood	8/1/2019	$62,000	8/29/2022	8/30/2022-8/29/2023	1
Cider Mill	Family	Grady	1/1/2019	$403,000	6/30/2022	7/1/2022-6/30/2023	0
Greenhills	Family	CAPREIT	7/1/2019	$44,000	6/30/2022	7/1/2022-6/30/2023	0
Westwood Tower	Family	CAPREIT	7/1/2019	$131,000	6/30/2022	7/1/2022-6/30/2023	0
Stewartown Homes	Family	Edgewood	7/1/2003	$43,044	6/30/2022	7/1/2022-6/30/2023	0

Wheaton Metro LP	Family	Bozzuto		$106,536	6/30/2022	7/1/2022-6/30/2023	0
Georgian Court	Family	Edgewood	1/1/2006	$63,912	6/30/2022	7/1/2022-6/30/2023	0

This submittal includes contracts for nine (9) properties managed by four different property management companies. Those companies include CAPREIT Management, Edgewood Management, Grady Management and Habitat America. These companies have provided property management services to HOC over several years. Their history with HOC is as follows:

CAPRIET – CAPRIET is a nationwide property management company founded in 1993. Its executive office is in Washington DC. They provide high quality property management services to HOC and are responsive to our customers.

Edgewood Management – Edgewood is a well-known property management company that has been providing property management services in the Metropolitan area since 1971. Edgewood has a long history with HOC and has managed many entities in our portfolio, including senior, multifamily, and scattered sites. They have provided services to some of the most challenging entities in our portfolio. Recent changes to their staffing have improved responsiveness to HOC and the needs of our customers.

Grady Management – Grady Management has been providing property management services in the area for more than 55 years. This company currently manages Cider Mill for HOC, which is the largest property in HOC's portfolio and perhaps the most challenging. Grady has been responsive to our customers' needs and works with HOC and community groups to ensure the safety and wellbeing of the families at the property.

Habitat America – Habitat America, founded in 1988, provides property management services in Maryland, Washington DC, Virginia and Delaware. They are a woman-owned company that specializes in age-restricted, market-rate and affordable housing. Habitat currently manages four (4) properties for HOC and has been responsive to our customers' needs.

The chart below provides some general information regarding the nine (9) properties that are included in this renewal submission:

Property	Location	Total Units	Affordable Units	AMI Restrictions	Current Occupancy	Latest REAC Score
Alexander House	Silver Spring	122	1220	60%	96%	96c
Forest Oak Towers	Gaithersburg	175	175	60% AMI	100%	99a
Fenton Silver Spring	Silver Spring	124	124	30%-80% ANI	96%	N/A
Cider Mill	Gaithersburg	864	345	60% AMI	94%	41c
Greenhills	Damascus	77	55	60% AMI	96%	N/A
Westwood Tower	Bethesda	212	58	30% - 80% AMI	95%	N/A
Georgian Court	Silver Spring	147	147	60% AMI	87%	97b

Stewartown Homes	Gaithersburg	94	94	60% AMI	82%	95b
Wheaton Metro LP	Wheaton	53	53	50% AMI	95%	98A

Property Summary:

Alexander House Limited Partnership – Alexander House, constructed in 1992, sits on 1.2 acres in Downtown Silver Spring, and has 16 stories. Alexander House is one of the three sites, which along with the original Elizabeth House and the now under-construction Elizabeth House III, make up Elizabeth Square. It underwent a major redevelopment that was completed in October 2019. A portion of the property (183 condominium units) was retained by Alexander House Development Corporation; however, a single management company manages the entire property. A Federal Financing Bank loan funded the mortgage for the property, which is insured by FHA pursuant to its Risk Share Agreement with HOC.

Forest Oak Towers – Forest Oak Towers, constructed in 1981 sits on 3.20 acres in Gaithersburg. It is one of our few up-county multifamily assets, has 10 stories, and houses households who are 62 years of age and older. HOC acquired this asset in 2007 into a Low Income Housing Tax Credit ("LIHTC") limited partnership, then proceeded to complete modest renovations. It will reach the end of its initial 15-year compliance period for LIHTC purposes at the end of 2022. The property is financed with a mortgage loan funded by tax-exempt bonds issued by HOC and insured by FHA pursuant to its Risk Share Agreement with HOC.

Fenton Silver Spring – Fenton Silver Spring, constructed in 2019 is in Downtown Silver Spring. It is a 124-unit, mixed-income, mixed-use apartment community with 5,098 square feet of ground-floor retail space. A LIHTC limited partnership owns property and uses the Income Averaging provision to allow occupancy by households with incomes of up to 80% of the area median income. A Federal Financing Bank loan funded the mortgage for the property, which is insured by FHA pursuant to its Risk Share Agreement with HOC.

Cider Mill – Cider Mill, built in 1972 sits on 42.28 acres in Montgomery Village. HOC purchased the property approximately 5 years ago with ultimate plans to redevelop the entire property. As such, we are aware of some of the critical capital needs at this site. The low REAC score was mostly due to the issues associated with needed comprehensive roof replacements. Staff is currently working to replace six of the most critical flat roofs. There is also an existing Invitation for Bid to replace all shingled mansard roofs throughout the property. The Real Estate Development team is also exploring the possibility of installing solar panels at this property. A Federal Financing Bank loan funded the mortgage for the property, which is insured by FHA pursuant to its Risk Share Agreement with HOC.

Greenhills – Greenhills, built in 1984 sits on 7.66 acres in Damascus. Renovations to this site were completed in May 2020. The property converted from an unrestricted property (but for Commission restrictions) into a LIHTC ownership entity with 70% of the units (55) restricted to households with income at or below 60% of the area median income and 30% unrestricted. The property is financed with a mortgage loan funded by tax-exempt bonds issued by HOC and insured by FHA pursuant to its Risk Share Agreement with HOC.

Westwood Towers - Westwood Tower is a 15-story, 212-unit high-rise apartment building built in 1967 located on 3.55 acres in Bethesda. HOC has had a master lease on the property since 1997, which included a right to purchase the property after 20 years (2018) for $20 million. HOC exercised its right of purchase using an uninsured variable rate loan from United Bank and now owns 100% of the property. It was renovated in 2006.

Georgian Court – Georgian Court, constructed in 1976 and sits on 6.85 acres in Aspen Hill. This property has 12 buildings with garden style townhomes. While some moderate renovations were completed in 2000, this site is now in the process of being completing a comprehensive renovation with residents in place by creating vacancies, which is the cause of the current low occupancy rate. Renovations at this site are scheduled to be complete in the fourth quarter of 2023. The property is financed with a mortgage loan funded by tax-exempt bonds issued by HOC and insured by FHA pursuant to its Risk Share Agreement with HOC.

Stewartown – Stewartown Homes, built in 1976 and sits on 10.12 acres in Gaithersburg. This property has 14 buildings with garden style townhomes. While some renovations were completed in 2020, this site is now in the process of being completely renovated HOC is holding units vacant at these properties to facilitate ongoing renovations at these sites, which is the cause of the current low occupancy rate. Renovations at this site are scheduled to be complete in the fourth quarter of 2022. The property is financed with a mortgage loan funded by tax-exempt bonds issued by HOC and insured by FHA pursuant to its Risk Share Agreement with HOC.

Wheaton Metro. – Wheaton Metro Limited Partnership (MetroPointe), constructed in 2008 and sits on 2.43 acres in Wheaton above the WMATA Metro Kiss & Ride parking garage. The 173 condominium units are owned by Wheaton Metro Dev Corp. (120 units) and Wheaton Metro Limited Partnership (53 units), a LIHTC partnership, with HOC as the managing general partner. It is a high-rise building that sits atop Wheaton Metro. The mortgage is financed with taxable bonds issued by HOC and insured by FHA pursuant to its Risk Share Agreement with HOC.

ISSUES FOR CONSIDERATION:

Does the Commission authorize the Executive Director or Acting Executive Director to execute a one-year renewal of the property management contract with Edgewood for Alexander House, Fenton Silver Spring, Georgian Court and Stewartown Homes, with Habitat America for Forest Oak Towers, with Grady Management for Cider Mill Apartments, and with Capreit for Greenhills Apartments and Westwood Towers?

BUDGET IMPACT:

The renewal of the property management contracts will not have an adverse budget impact for the FY2023 operating budget. The costs associated with the services are included in the property budgets, which are presented for approval with the Agency's budget on June 8, 2022. Additionally, the contracts will be performance-based so fees will be lower in the event revenues decline below budgeted expectations or if a property receives less than an 80 on a REAC inspection. HOC is currently considering implementing an up to 2% reduction in the management fee for Grady Management because of the decreased REAC score for Cider Mill Apartments in accordance with the terms of the existing contract.

TIME FRAME:

For formal action at the June 8, 2022 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission approve the renewal of the property management services contracts with the respective management companies heretofore discussed, for Alexander House, Cider Mill Apartments, Forest Oak Towers, Georgian Court, Greenhills Apartments, Stewartown Homes and Westwood Towers for one year through June 30, 2023 and for Fenton Silver Spring through August 29, 2023.

RESOLUTION NO. 22-49

RE: Renewal of Property Management Contracts for Alexander House, Cider Mill Apartments, Fenton Silver Spring, Forest Oak Towers, Greenhills Apartments, Georgian Court Apartments, Stewartown Homes, Westwood Towers, and Metropointe

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC") is the general partner of Forest Oak Towers Limited Partnership ("Forest Oak LP"), and Forest Oak LP owns the development known as Forest Oak Towers located in Gaithersburg, Maryland ("Forest Oaks");

WHEREAS, HOC is the sole member of Alexander House GP LLC, the general partner of Alexander House Apartments Limited Partnership ("Alexander House LP"), and Alexander House LP partly owns the development known as Alexander House located in Silver Spring, Maryland ("Alexander House");

WHEREAS, HOC is the ultimate managing member of HOC at Georgian Court, LLC ("Georgian Court LLC"), and Georgian Court LLC owns the development known as Georgian Court located in Silver Spring, Maryland ("Georgian Court");

WHEREAS, HOC is the ultimate managing member of HOC at Stewartown Homes, LLC ("Stewartown LLC"), and Stewartown LLC owns the development known as Stewartown Homes located in Gaithersburg, Maryland ("Stewartown");

WHEREAS, HOC is the general partner of Wheaton Metro Limited Partnership ("Wheaton Metro LP"), and Wheaton Metro LP partly owns the development known as MetroPointe located in Wheaton, Maryland ("MetroPointe");

WHEREAS, HOC is the sole member of Greenhills Apartments GP LLC, the general partner of Greenhills Apartments Limited Partnership ("Greenhills LP"), and Greenhills LP owns the development known as Greenhills Apartments located in Damascus, Maryland ("Greenhills");

WHEREAS, HOC owns the development known as Westwood Towers located in Bethesda, Maryland ("Westwood Towers");

WHEREAS, HOC is the sole member of MVG II, LLC, the sole member of MV Gateway LLC ("MV Gateway"), and MV Gateway owns the development known as Cider Mill Apartments located in Gaithersburg, Maryland ("Cider Mill");

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

WHEREAS, staff desires to renew the current property management contract at Forest Oaks for one (1) year with Habitat America, LLC;

WHEREAS, staff desires to renew the current property management contracts at Alexander House, Georgian Court, and Stewartown for one (1) year with Edgewood Management Corporation;

WHEREAS, staff desires to renew the current property management contract at MetroPointe for one (1) year with Bozzuto Management Company;

WHEREAS, staff desires to renew the current property management contract at Greenhills and Westwood Towers for one (1) year with CAPREIT Residential Management;

WHEREAS, staff desires to renew the current property management contracts at Cider Mill for one (1) year with Grady Management, Inc.; and

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

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Forest Oak LP, as its general partner, that the Executive Director (including the Acting Executive Director) of HOC, or their designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Forest Oaks with Habitat America, LLC.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Alexander House LP, as the sole member of its general partner, that the Executive Director (including the Acting Executive Director) of HOC, or their designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Alexander House with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Georgian Court LLC, as its ultimate managing member, that the Executive Director (including the Acting Executive Director) of HOC, or their designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Georgian Court with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Stewartown LLC, as its ultimate managing member, that the Executive Director (including the Acting Executive Director) of HOC, or their designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Stewartown with Edgewood Management Corporation.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Wheaton Metro LP, as its general partner, that the Executive Director (including the Acting Executive Director) of HOC, or their designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at MetroPointe with Bozzuto Management Company.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Greenhills LP, as the sole member of its general partner, that the Executive Director (including the Acting Executive Director) of HOC, or their designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Greenhills with CAPREIT Residential Management.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director (including the Acting Executive Director) of HOC, or their designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Westwood Towers with CAPREIT Residential Management.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as the sole member MVG II, LLC, acting for itself and on behalf of MV Gateway, as its sole member, that the Executive Director (including the Acting Executive Director) of HOC, or their designee, is hereby authorized and directed to execute a one (1) year renewal of the property management contract at Cider Mill with Grady Management, Inc.

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

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director (including the Acting Executive Director), or their designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL TO PROCURE PROPERTY MANAGEMENT SERVICES FOR: ELIZABETH HOUSE III

KAYRINE BROWN, ACTING EXECUTIVE DIRECTOR

Zachary Marks, Chief Real Estate Officer
Marcus Ervin, Director of Development
Nathan Bovelle, Chief Maintenance Officer & Acting Director of Property Management

June 8, 2022

Table of Contents

Executive Summary

OVERVIEW: On April 22, 2022 HOC issued a Request for Proposal (RFP #2323) soliciting responses from qualified property management firms with a focus on leasing-up and achieving stabilized occupancy by October-2023 for HOC's under construction Elizabeth House III ("EH-III") development. The nearly $180M mixed-use 267-unit age-restricted development is built upon the 120,000 square foot state-of-the-art Montgomery County recreation and aquatics facility (SCRAAC) as well as a Holy Cross health facility.

Elizabeth Square Rendering

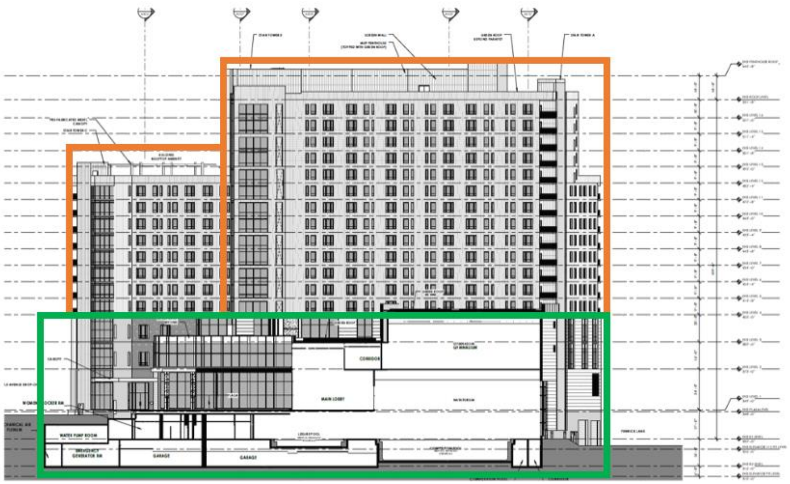
ANTICIPATED DELIVERY SCHEDULE: The complex multifaceted development contains several residential, public, and recreational spaces under various phases of construction. Provided below is a summary of the current status of these components and their anticipated turnover dates. Staff will continue to work with the development and construction team, and the selected Property Manager to ensure the residential units and areas are completed and positioned for occupancy.

- **Residential Portion *(highlighted in orange)*:**
  - Floors 4-9: Final painting and work on final items for the punchlist are underway.
  - Floors 10-16: Final painting & flooring installation underway.
  - **Delivery**: Late August for Core & Shell (life safety, elevators, sprinklers etc.) and substantially completed 267-units, which will allow access to the residential and common areas to begin leasing activities.

- **SCRAAC & Holy Cross *(highlighted in green)*:**

  •Drywall & ceiling installation are underway on all levels.

  •**Delivery**: Current plans are for these spaces to be substantially completed by the end of 2022, including the pool, fitness, Holy Cross, and other areas to allow turn over to DGS to prepare for operations.



EH-III Building Section

Executive Summary

RFP PROCESS OVERVIEW: Staff received four (4) proposals in total on May 16, 2022, from both local and national companies including Daring Property Management, Edgewood/Vantage, Habitat America, LLC, and Melan Property Management. The proposals were scored against several criteria, including Responsiveness to the RFP, Experience and Qualifications, MFD Designation, Management Fee/Vendor Costs, Past Performance, and Customer Satisfaction.

After review of the proposals, staff recommends that the Commission authorize the Acting Executive Director to negotiate and execute a Property Management Agreement with Habitat America, LLC (Habitat).

Habitat America, LLC offers valued experience in management services for market rate and affordable multifamily apartment communities. Over 55% of their portfolio is comprised of senior communities. Habitat America is committed to provide the highest standard of service in every aspect of property operations including lease-up and stabilization, accounting, marketing, and compliance. The management firm has more than 30 years of Mid-Atlantic experience in property management services. To further demonstrate an understanding of the target market, location, psychographics, and HOC's immediate need to ensure a successful lease-up and marketing of the community, Habitat was the sole respondent to provide a detailed marketing, media schedule and management plan tailored to the EH-III development beginning from Notice of Award through lease-up.

Elizabeth Square Rendering

EH-III Current Status of May-22

Selection of Property Management Company - Criteria

Due to the complex and unique nature of the various income restrictions and funding programs in connection with Property, the Scope of Work for RFP #2323 required a comprehensive and thorough proposal from experienced property management companies for developing and implementing an effective marketing and pre-leasing plan for the units, ongoing management of the Property, maintaining units and service calls, providing resident participation initiatives, delivery of resident social supportive services, and providing financial reporting services for the residential community. This also included performing all compliance and Fair Housing responsibilities, including reviews of reasonable accommodation requests.

Max Points	Criteria	
10	**Criteria 1:**	**Responsiveness to the RFP.** -Proposer addressed all of HOC's requirements. -Proposer provided all required information in the order and format requested. -Proposer demonstrated an understanding of HOC's needs and ability to deliver.
20	**Criteria 2:**	**Experience and Qualifications.** -Experience of key executive and onsite staff -Maintenance, Senior Property Manager, Assistant Property Manager, and Leasing Consultant, etc. -Proposed Staffing Plan -Experience in managing affordable, mixed-income, LIHTC properties, Class A properties, age-restricted properties, and voucher program -Experience working with non-profits, PHAs, and government agencies
15	**Criteria 3:**	**Minority Female Disabled Designation** -Designation of minority and/or women owned business -Proof of partnership with a minority and or women owned business -Outline of plan to meet HOC MFD requirement
20	**Criteria 4:**	**Management Fee/Vendor Costs** -Fixed Management Fee amount -Reimbursable Expenses -Vendor Services with Hourly and Overtime Rates -Capital Project management fees -Provide per unit cost and as percentage
20	**Criteria 5:**	**Past Performance as indicated by references** (Required from all responders including current HOC's partners) -Key performance metrics -Occupancy -Rent charges vs Collection History -Debt service coverage ratio -Aged Account Receivable
15	**Criteria 6:**	**Customer satisfaction survey/Review** -Provide results of company run survey and/or customer review from one of the major review platform (www.apartments.com or comparable independent site)
100	**Total Possible Points**	

Selection of Property Management Company – Scoring Summary

SUMMARY OF THE RESPONDENTS:

- **Daring Property Management (Bethesda, MD):** The respondent failed to adequately provide the requested information regarding the company, staffing, history, management plan and other components of the RFP**.** No references or property metrics provided.

- **Edgewood Management (EMC) (Gaithersburg, MD):** EMC has maintained a partnership with HOC for nearly 23 years for several properties within HOC's multifamily portfolio. EMC's current managed portfolio consists of 189 properties along the northeast and southeast throughout MD, DC, NJ, PA, VA, DE, and NC with nearly 20,511 units. Properties include senior tax credit and family communities. Staffing includes several property management executives and professionals with nearly 20+yrs of experience each, in various affordable housing and compliance programs. References were provided along with background of the relationship. No property metrics provided.

- **Habitat America (Annapolis, MD):** Habitat America is a Certified Woman Owned Business Enterprise that has for nearly thirty (30) years managed affordable and tax credit senior and family communities throughout the DMV for similar non-profit providers and developers with experience in managing new lease-ups, in-place and total renovation, and maintaining stabilized communities. Staffing includes a number of property management professionals and senior executive staff with at least 20+yrs in property management with a focus on senior affordable housing programs and compliance, evidenced by the longstanding relationship with their owner clients including Victory Housing. Habitat's current managed portfolio consists of nearly 105 properties with nearly 9,715 units throughout MD, VA, PA, DE, and DC. Habitat was one of sole firms to provide a detailed Management Plan to address the direct marketing of the Property including the target market and specific activities from Day 1 of the award through various building delivery milestones to capture leasing traffic and meet the stabilized occupancy goal. References were provided along with background of the relationship. No property metrics provided.

- **Melan Property Management (Bethesda, MD):** Melan is a Minority Woman Owned Business with more than 18 yrs in property management serving MD, VA, AZ and Texas. While the company did provide a management plan to address the planned leasing activities, the company's managed portfolio was comparably smaller and less diverse than the others. The company's owner was identified as the Senior Property Manager, and other key personnel/staffing resources were not specifically identified as they would either be contracted separately via consultants or other upon notice of award. References provided; however, no background or property metrics provided.

Average Score by Criteria

Respondent	Criteria 1 (10 pts)	Criteria 2 (20 pts)	Criteria 3 (15 pts)	Criteria 4 (20 pts)	Criteria 5 (20 pts)	Criteria 6 (15 pts)	Total Score (100 pts)
Evaluation Criteria	Responsiveness to RFP	Experience/ Qualification	MFD Designation	Mgt Fee/ Vendor Costs	Past Performance/References & Key Metrics	Customer Satisfaction	
Daring Property Management	1.25	2.75	0.00	6.25	0.00	0.00	10.25
Edgewood Management	9.50	18.25	7.50	18.75	11.25	12.38	77.63
Habitat America	10.00	20.00	14.75	17.50	11.25	13.75	87.25
Melan Property Management	5.25	7.00	15.00	13.75	3.25	3.25	47.50

Selection of Property Management Company – Fee Comparison

PROPERTY MANAGEMENT FIRM	FEE PROPOSAL
Daring Property Management	Proposal was non-responsive. Flat Management Fee of $155,228 provided.
Edgewood Management	$44/unit/mo or 3.5% of gross rent collection.
Habitat America	$49/unit/mo or 3.5% of gross rent collection.
Melan Property Management	The greater of 1% of annual revenue.

Selection of Property Management Company – Firm Experience

Habitat America, LLC

Staff is proposing a 2-year management contract with Habitat America, LLC for Elizabeth House III with two (2) one-year renewals in accordance with HOC's procurement policy.

Founded in 1988 and headquartered in Annapolis, MD, Habitat America, LLC is a woman-owned property management company with a focus on senior housing. Their current portfolio consists of over 9,700 units, 47% of which are affordable, independent senior communities. The company has continued long-standing relations with several well-known, for-profit and non-profit Owners/Developers in Maryland, including HOC, Victory Housing, Somerset Development, Homes for America, GEDCO, HIP Homes, J. Kirby Development and Osprey Property Company.

Habitat's additional strengths include:

- Eighty-one (81) of the properties in their past and current portfolio are new construction communities that they managed from inception. Thirty-four (34) additional past and current communities are older communities that were acquired by developers/owners and renovated using Low-Income Housing Tax Credits.
- Habitat's key executive personnel all have over 20+ years in property management, operations, maintenance and compliance needed to achieve HOC's leasing and stabilized occupancy goals.
- Habitat has experience with using HOC's Yardi and is willing to use HOC's Yardi in managing Elizabeth House III.
- Habitat maintains strong resident relations and is currently managing four (4) senior communities with HOC including the three scattered site Willow Manors properties, which are currently under renovation and Forest Oak Towers.

Summary and Recommendations

Issues for Consideration

Will the Commission accept staff's recommendation which is supported by the Budget, Finance and Audit Committee to grant its authorization to award the property management services contract to Habitat America, LLC for the management of Elizabeth House III?

Time Frame

For formal action at the June 8, 2022 meeting of the Commission.

Budget Impact

There will be no impact on the Commission's FY'23 Operating Budget. Habitat America, LLC proposed a fee equal to the greater of 3.5% of gross rent collected or $49.00 per unit per month, which would be factored into the Property's budget. Elizabeth House III is expected to begin the first unit deliveries in August 2022.

The management fees will be incorporated into the CY22 and CY23 operating budgets for Elizabeth House III, which will be presented to the Commission for approval at a later date.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission approve authorization for the Acting Executive Director to negotiate and execute a Property Management Agreement with Habitat America, LLC for property management services at Elizabeth House III.

The term of the contract shall be for an initial two years with two optional one-year renewals to be approved by the Commission in accordance with the Procurement Policy.

RESOLUTION No. 22-50 **RE: APPROVAL TO SELECT HABITAT AMERICA, LLC AS THE PROPERTY MANAGER FOR THE ELIZABETH HOUSE III DEVELOPMENT AND APPROVAL FOR THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE PROPERTY MANAGEMENT CONTRACT WITH HABITAT AMERICA, LLC**

WHEREAS, on April 22, 2022 the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") issued a Request for Proposal (RFP #2323) soliciting responses from qualified property management firms with a focus on leasing-up and achieving stabilized occupancy for HOC's under construction 267-unit, age-restricted (65+), mixed-income and mixed-use apartment community in Silver Spring, Maryland known as the Elizabeth House III development (the "Property"); and

WHEREAS, HOC is the managing member of EH III GP LLC, the general partner of Elizabeth House III Limited Partnership, LLC ("Owner"), the owner of the Property; and

WHEREAS, Habitat America, LLC ("Habitat") received the highest score among respondents to RFP #2323; and

WHEREAS, the Commission wishes to select Habitat as the Property Manager for the Property and authorize the Executive Director to negotiate and execute a Property Management Agreement with Habitat ("Property Management Agreement") for an initial term of two (2) years with two (2) optional one-year renewals to be approved by the Commission in accordance with the Procurement Policy; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and as the ultimate managing entity of Owner, approves the selection of Habitat as the Property Manager for the Property and authorizes the Executive Director (including the Acting Executive Director) of HOC, or their designee, to negotiate and execute a Property Management Agreement for an initial term of two (2) years with two (2) optional one-year renewals to be approved by the Commission in accordance with the Procurement Policy.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and as the ultimate managing entity of Owner, that the Executive Director (including the Acting Executive Director) of HOC, or their designee, is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 8, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

FISCAL YEAR 2023 (FY'23) BUDGET:
ADOPTION OF THE FY'23 BUDGET

June 8, 2022

- The Budget, Finance and Audit Committee has reviewed the Acting Executive Director's FY'23 Recommended Budget and additional changes included in the proposed budget.

- The Proposed Operating Budget for FY'23 is $311.9 million.

- The FY'23 budget includes a draw from the General Fund Operating Reserve ("GFOR") of $1,113,018 to balance the budget.

- The Proposed Capital Budgets for FY'23 is $247.2 million.

M E M O R A N D U M

TO:	Housing Opportunities Commission of Montgomery County			
VIA:	Kayrine Brown, Acting Executive Director			
FROM:	Staff:	Tim Goetzinger	Division: Finance	Ext. 4836
		Terri Fowler	Division: Finance	Ext. 9507
		Tomi Adebo	Division: Finance	Ext. 9472
RE:	Fiscal Year 2023 (FY'23) Budget: Adoption of the FY'23 Budget			
DATE:	June 8, 2022			

STATUS: Committee Reports: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Adoption of the FY'23 Budget.

BACKGROUND:
The Acting Executive Director's FY'23 Recommended Budget for the Housing Opportunities Commission of Montgomery County ("HOC" or "Agency") was presented at the April 6, 2022 Commission meeting. Since then, the Budget, Finance and Audit Committee met with staff two times to review and discuss the budget in detail. They have completed their review and the proposed budget for FY'23 is now before the full Commission for adoption.

ISSUES FOR CONSIDERATION:
The Proposed Operating Budget for FY'23 is $311,867,377, which represents an increase of $4,982,170 from the Recommended Budget of $306,885,207 presented on April 6, 2022.

The Proposed Capital Budget for FY'23 is $247,234,453, which represents a decrease of approximately ($5,649,451) from the Recommended Budget of $252,883,904 presented on April 6, 2022.

The FY 2023 Proposed Budget reflects the Agency's continued commitment to provide innovative, energy-efficient housing, increased geographical access for families to important resources, and superior service to our customers.

Through innovative financing and development tactics, HOC's model for affordable housing development will allow us to continue on the path of integrating neighborhoods and bringing families closer to critical resources and quality neighborhoods. In doing so, HOC is turning its focus toward race, equity, and social justice through its development initiatives in Montgomery County and making real estate investment decisions that will positively impact the environment.

Consequently, the FY 2023 budget reflects ongoing investment in personnel and systems to develop, manage, and maintain HOC's properties successfully, while integrating the new business model of a hybrid remote work environment developed in response to the Coronavirus 2019 ("COVID-19") pandemic.

In addition to the Agency's focus on developing, managing and maintaining its real estate portfolio, HOC continues to deliver superior services to its customers that have adapted to the current and changing environment.

These services are provided through various programs including those offered through HOC Academy.

The major differences in the Proposed Operating Budget from the Acting Executive Director's FY'23 Recommended Budget, which are shown in Enclosure 1, are discussed in the following:

General Fund:

Revenues increased in the **General Fund** (Attachment 1-1) by $566,705. There are several reasons for the change.

- The Indirect Cost Model that calculates the allocation of Agency Overhead to the income generating programs was updated to reflect the current expense structure and properties of the Agency. As a result, Management Fee Income in the General Fund was increased by $1,203,040. The majority of the increase, or $941,260 (see Opportunity Housing), is the result of increased fees received from the Opportunity Housing portfolio which are calculated based on a per unit per month ("PUPM") rate applied to each unit. In addition, fees from the two bond funds and a few County grants increased by $261,780 as a result of updates to the Indirect Cost Model, personnel complement and grant restrictions on allowable fees.
- Loan Management Fees were increased by $55,396 based on adjustments to a few fees.
- Development Fee Income increased by $112,779 to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent of the change in fees, or $45,112, is reflected in the General Fund. The balance of the increase, or $67,667 is in the Opportunity Housing Reserve Fund ("OHRF") (See Opportunity Housing Reserve Fund).

- Management Fee Income from the Housing Choice Voucher Program ("HCVP") that is based on utilization has increased by $34,783 in the General Fund (see Housing Choice Voucher Program).
- The update to the Agency personnel complement resulted in an increase of $960 in transfers to the General Fund from the OHRF for Real Estate Development Personnel costs (See Opportunity Housing Reserve Fund).
- Development Corporation Fee Income, that represents the cash flow taken from the unrestricted Development Corporation properties, decreased by ($520,939) primarily to reflect the increased management fee expenses based on the updated Indirect Cost Model and the update to the personnel complement (See Opportunity Housing).
- Commitment Fee Income decreased by ($628,743) to reflect changes in the timing and amount of fees projected in the proposed development budgets. Forty percent of the change in fees, or ($251,497), is reflected in the General Fund. The balance of the decrease, or ($377,246) is in the OHRF (See Opportunity Housing Reserve Fund).
- Finally, FHA Risk Sharing, which represents the mortgage insurance premium received from the properties financed with the support of this program and then restricted to the FHA Risk Share Reserve, has decreased by ($150) for both the income and restriction of the cash to the reserve.

Expenses increased in the General Fund (Attachment 1-1) by $6,105.

- At the request of the Commission, expenses in the General Fund were increased by $200,000 to fund the Strategic Plan preparation, Operational/Organizational Plan preparation and the Integration of Plans and Standards for Evaluation.
- Tax expenses were increased to incorporate the anticipated taxes for the East Deer Park location of $9,215.
- Personnel expenses decreased by ($105,390) to reflect a shift in the allocation of Housing Resources Inspections staff from the General Fund to the HCVP to better reflect their assigned functions (see Housing Choice Voucher Program).
- Personnel expenses also decreased by ($87,570) as a result of an update of the personnel complement. The portion of the adjustment related to Real Estate personnel funded by the OHRF was an increase of $960 (($88,530) + $960 = ($87,570)).
- Finally, the expense for Cyber insurance was decreased by ($10,000) to reflect the actual cost of the contract.

The Recommended Budget assumed a draw from the General Fund Operating Reserve ("GFOR") of $1,262,646 to balance the budget. The net impact of the General Fund changes and changes in the Opportunity Housing Fund was an increase of $149,628 in available cash for Agency operations.

As a result, the draw from the GFOR was reduced by ($149,628) to return to a balanced budget ($1,262,646 - $149,628 = $1,113,018).

Change from Recommended to Proposed Budget

	Income	Expenses	Net
Changes in General Fund			
Changes to Income	$566,705		$566,705
Changes to Expenses		$6,105	($6,105)
Total changes to General Fund	**$566,705**	**$6,105**	**$560,600**
Changes in Opportunity Housing Fund			
Changes to Income	($22,418)		($22,418)
Changes to Expenses		$388,554	($388,554)
Total changes to Opportunity Housing Fund	**($22,418)**	**$388,554**	**($410,972)**
Total Changes to Unrestricted Cash	**$544,287**	**$394,659**	**$149,628**

Multifamily Bond Funds:

Expenses in the **Multifamily Bond Fund** increased by $190,590 to reflect the increased Management Fee charged for overhead that is based on the update to the Indirect Cost Model and the update to the personnel complement.

There is a corresponding adjustment in revenues to reflect the increase in the Bond Draw to support the operations of the Multifamily programs.

Single Family Bond Funds:

Expenses in the **Single Family Bond Fund** increased by $95,460 to reflect the increased Management Fee charged for overhead based on the update to the Indirect Cost Model.

There is a corresponding adjustment in revenues to reflect the decrease in the Bond Draw to support the operations of the Single Family programs.

Opportunity Housing Fund:

Revenues decreased in the **Opportunity Housing and Development Corporation** properties by ($22,418).

- Refinements were made to the Tenant Income on the Metropolitan properties based on the increased vacancies anticipated during the renovations of ($100,000).
- As a result of higher fees charged to the properties based on the update to the Indirect Cost Model, the transfers from existing property cash to fund the budgeted shortfalls at State Rental Combined and Dale Drive were increased by $78,282. In addition, the draw from the GFOR for the projected deficit at MetroPointe was reduced by ($700).

Expenses in the portfolio increased by $388,554. There are several reasons for the change.

- Expenses increased by $941,260 based on the update to the Indirect Cost Model resulting in higher PUPM fees charged to the properties (See General Fund)
- Expenses for the Metropolitan properties decreased by ($93,060) due to anticipated impacts from the impending renovations coupled with the restriction of cash flow for the necessary repairs to the green roof (($944,040) + ($46,200) + $897,180 = ($93,060)).
    - Debt Service for the Metropolitan properties was reduced based on the removal of debt service payments of ($944,040) that will be covered by the renovation budget during renovations.
    - Replacement for Reserve ("RfR") Contributions of ($46,200) were also removed during renovations.
    - Restricted Cash Flow for the Metropolitan Development Corporation was increased by $897,180 to adjust the anticipated Air Rights payment to the County and restrict additional cash for the green roof repairs.
- Debt Service increased by $316,449 based on the inclusion of an amortizing loan for one property. As a result, Debt Service Reserve Contributions, which represent the difference between a fully amortizing loan at 6.5% and the current debt structure, were decreased by ($316,449) based on the increased actual payments.
- Personnel expenses increased by $268,178 as a result of an update of the personnel complement.
- Maintenance Expenses at Cider Mill increased $207,000 based on identified plumbing needs.
- Audit expenses increased by $7,908 based on the addition of an Independent Audit for one property.
- Refinements were made to the anticipated debt service payments for Chelsea Towers resulting in a decrease to expenses of ($81,365).
- Finally, the allocation of the County Property Insurance and Insurance Reserve

Contributions based on the acquisition of a new property resulted in expense decreases of ($32,310) and ($4,510), respectively.

- The distribution of cash flow from the properties was changed as follows based on the net impact to income and expenses:
    - Development Corporation Fee expenses, that represents the cash flow paid to the General Fund from the unrestricted Development Corporation properties, decreased by ($520,939).
        - The FY'23 Recommended Budget included a combined total of $5,737,991 in Development Corporation Fees to be paid to the General Fund. As a result of the changes, the new total is a combined $5,217,052 in fees to be paid to the General Fund ($5,737,991 - $520,939 = $5,217,052)
    - The restriction of cash flow at restricted properties decreased by ($300,008).
    - Finally, the contributions to the Operating Reserves at the Foreclosure Homes were reduced by ($3,600) to reflect changes in the expenses at the property.

Revenues decreased in the **Opportunity Housing Reserve Fund ("OHRF")** by ($309,579) as a result of the decreased overall Commitment Fees of ($377,246) that were partially offset by increased overall Development Fees of $67,667 (See General Fund). Expenses increased in the OHRF by $960 to reflect costs associated with the Real Estate Development personnel complement.

The Recommended Budget included fees of $4,774,456 that were to be restricted to the OHRF. As a result of the decrease to income and slight increase to expenses, the restricted cash has decreased by ($310,539), resulting in a budgeted restriction of $4,463,917 to the OHRF ($4,774,456 – $310,539 = $4,463,917).

Public Fund:

Revenues increased in the **Housing Choice Voucher Program** ("HCVP") by $5,261,211.

- The HCVP Housing Assistance Payment ("HAP") revenue was increased by $4,711,074 based on funding for the 118 Emergency Housing Vouchers ("EHV"), which are projected to be fully utilized by September 2022, coupled with a correction to include the HAP funding for the Non-Elderly Disabled ("NED") Mainstream vouchers that were erroneously excluded in the FY'23 Recommended Budget and slightly higher utilization.
- Administrative Fee Income increased by $550,137 as a result of the inclusion of the EHVs, coupled with the higher pro-ration rate of 88% compared to the prior 84.7% pro-ration and slightly higher utilization.

Expenses in the program increased by $4,618,611.

- HAP expenses increased by $4,496,358 based on the addition of the EHV program expenses, the inclusion of expenses related to the NED vouchers and slightly increased utilization.
- Personnel expenses increased by $105,390 to reflect a shift in the allocation of Housing Resources Inspections staff from the General Fund to the HCVP to better reflect their assigned functions (See General Fund).
- Management fees that are based on utilization increased by $34,783.
- Updates to the personnel complement decreased personnel costs by ($17,920).

The Recommended Budget included a draw of $5,101,458 from the HAP reserve or Net Restricted Position ("NRP"), which includes funds received in prior years for payments to landlords that were recognized but not used. As a result of the increased HAP revenue that exceeded the increased HAP expenses, the budgeted draw will be decreased by ($214,716), resulting in a projected draw of $4,886,742 ($5,101,458 - $214,716 - $4,886,742).

Change from Recommended to Proposed Budget

	Income	Expenses	Net
Recommended HCVP HAP Budget before Balancing	**$109,073,328**	**$114,174,786**	**($5,101,458)**
Add draw from HAP Reserve	$5,101,458		$5,101,458
Balanced Recommended HCVP HAP Budget	**$114,174,786**	**$114,174,786**	**$0**
Increase HAP Income based on utilization and additional program funding	$4,711,074		$4,711,074
Increase HAP Expense based on utilization and additional program funding		$4,496,358	($4,496,358)
Net changes to HCVP Administrative Budget	$4,711,074	$4,496,358	$214,716
Proposed HCVP Administrative Budget	**$118,885,860**	**$118,671,144**	**$214,716**

The Recommended Budget also included a draw of $549,909 from the Administrative Fee Reserve, which includes fees received but not spent in prior years. As a result of the increased Administrative Fee income that exceeded the increase in administrative expenses, the budgeted draw will be decreased by ($427,884), resulting in a projected draw of $122,025 ($549,909 – $427,884 = $122,025).

Change from Recommended to Proposed Budget			
	Income	Expenses	Net
Recommended HCVP Administrative Budget before Balancing	**$9,111,401**	**$9,661,310**	**($549,909)**
Add draw from Administrative Reserve	$549,909		$549,909
Balanced Recommended HCVP Administrative Budget	**$9,661,310**	**$9,661,310**	**$0**
Increase Administrative Income based on higher pro-ration and utilization	$550,137		$550,137
Shift Personnel Cost for Inspections to HCVP from General Fund		$105,390	($105,390)
Adjust Management Fees paid to General Fund		$34,783	($34,783)
Update Personnel Complement		($17,920)	$17,920
Net changes to HCVP Administrative Budget	$550,137	$122,253	$427,884
Proposed HCVP Administrative Budget	**$10,211,447**	**$9,783,563**	**$427,884**

Federal and County Grants decreased by a net ($7,571). There were several factors that contributed to the decrease:

- County funding for the McKinney Grants was increased by $39,713; however, expenses were increased by $33,033 ($41,843 + ($8,810) = $33,033), which resulted in a surplus of $6,680. The original surplus funds in the McKinney Grants that would be restricted to the grant reserve was increased by $6,680 to balance the grants.
- County funding for the Emergency Services and Housing Locator grants were increased by 6% to reflect increases for FY'22 and FY'23, resulting in increases of $8,617 and $5,410, respectively. The increased funding resulted in decreased transfers from the main County Contract that were partially offset by slightly higher personnel costs.
- The original transfer of $47,962 from the main County Contract to balance the Family Self Sufficiency ("FSS") Grant was removed which decreased both income and expenses in the grants.
- There was a decrease of ($13,349) in the transfers from the main County Contract to balance the smaller County contracts, due to changes in funding and expenses, which decreased both income and expense in the grants.
- The Personnel Complement update decreased overall expenses by ($19,370).
- The management fees paid to the agency by the grants was increased $180 as a result of updates to the personnel complement and grant restrictions on allowable fees.
- Miscellaneous expenses or restricted cash were increased by $33,217 to balance the restricted grants.

Capital Budget (Attachment 1-2)**:**

The FY'23 Proposed Capital Budget reflects the changes that were discussed at the Budget, Finance and Audit Committee meetings during April and May. The Proposed Capital Budget for FY'23 is $247,234,453, and reflects a decrease of ($5,649,451) from the Recommended Budget of $252,883,904 presented on April 6, 2022.

- **Capital improvements Budget:**

  The capital improvements budget increased by $856,827, which included an increase of $882,000 for Cider Mill and a decrease of ($25,173) for Dale Drive. (Attachment 1-2)

- **Capital Development Budget:**

  The capital development budgets decreased by ($6,506,278) to reflect timing and scope changes in the Hillandale Gateway Senior and Multifamily / Retail projects. (Attachment 1-2)

Enclosure 2 includes the updated charts from the Summary and Capital Budget sections of the FY'23 Recommended Budget reflecting the proposed budgets.

BUDGET IMPACT:
Adoption of the FY'23 Budget will set the financial plan for the next fiscal year. Quarterly reviews will keep it updated and relevant.

TIME FRAME:
Adoption of the FY'23 Budget at the June 8, 2022 meeting will allow time for staff to implement the budget for the beginning of the fiscal year, July 1, 2022. The Commission must adopt a budget for FY'23 before the fiscal year begins on July 1, 2021.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends to the Commission, the adoption of the FY'23 Operating and Capital Budgets and related resolutions by approving the attached resolutions (Enclosure 3).

ADOPTION OF THE FY'23 BUDGET RESOLUTIONS

A - Adoption of the FY'23 Budgets, Bond Draw Downs and Transfers

B - Adoption of FY'23 Reimbursement Resolution

RESOLUTION NO. 22-51[A] **RE:** Adoption of the FY'23 Budget, Bond Draw Downs and Transfers

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission" or "Agency") is required to adopt a budget based on the current chart of accounts in use before July 1, 2022; and

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

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby adopts a total Operating Budget for FY'23 of $311.9 million by fund as attached.

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

- $2,319,502 from the 1996 Multifamily Housing Development Bond ("MHDB") Indenture; and
- $1,513,533 from the 1979 Single Family Mortgage Revenue Bond ("MRB") Indenture.

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

- Up to $2,570,161 for FY'23 from the combined cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby adopts a Capital Budget for FY'23 of $247.2 million as attached.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 8, 2022.

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Patrice Birdsong
Special Assistant to the Commission

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RESOLUTION NO. 22-51[B] **RE:** Reimbursement Resolution

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

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

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

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed $250,000,000, *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's expenditures within 18 months of the later of the date of such capital expenditures or the date that *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than three years after the date of the original expenditure of such moneys); and

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

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

Section 1. ***Declaration of Official Intent.*** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission's FY 23 Capital Budget attached, including **Alexander House, Avondale Apartments, The Barclay Apartments, Bauer Park Apartments, Bradley Crossing, Brookside Glen, Camp Hill Square Apartments, CDBG-NSP-NCI, Chelsea**

Towers, Cider Mill Apartments, Dale Drive, Deeply Affordable Unit Renovation, Diamond Square Apartments, Elizabeth House III, Fairfax Court, Georgian Court Apartments, Glenmont Crossing, Glenmont Westerly, Hillandale Gateway, Holiday Park, Jubilee Falling Creek, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, King Farm Village Center, Magruder's Discovery, Manchester Manor, McHome, McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLP VII, MHLP VIII, MHLP IX-Pond Ridge, MHLP IX-Scattered, MHLP X, MPDU 2007 Phase II, MPDU I, MPDU II (TPM), MPDU III (Sligo), The Oaks at Four Corners, Paddington Square, Paint Branch, Pomander Court, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, Shady Grove Apartments, Southbridge, State Rental Combined, Strathmore Court, Stewartown Homes, Timberlawn Crescent, Upton II (newly named Residences on The Lane), VPC One, VPC Two, West Side Shady Grove (newly named The Laureate), Westwood Tower, Willow Manor Properties Resyndication, and The Willows and capital improvements to the Commission's administrative offices and information technology (collectively, the "Projects") with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and General Fund Property Reserve Account for these Projects and from its operating cash.

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

Section 3. ***Issuance of Bonds or Notes.*** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed $250,000,000 **will be applied** to reimburse the Commission for its expenditures in connection with the Projects.

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

Section 5. ***Repeal of Inconsistent Resolutions.*** All other resolutions (other than prior reimbursement resolutions adopted by the Commission for the same Projects included herein) of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

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

PASSED AND ADOPTED at a regular meeting held this 8th day of June.

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Patrice Birdsong
Special Assistant to the Commission

ENCLOSURES:

1) Spreadsheets highlighting major budget changes from FY'23 Recommended Operating and Capital Budgets

2) Revised charts from Summary and Capital Budget sections of the FY'23 Recommended Budget

Spreadsheets Highlighting Major Budget Changes from FY'23 Recommended Operating and Capital Budgets (Attachment 1-1 and 1-2)

FY 2023 Proposed Operating Budget Comparison from Recommended Budget		Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
General Fund									
	General Fund	$26,554,858	$30,798,637	**($4,243,779)**	$566,705	$6,105	$27,121,563	$30,804,742	**($3,683,179)**
	Draw from General Fund Operating Reserve("GFOR")	$1,262,646	$0	**$1,262,646**	($149,628)	$0	$1,113,018	$0	**$1,113,018**
Multifamily & Single Family Bond Funds									
	Multifamily Fund	$17,392,014	$17,392,014	**$0**	$190,590	$190,590	$17,582,604	$17,582,604	**$0**
	Single Family Fund	$9,702,599	$9,702,599	**$0**	$95,460	$95,460	$9,798,059	$9,798,059	**$0**
Opportunity Housing Fund									
	Opportunity Housing Reserve Fund ("OHRF")	$6,345,372	$1,570,916	**$4,774,456**	($309,579)	$960	$6,035,793	$1,571,876	**$4,463,917**
	Restrict to OHRF	$0	$4,774,456	**($4,774,456)**	$0	($310,539)	$0	$4,463,917	**($4,463,917)**
	Opportunity Housing & Development Corps	$102,278,133	$99,541,243	**$2,736,890**	($21,718)	$388,554	$102,256,415	$99,929,797	**$2,326,618**
	Draw from GFOR for MetroPointe Deficit	$244,243	$0	**$244,243**	($700)	$0	$243,543	$0	**$243,543**
Public Fund									
	Housing Choice Voucher Program ("HCVP")	$118,239,729	$123,891,096	**($5,651,367)**	$5,261,211	$4,618,611	$123,500,940	$128,509,707	**($5,008,767)**
	Draw from HCVP HAP Reserve	$5,101,458	$0	**$5,101,458**	($214,716)	$0	$4,886,742	$0	**$4,886,742**
	Draw from HCVP Administrative Reserve	$549,909	$0	**$549,909**	($427,884)	$0	$122,025	$0	**$122,025**
	Federal and County Grants	$19,214,246	$19,214,246	**$0**	($7,571)	($7,571)	$19,206,675	$19,206,675	**$0**
TOTAL - ALL FUNDS		**$306,885,207**	**$306,885,207**	**$0**	**$4,982,170**	**$4,982,170**	**$311,867,377**	**$311,867,377**	**$0**

Footnotes - explanation of changes

GF R	$1,203,040	Adjust Fee Income based on updated Indirect Cost Model
GF R	$55,396	Adjust Loan Management Fee Income
GF R	$45,112	Adjust Development Fee income for timing and scope changes
GF R	$34,783	Adjust Management Fee Income for increase in HCVP utilization
GF R	$960	Increase transfer from OHRF for increase in Real Estate Development Personnel cost
GF R	($520,939)	Adjust Development Corporation Fee Income from properties
GF R	($251,497)	Adjust Commitment Fee income for timing and scope changes
GF R	($150)	Adjust FHA Mortgage Insurance Premium income
	$566,705	
GF E	$200,000	Add funding for Strategic Planning
GF E	$9,215	Add taxes for East Deer Park
GF E	($105,390)	Shift Personnel Cost for Inspections from General Fund to HCVP
GF E	($88,530)	Update Personnel Complement
GF E	$960	Adjust personnel cost for Real Estate personnel
GF E	($10,000)	Update Cyber Insurance
GF E	($150)	Adjust FHA Mortgage Insurance Premium restriction
	$6,105	
GF	**($149,628)**	**Adjust Draw from General Fund Operating Reserve ("GFOR")**
MF R	**$190,590**	Increase draw from indenture to fund administrative costs
MF E	$166,140	Adjust Management Fee based on change to Complement and updated Indirect Cost Model
MF E	$24,450	Update Personnel Complement
	$190,590	
SF R	**$95,460**	Decrease draw from indenture to fund administrative costs
SF E	$95,460	Adjust Management Fee based on updated Indirect Cost Model
SF E	**$95,460**	

OHRF R	$67,667	Adjust Development Fee income for timing and scope changes
OHRF R	($377,246)	Adjust Commitment Fee income for timing and scope changes
OHRF R	**($309,579)**	
OHRF E	**$960**	Increase transfer to GF to fund Real Estate Development personnel cost
OHRF	**($310,539)**	**Decrease excess cash flow restriction**
OH R	($100,000)	Refine Vacancy Loss for Metropolitan properties for renovations
OH R	$78,282	Adjust draws from existing property cash
OH R	($700)	Adjust draws from GFOR for deficit at MetroPointe
	($22,418)	
OH E	$941,260	Adjust Management Fee based on updated Indirect Cost Model
OH E	$897,180	Adjust restricted cash for Metropolitan
OH E	$316,449	Add Amortizing Loan for one property
OH E	$268,178	Update Personnel Complement
OH E	$207,000	Increase maintenance at Cider Mill
OH E	$7,908	Add Independent Audit cost for one property
OH E	($944,040)	Remove Debt Service for Metropolitan properties during renovations
OH E	($520,939)	Adjust Development Corporation Fee Expense on properties
OH E	($316,449)	Reduce Debt Service Reserve contributions for one property
OH E	($300,008)	Adjust restrictions of cash for restricted properties
OH E	($81,365)	Refine Debt Service for Chelsea Towers
OH E	($46,200)	Remove RfR Contributions for Metropolitan properties during renovations
OH E	($32,310)	Adjust County Insurance Allocation
OH E	($4,510)	Adjust Insurance Reserve Allocation
OH E	($3,600)	Decrease contributions to Operating Reserves at Foreclosure Homes
	$388,554	

FY 2023 Proposed Operating Budget Comparison from Recommended Budget	Revenues	Expenses	Recommended Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Proposed Budget
General Fund								
General Fund	$26,554,858	$30,798,637	**($4,243,779)**	$566,705	$6,105	$27,121,563	$30,804,742	**($3,683,179)**
Draw from General Fund Operating Reserve("GFOR")	$1,262,646	$0	**$1,262,646**	($149,628)	$0	$1,113,018	$0	**$1,113,018**
Restrict to GFOR	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to OHPR	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to OPEB Reserve	$0	$0	**$0**			$0	$0	**$0**
Multifamily & Single Family Bond Funds								
Multifamily Fund	$17,392,014	$17,392,014	**$0**	$190,590	$190,590	$17,582,604	$17,582,604	**$0**
Single Family Fund	$9,702,599	$9,702,599	**$0**	$95,460	$95,460	$9,798,059	$9,798,059	**$0**
Opportunity Housing Fund								
Opportunity Housing Reserve Fund ("OHRF")	$6,345,372	$1,570,916	**$4,774,456**	($309,579)	$960	$6,035,793	$1,571,876	**$4,463,917**
Draw from OHRF	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to OHRF	$0	$4,774,456	**($4,774,456)**	$0	($310,539)	$0	$4,463,917	**($4,463,917)**
Opportunity Housing & Development Corps	$102,278,133	$99,541,243	**$2,736,890**	($21,718)	$388,554	$102,256,415	$99,929,797	**$2,326,618**
Draw from GFOR for MetroPointe Deficit	$244,243	$0	**$244,243**	($700)	$0	$243,543	$0	**$243,543**
Public Fund								
Housing Choice Voucher Program ("HCVP")	$118,239,729	$123,891,096	**($5,651,367)**	$5,261,211	$4,618,611	$123,500,940	$128,509,707	**($5,008,767)**
Draw from HCVP HAP Reserve	$5,101,458	$0	**$5,101,458**	($214,716)	$0	$4,886,742	$0	**$4,886,742**
Draw from HCVP Administrative Reserve	$549,909	$0	**$549,909**	($427,884)	$0	$122,025	$0	**$122,025**
Restrict to HCVP HAP Reserve	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Restrict to HCVP Administrative Reserve	$0	$0	**$0**	$0	$0	$0	$0	**$0**
Federal and County Grants	$19,214,246	$19,214,246	**$0**	($7,571)	($7,571)	$19,206,675	$19,206,675	**$0**
TOTAL - ALL FUNDS	**$306,885,207**	**$306,885,207**	**$0**	**$4,982,170**	**$4,982,170**	**$311,867,377**	**$311,867,377**	**$0**

Footnotes - explanation of changes

HCV R	$4,711,074	Increase HCV Housing Assistance Payment ("HAP") Revenue based on updated utilization and new program funding
HCV R	$550,137	Increase HCV Administrative Fees based on increased pro-ration rate and utilization
	$5,261,211	
HCV R	**($214,716)**	Reduce draw from HCV Net Restricted Position (NRP)
HCV R	**($427,884)**	Reduce draw from HCV Administrative Reserves
HCV E	$4,496,358	Increase HCV Housing Assistance Payment ("HAP") Expense due to recent utilization and new program funding
HCV E	$105,390	Shift Personnel Cost for Inspections to HCVP from General Fund
HCV E	$34,783	Adjust Management Fee Expense for increase in HCVP utilization
HCV E	($17,920)	Update Personnel Complement
	$4,618,611	

Grants R	$39,713	Increase funding for McKinney Grants
Grants R	$8,617	Increase funding for Emergency Services Grant
Grants R	$5,410	Increase funding for Housing Locator Grant
Grants R	($47,962)	Remove transfer from main County Grant to balance FSS grant
Grants R	($13,349)	Decrease transfers from main County Contract to balance grants
	($7,571)	
Grants E	$41,843	Update McKinney Grant expenses based on additional funding
Grants E	$33,217	Balance Grants
Grants E	$6,680	Adjust restriction of McKinney surplus to reserve
Grants E	$180	Adjust Management Fees paid to General Fund
Grants E	($47,962)	Remove transfer from main County Grant to balance FSS grant
Grants E	($8,810)	Update Personnel Complement for McKinney Grants
Grants E	($19,370)	Update Personnel Complement
Grants E	($13,349)	Decrease transfers from main County Contract to balance grants
	($7,571)	

FY 2023 Proposed Capital Budget Comparison from Recommended Budget		Revenues	Expenses	Recommended Budget	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Proposed Budget
Capital Improvements									
	East Deer Park	$112,000	$112,000	**$0**	$0	$0	$112,000	$112,000	**$0**
	Kensington Office	$100,000	$100,000	**$0**	$0	$0	$100,000	$100,000	**$0**
	880 Bonifant	$50,000	$50,000	**$0**	$0	$0	$50,000	$50,000	**$0**
	Information Technology	$825,000	$825,000	**$0**	$0	$0	$825,000	$825,000	**$0**
	Opportunity Housing Properties	$5,408,901	$5,408,901	**$0**	$856,827	$856,827	$6,265,728	$6,265,728	**$0**
		$6,495,901	**$6,495,901**	**$0**	**$856,827**	**$856,827**	**$7,352,728**	**$7,352,728**	**$0**
Capital Development Projects									
	Bauer Park Apartments	$3,257,532	$3,257,532	**$0**	$0	$0	$3,257,532	$3,257,532	**$0**
	Deeply Affordable Units	$1,250,000	$1,250,000	**$0**	$0	$0	$1,250,000	$1,250,000	**$0**
	Elizabeth House III	$3,653,409	$3,653,409	**$0**	$0	$0	$3,653,409	$3,653,409	**$0**
	Georgian Court	$9,963,270	$9,963,270	**$0**	$0	$0	$9,963,270	$9,963,270	**$0**
	Hillandale Gateway - Senior	$21,821,702	$21,821,702	**$0**	($3,118,365)	($3,118,365)	$18,703,337	$18,703,337	**$0**
	Hillandale Gateway - Multifamily / Retail	$43,065,366	$43,065,366	**$0**	($3,387,913)	($3,387,913)	$39,677,453	$39,677,453	**$0**
	Metropolitan	$108,988,214	$108,988,214	**$0**	$0	$0	$108,988,214	$108,988,214	**$0**
	Shady Grove	$11,034,897	$11,034,897	**$0**	$0	$0	$11,034,897	$11,034,897	**$0**
	Stewartown	$4,776,677	$4,776,677	**$0**	$0	$0	$4,776,677	$4,776,677	**$0**
	Upton II	$5,539,196	$5,539,196	**$0**	$0	$0	$5,539,196	$5,539,196	**$0**
	West Side Shady Grove	$22,637,382	$22,637,382	**$0**	$0	$0	$22,637,382	$22,637,382	**$0**
	Willow Manor Resyndication	$10,400,358	$10,400,358	**$0**	$0	$0	$10,400,358	$10,400,358	**$0**
		$246,388,003	**$246,388,003**	**$0**	**($6,506,278)**	**($6,506,278)**	**$239,881,725**	**$239,881,725**	**$0**
TOTAL - ALL FUNDS		**$252,883,904**	**$252,883,904**	**$0**	**($5,649,451)**	**($5,649,451)**	**$247,234,453**	**$247,234,453**	**$0**

Footnotes - explanation of changes

CI	**R**	$882,000	Revise Cider Mill Capital Budget
		($25,173)	Revise Dale Drive Capital Budget
		$856,827	
CI	**E**	$882,000	Revise Cider Mill Capital Budget
		($25,173)	Revise Dale Drive Capital Budget
		$856,827	
CD	**R**	($3,118,365)	Revise Hillandale Gateway - Senior
		($3,387,913)	Revise Hillandale Gateway - Multifamily / Retail
		($6,506,278)	
CD	**E**	($3,118,365)	Revise Hillandale Gateway - Senior
		($3,387,913)	Revise Hillandale Gateway - Multifamily / Retail

Revised Charts
From Summary and Capital Budget Sections
of the FY’23 Recommended Budget
(Attachment 1-2)

Enclosure 2

Housing Opportunities Commission
OF MONTGOMERY COUNTY

Commission Meeting

FY 2023 Proposed Budget

June 8, 2022

FY 2023 – Budget Overview

Proposed Budget

Fund Summary Overview		FY 2023 Proposed Budget	
	Revenues	Expenses	Net
General Fund	$27,121,563	$30,804,742	($3,683,179)
Draw from General Fund Operating Reserve ("GFOR")	$1,113,018	$0	$1,113,018
Multifamily Bond Funds	$17,582,604	$17,582,604	$0
Single Family Bond Funds	$9,798,059	$9,798,059	$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund ("OHRF")	$6,035,793	$1,571,876	$4,463,917
Restrict to OHRF	$0	$4,463,917	($4,463,917)
Opportunity Housing & Development Corporation Properties	$102,256,415	$99,929,797	$2,326,618
Draw from GFOR for MetroPointe Deficit	$243,543	$0	$243,543
Public Fund			
Housing Choice Voucher Program ("HCVP")	$128,509,707	$128,509,707	$0
Federal and County Grants	$19,206,675	$19,206,675	$0
TOTAL - ALL FUNDS	**$311,867,377**	**$311,867,377**	**$0**

*** Revenues and Expenses include inter-company Transfer Between Funds**

Housing Opportunities Commission OF MONTGOMERY COUNTY

FY 2023 – Revenue and Expense Summary

Proposed Budget

FY 2023 Revenue and Expense Statement

Operating Budget

Operating Income	
Tenant Income	$100,692,327
Non-Dwelling Rental Income	$1,327,065
Federal Grant	$129,545,949
County Grant	$12,060,085
Management Fees	$29,969,653
Miscellaneous Income	$135,953
TOTAL OPERATING INCOME	**$273,731,032**

Operating Expenses	
Personnel Expenses	$51,590,660
Operating Expenses - Fees	$20,859,806
Operating Expenses - Administrative	$9,307,437
Bad Debt	$2,322,476
Tenant Services Expenses	$7,564,312
Protective Services Expenses	$896,481
Utilities Expenses	$6,853,787
Insurance and Tax Expenses	$3,053,550
Maintenance Expenses	$9,679,166
Housing Assistance Payments (HAP)	$118,671,144
TOTAL OPERATING EXPENSES	**$230,798,819**
NET OPERATING INCOME	**$42,932,213**

Non-Operating Budget

Non-Operating Income	
Investment Interest Income	$23,554,840
FHA Risk Sharing Insurance	$1,076,667
Transfer Between Funds	$13,504,838
TOTAL NON-OPERATING INCOME	**$38,136,345**

Non-Operating Expenses	
Interest Payment	$39,153,538
Mortgage Insurance	$977,508
Principal Payment	$11,107,474
Debt Service, Operating and Replacement Reserves	$10,801,889
Restricted Cash Flow	$8,198,010
Development Corporation Fees	$5,217,052
Miscellaneous Bond Financing Expenses	$710,648
FHA Risk Sharing Insurance	$1,076,667
Transfer Out Between Funds	$3,825,772
TOTAL NON-OPERATING EXPENSES	**$81,068,558**
NET NON-OPERATING ADJUSTMENTS	**($42,932,213)**

FY 2023 – Operating Budget: Source of Funds

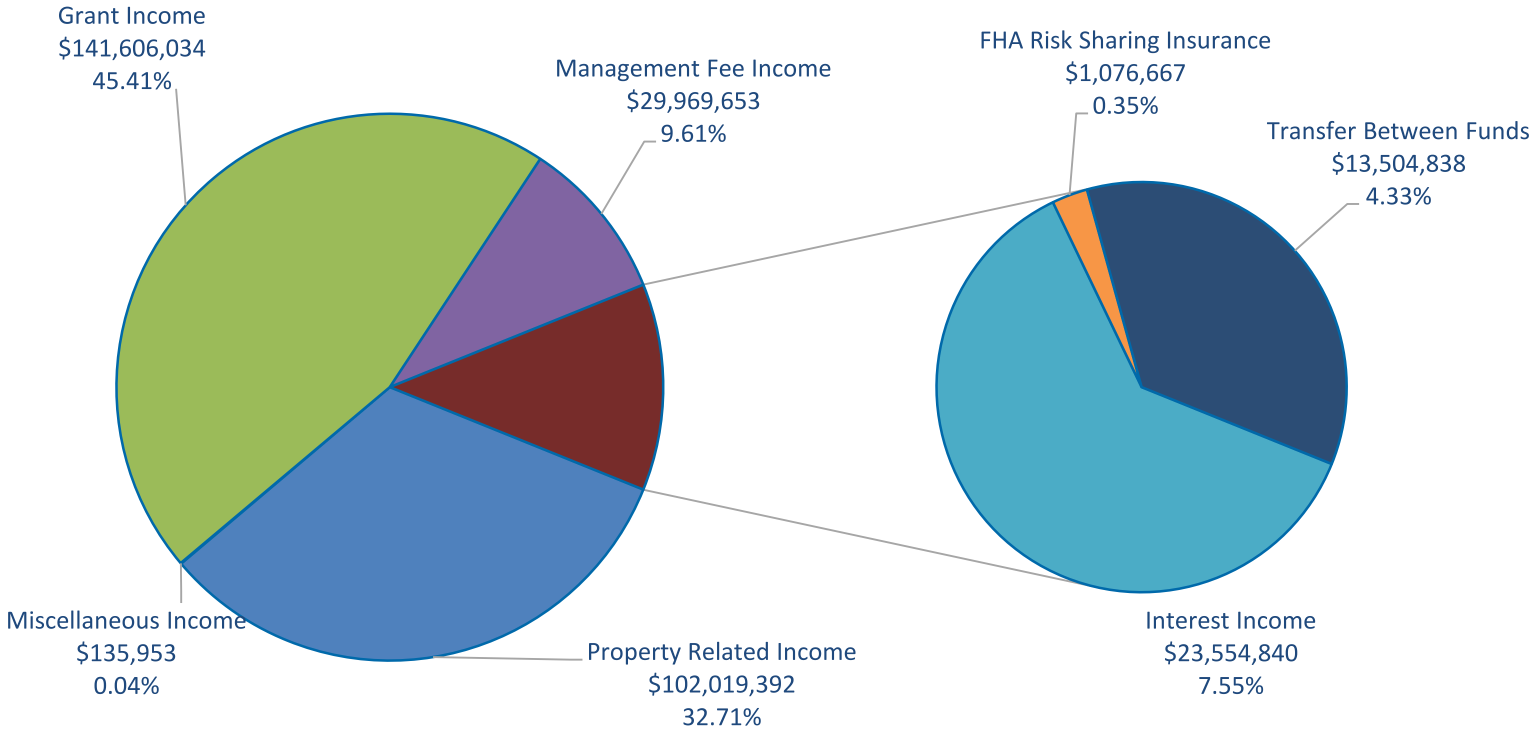
Total Income – Proposed – $311,867,377

Operating Income

$273,731,032

Non-Operating Income

$38,136,345



FY 2023 – Operating Budget: Use of Funds

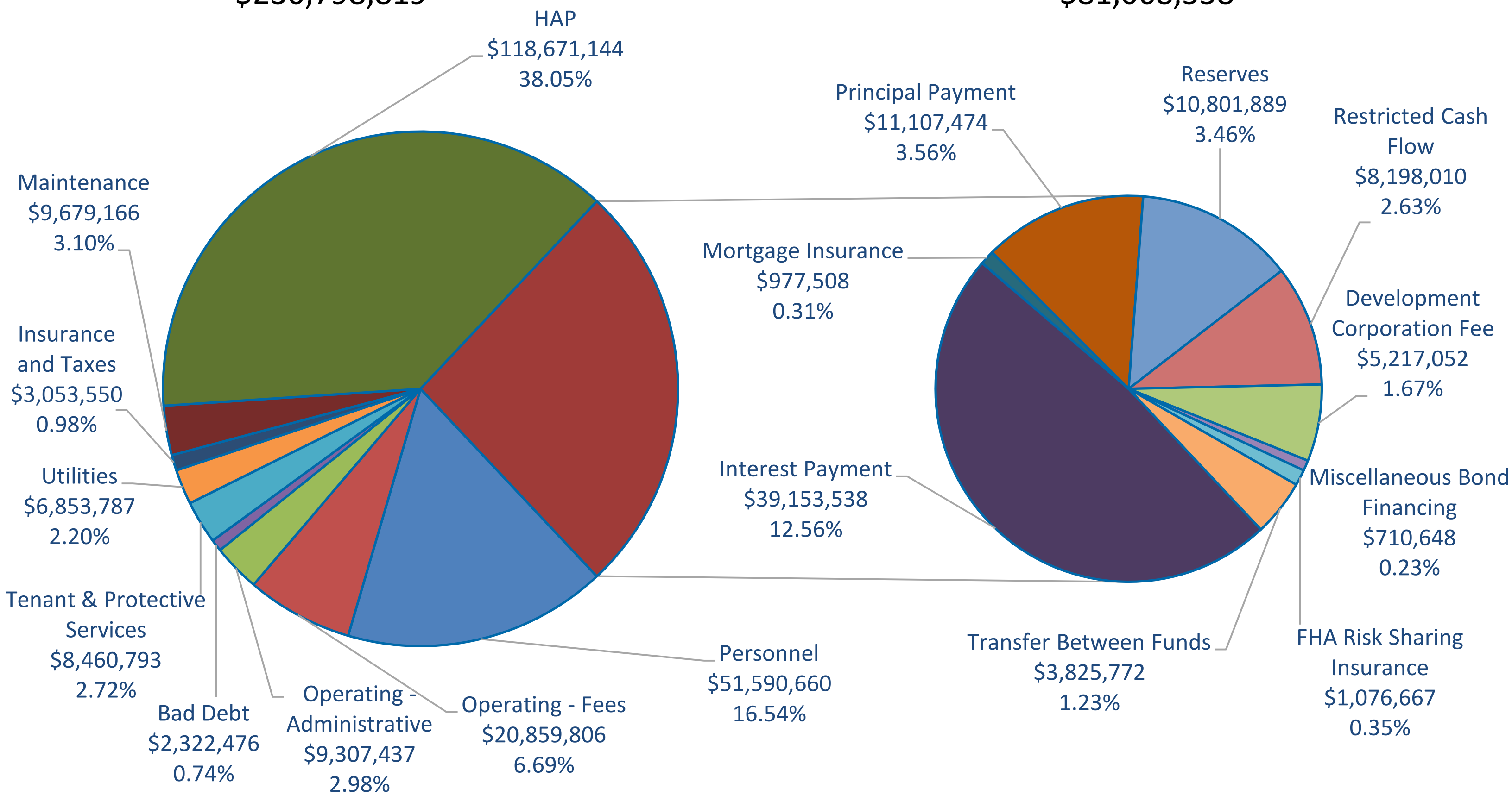
Total Expenses – Proposed – $311,867,377

Operating Expenses

$230,798,819

Non-Operating Expenses

$81,068,558



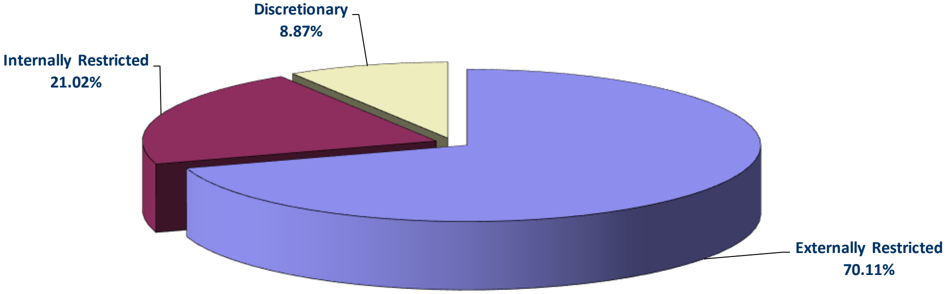
Total Agency Operating Budget Summary – FY 2019 through FY 2023

Total Revenue and Expense Statement

Total Revenue and Expense Statement	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Amended Budget	FY 2023 Proposed Budget
Operating Income					
Tenant Income	$90,898,929	$97,703,079	$101,168,308	$102,038,145	$100,692,327
Non-Dwelling Rental Income	$1,088,218	$1,107,343	$1,971,505	$1,263,007	$1,327,065
Federal Grant	$111,759,315	$116,933,119	$117,108,381	$123,984,851	$129,545,949
State Grant	$24,370	$0	$0	$0	$0
County Grant	$10,063,003	$10,089,325	$11,036,409	$11,126,350	$12,060,085
Management Fees	$20,146,249	$27,581,348	$24,469,222	$28,979,741	$29,969,653
Miscellaneous Income	$496,816	$346,691	$571,402	$361,727	$135,953
TOTAL OPERATING INCOME	**$234,476,900**	**$253,760,905**	**$256,325,227**	**$267,753,821**	**$273,731,032**
Operating Expenses					
Personnel Expenses	$42,438,284	$44,166,986	$43,941,599	$47,329,643	$51,590,660
Operating Expenses - Fees	$17,735,370	$18,438,628	$18,960,653	$19,314,099	$20,859,806
Operating Expenses - Administrative	$7,224,321	$8,648,832	$7,948,761	$9,600,658	$9,307,437
Bad Debt	$1,953,887	$1,484,756	$3,367,868	$2,953,169	$2,322,476
Tenant Services Expenses	$6,390,914	$6,123,707	$7,207,120	$7,989,061	$7,564,312
Protective Services Expenses	$789,721	$1,369,695	$1,003,501	$733,045	$896,481
Utilities Expenses	$6,135,729	$6,280,649	$7,084,450	$6,770,254	$6,853,787
Insurance and Tax Expenses	$2,706,517	$2,455,978	$2,911,833	$3,450,651	$3,053,550
Maintenance Expenses	$9,974,062	$9,787,285	$9,239,238	$9,684,826	$9,679,166
Housing Assistance Payments ("HAP")	$97,568,970	$99,329,069	$105,640,697	$106,615,332	$118,671,144
TOTAL OPERATING EXPENSES	**$192,917,775**	**$198,085,585**	**$207,305,720**	**$214,440,738**	**$230,798,819**
NET OPERATING INCOME	**$41,559,125**	**$55,675,320**	**$49,019,507**	**$53,313,083**	**$42,932,213**
Non-Operating Income					
Investment Interest Income	$29,740,649	$26,017,802	$22,053,438	$23,482,449	$23,554,840
FHA Risk Sharing Insurance	$890,294	$1,102,136	$1,518,820	$891,352	$1,076,667
Transfer Between Funds	$8,891,771	$8,577,517	$12,245,244	$8,313,030	$13,504,838
TOTAL NON-OPERATING INCOME	**$39,522,714**	**$35,697,455**	**$35,817,502**	**$32,686,831**	**$38,136,345**
Non-Operating Expenses					
Interest Payment	$42,540,438	$38,556,309	$37,662,266	$39,859,756	$39,153,538
Mortgage Insurance	$881,485	$1,168,924	$1,162,254	$1,076,400	$977,508
Principal Payment	$9,340,623	$11,002,405	$11,987,690	$12,333,631	$11,107,474
Debt Service, Operating and Replacement Reserves	$9,998,074	$15,441,521	$12,140,601	$14,557,675	$10,801,889
Restricted Cash Flow	$5,076,416	$8,174,970	$6,262,226	$6,474,902	$8,198,010
Development Corporation Fees	$6,338,023	$6,668,476	$5,343,739	$5,770,452	$5,217,052
Miscellaneous Bond Financing Expenses	$415,277	$947,904	$674,756	$589,764	$710,648
FHA Risk Sharing Insurance	$890,294	$1,102,136	$1,502,780	$891,352	$1,076,667
Transfer Out Between Funds	$5,429,173	$5,530,873	$6,858,867	$4,445,982	$3,825,772
TOTAL NON-OPERATING EXPENSES	**$80,909,803**	**$88,593,518**	**$83,595,179**	**$85,999,914**	**$81,068,558**
NET NON-OPERATING ADJUSTMENTS	**($41,387,089)**	**($52,896,063)**	**($47,777,677)**	**($53,313,083)**	**($42,932,213)**
NET CASH FLOW	**$172,036**	**$2,779,257**	**$1,241,830**	**$0**	**$0**

FY 2023 – Revenue Restrictions

Revenue Restriction (Showing externally placed restrictions)	FY 2023 Proposed Budget			
	Externally Restricted	Internally Restricted	Discretionary	TOTAL
Operating Income				
Property Related Income	$39,938,776	$59,510,455	$2,570,161	**$102,019,392**
Federal Grant	$129,545,949	$0	$0	**$129,545,949**
County Grant	$12,060,085	$0	$0	**$12,060,085**
Management Fees	$0	$6,035,793	$23,933,860	**$29,969,653**
Miscellaneous Income	$85,046	$0	$50,907	**$135,953**
TOTAL OPERATING INCOME	**$181,629,856**	**$65,546,248**	**$26,554,928**	**$273,731,032**
Non-Operating Income				
Interest Income	$23,547,748	$0	$7,092	**$23,554,840**
FHA Risk Sharing	$1,076,667	$0	$0	**$1,076,667**
Transfer Between Funds	$12,391,820	$0	$1,113,018	**$13,504,838**
TOTAL NON-OPERATING INCOME	**$37,016,235**		**$1,120,110**	**$38,136,345**
TOTAL - ALL REVENUE SOURCES	**$218,646,091**	**$65,546,248**	**$27,675,038**	**$311,867,377**



Housing Opportunities Commission OF MONTGOMERY COUNTY

FY 2023 – Capital Budget

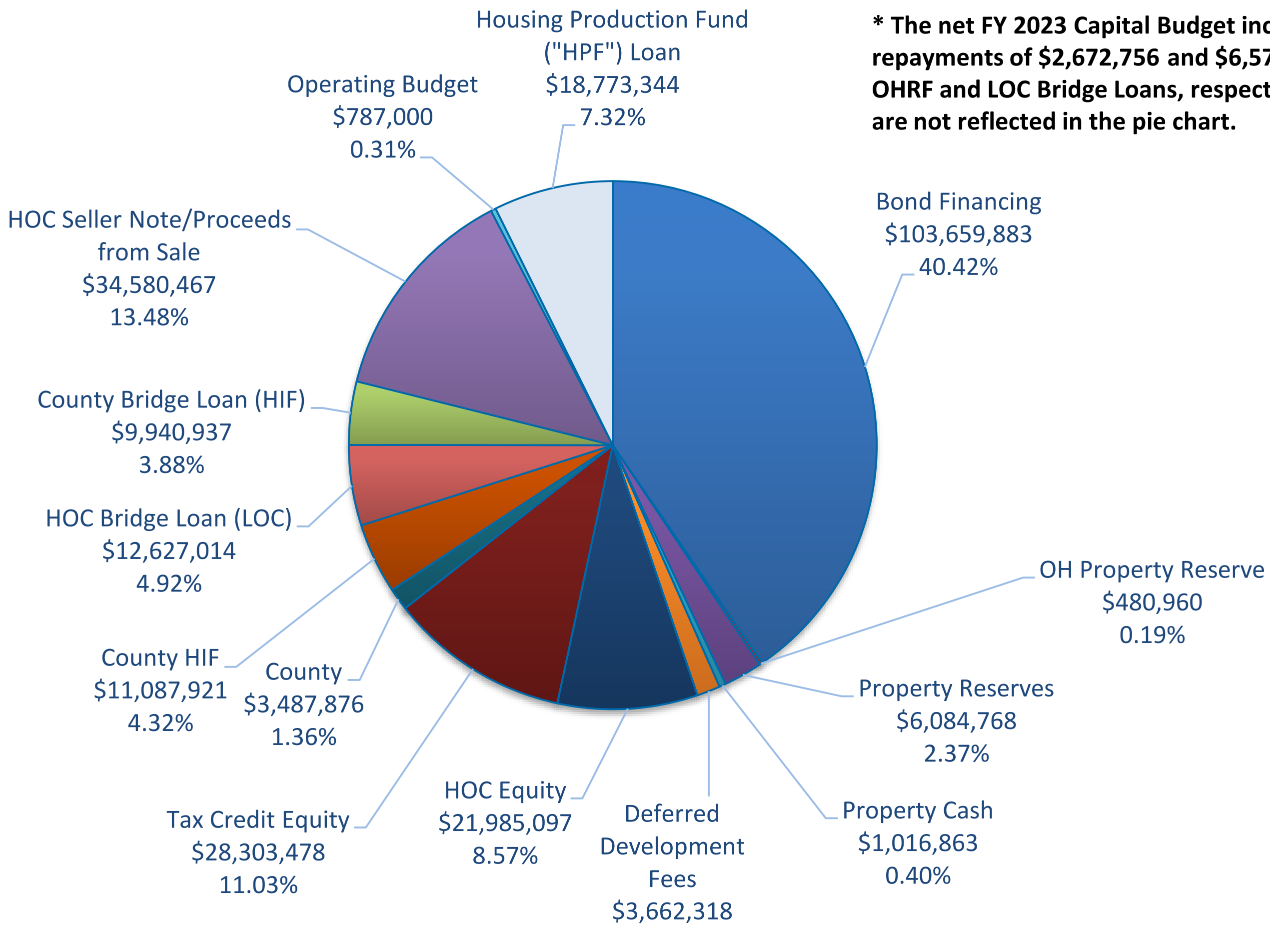
Capital Budget Overview

Capital Budget Summary	FY 2023 Proposed Budget
Capital Improvements	
East Deer Park	$112,000
Kensington Office	$100,000
880 Bonifant	$50,000
Information Technology	$825,000
Opportunity Housing Properties	$6,265,728
Subtotal	**$7,352,728**
Capital Development Projects	
Bauer Park Apartments	$3,257,532
Deeply Affordable Units	$1,250,000
Elizabeth House III	$3,653,409
Georgian Court	$9,963,270
Hillandale Gateway - Senior	$18,703,337
Hillandale Gateway - Multifamily / Retail	$39,677,453
Metropolitan	$108,988,214
Shady Grove	$11,034,897
Stewartown Homes	$4,776,677
Upton II (now Residence on The Lane)	$5,539,196
West Side Shady Grove	$22,637,382
Willow Manor Resyndication	$10,400,358
Subtotal	**$239,881,725**
TOTAL	**$247,234,453**

Housing Opportunities Commission
OF MONTGOMERY COUNTY

FY 2023 – Capital Budget

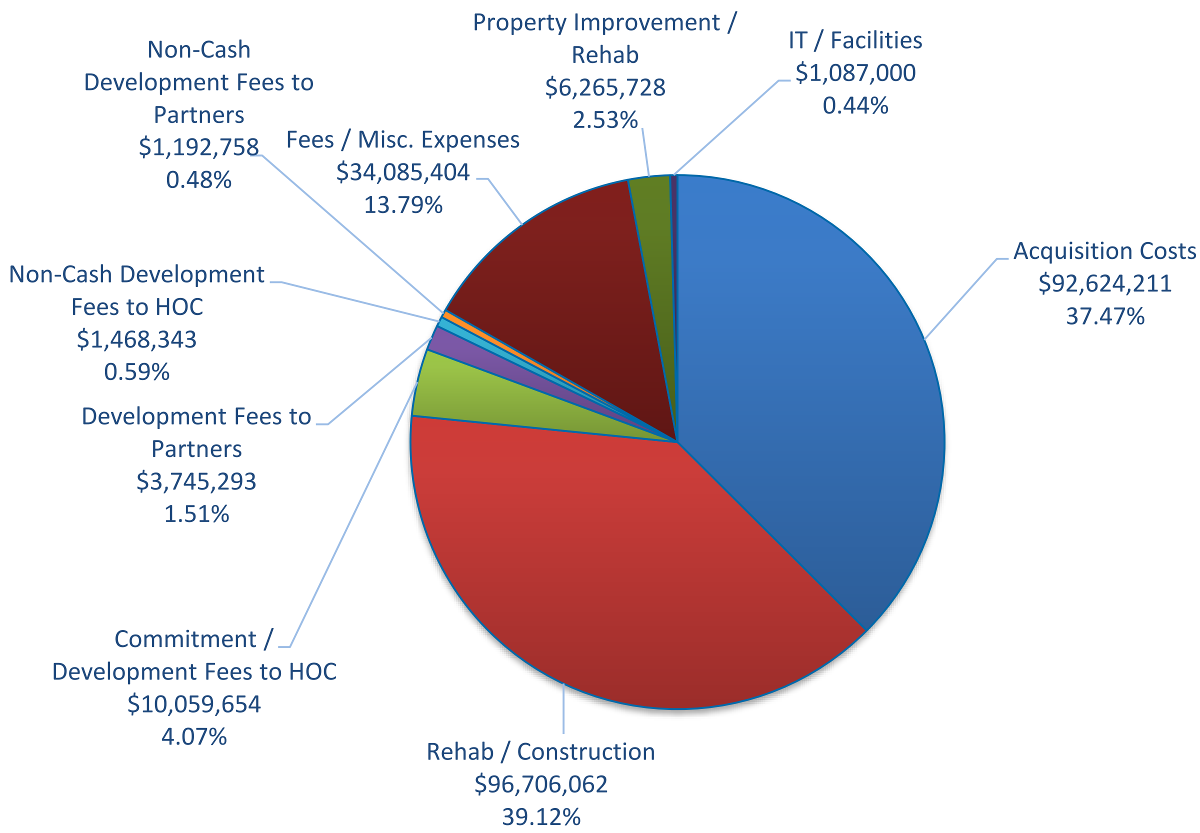
Source of Funds - Recommended – $247,234,453



*** The net FY 2023 Capital Budget includes repayments of $2,672,756 and $6,570,717 for OHRF and LOC Bridge Loans, respectively, that are not reflected in the pie chart.**

FY 2023 – Capital Budget

Use of Funds - Recommended – $247,234,453



Development and Finance Committee

APPROVAL OF STRUCTURE, COST OF ISSUANCE BUDGET, AND ADOPTION OF SERIES RESOLUTION(S) FOR THE ISSUANCE OF SINGLE FAMILY MORTGAGE REVENUE BONDS

SINGLE FAMILY MORTGAGE FINANCE

KAYRINE V. BROWN, ACTING EXECUTIVE DIRECTOR

JENNIFER HINES ARRINGTON, ACTING DIRECTOR OF MORTGAGE FINANCE
PAULETTE DUDLEY, PROGRAM SPECIALIST III

JUNE 8, 2022

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Since the creation of the Single Family Mortgage Purchase Program (the "Program" or "MPP") in 1979, the Commission has issued multiple series of bonds under the Single Family Mortgage Revenue Bond ("MRB") Resolution (the "1979 Indenture") to provide low-interest rate mortgages to first-time homebuyers. The Commission also may issue bonds under the Single Family Housing Revenue Bond ("HRB") Resolution 2009 Indenture (the "2009 Indenture") and under the Program Revenue Bond ("PRB") Resolution 2019 Indenture (the "2019 Indenture"). In addition, the Commission has utilized the practice of issuing refunding bonds in the Program to (i) recycle and extend the life of volume cap it allocates to each bond issue ("Replacement Refunding") and/or (ii) refinance its outstanding bond debt at a lower bond yield, thus lowering costs of the Program ("Economic Refunding").

As of May 2022, there are approximately $500,000 remaining in bond proceeds for the Program; therefore, staff has begun planning for a 2022 issuance of bonds under the 1979 Indenture (the "2022 Bonds"). The 2022 Bonds is anticipated to include:

- **Replacement Refunding bonds** to (1) repay the Program's $5 million draw on the PNC Bank, N.A. Line of Credit ("PNC LOC") made on January 3, 2022 that replacement refunded several series of MRBs, HRBs, and PRBs; and, (2) redeem approximately $9 million of several series of MRBs, HRBs, and PRBs eligible for July 1, 2022 redemptions. The total amount of Replacement Refunding bonds is estimated to be approximately $14 million but may exceed that amount depending on the amount of prepayments and repayments received under the Program up to the time of the issuance.
- **New money bonds**, totaling approximately $19 million of which $15 million is estimated to be private activity, tax-exempt, will require an allocation of volume cap, and approximately $4 million is estimated to be taxable and will not require an allocation of volume cap. Total existing volume cap available to the Commission's for its single family and multifamily program needs in 2022 is approximately $38 million.

As a result of issuing the 2022 Bonds, up to $40 million is estimated to be made available to the Program to make new mortgage loans at below-market rates. Assuming an average loan size of $250,000, this bond issue will generate approximately 160 new mortgage loans. Should volume cap not be made available for the single family program, then the issuance will likely be no more than approximately $20 million, which will generate approximately 80 loans.

EXECUTIVE SUMMARY

The 2022 Bonds proposed structure assumes the issuance of four (4) series of bonds that will be fixed or variable rate, tax-exempt non-AMT and/or AMT serial and/or term, par and/or premium bonds, along with taxable serial and/or term bonds with the latest maturity of all bonds to be the year 2052. The bonds are expected to be sold at par or a premium, but may also be sold at a discount.

Currently, 2022 Series A is proposed as fixed rate, non-AMT replacement refunding bonds (approximately $11.2 million) and new money private activity bonds (approximately $4 million); 2022 Series B is proposed as fixed rate, AMT replacement refunding bonds (approximately $2.9 million); 2022 Series C is proposed as fixed rate, taxable new money bonds (approximately $4 million); and, 2022 Series D is proposed as variable rate, non-AMT new money private activity bonds (approximately $11 million). As mentioned previously, volume cap will be required for the new money private activity bonds, which are tax-exempt in nature. No volume cap is required for the replacement refunding bonds, given that volume cap is being recycled and extended by executing the replacement refunding.

The cost of issuance is estimated to be approximately $535,000. This is commensurate with the size and structure of the overall issuance, and will be paid from funds available under the 1979 Indenture.

In addition, up to two (2) Series Resolutions will be drafted to establish, among other things, authorization to issue the bonds, the purpose of the bonds and the application of proceeds, redemption provisions, types of accounts to be created, and authority to execute necessary documents. The Series Resolutions will be prepared by the Commission's bond counsel, Kutak Rock, LLP, which will be presented to the full Commission for approval.

Staff requests that the Commission accept its recommendation, which is supported by the Development & Finance Committee, and approve the following actions:

1. Approval of the structure and issuance of the 2022 Bonds under the 1979 Mortgage Revenue Bond Resolution in an amount not to exceed $40 million in aggregate;
2. Approval to allocate up to $15 million of private activity volume cap to complete the transaction herein proposed;
3. Authorization to execute an interest rate hedge agreement relating to the variable rate 2022 Bonds;
4. Approval of the cost of issuance budget, estimated to be approximately $535,000 to be funded by the 1979 Indenture; and,
5. Adoption of up two (2) Series Resolutions authorizing the issuance of the 2022 Bonds.

TRANSACTION STRUCTURE: OVERVIEW

The overall financing plan is comprised of the Replacement Refunding of approximately 10 series of MRBs, HRBs and PRBs for approximately $9 million eligible for redemption on July 1, 2022 and the repayment of the Program's $5 million draw on the PNC LOC made on January 3, 2022 for scheduled redemptions; and, the issuance of new money of approximately $19 million, producing a total issuance of approximately $33 million. The new issuance will include four (4) series of fixed and variable rate bonds. The following is a discussion of the transaction's structure. Amounts are approximate.

	2022 Series A (Non-AMT) (Fixed)	2022 Series B (AMT) (Fixed)	2022 Series C (Taxable) (Fixed)	2022 Series D (Non-AMT) (Variable)	Total
Replacement Refunding Bonds	$11,195,000	$2,940,000			$14,135,000
New Money	$4,000,000		$3,865,000	$11,000,000	$18,865,000
TOTAL	**$15,195,000**	**$2,940,000**	**$3,865,000**	**$11,000,000**	**$33,000,000**

Structure of Issuance	• Issue up to $40 million under the 1979 Indenture. • Fixed and variable rate, tax-exempt non-AMT and/or AMT serial and/or term, par and/or premium bonds, along with taxable serial and/or term bonds. • Latest Maturity – year 2052 (30 years). • Four (4) series of bonds, which currently assumes: 1. 2022 Series A will include fixed rate, non-AMT Replacement Refunding and new money bonds (est. $15.2 million); 2. 2022 Series B will include fixed rate, AMT Replacement Refunding bonds (est. $2.94 million); 3. 2022 Series C will include fixed rate, taxable bonds (est. $4 million); and, 4. 2022 Series D will include variable rate, non-AMT new money bonds (est. $11 million).

TRANSACTION STRUCTURE: HIGHLIGHTS

Lendable Proceeds via Replacement Refunding and New Money	• Replacement Refunding of approximately $14 million will be issued to (1) repay the Program's $5 million draw on the PNC LOC on January 3, 2022 that refunded several series of MRBs, HRBs, and PRBs; and, (2) redeem approximately $9 million of several series of MRBs, HRBs, and PRBs scheduled for redemption on July 1, 2022. • New money issued is estimated at $19 million and includes zero percent funds. Approximately $4 million of the new money issued is estimated to be taxable. • Total lendable proceeds of approximately $33.6 million will be made available, as a result of the premium bond proceeds, to make mortgage loans and provide funds for down payment and closing cost assistance for first-time homebuyers. — Creates funding for approximately 134 FHA and Fannie Mae HFA Preferred first mortgage loans
Volume Cap / TEFRA	• Replacement refundings do not require an allocation of volume cap, given that existing cap is being recycled and extended by executing the replacement refunding. • New debt that is tax-exempt private activity in nature will require the use of Bond Cap and satisfaction of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requirements. Replacement refunding can require TEFRA, if the maturity is extended beyond the replacement refunded bonds. • The TEFRA Hearing was held on May 19, 2022. • The Single Family Program could utilize approximately $15 million out of the $38 million in Bond Cap currently available to HOC, leaving approximately $23 million utilized for multifamily transactions in 2022 or carried forward into 2023. Volume cap deficits may be secured through a request to the Maryland Department of Commerce or through Maryland Community Development Administration ("CDA"). See the Volume Cap chart on page 9.

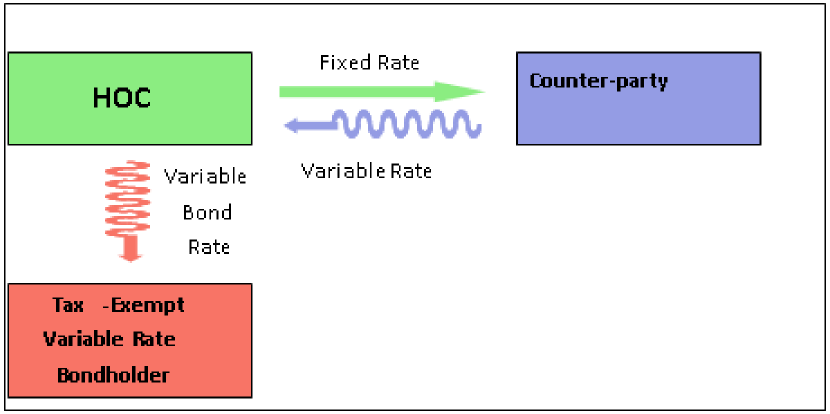
TRANSACTION STRUCTURE: HIGHLIGHTS

Variable Rate Bonds/ Liquidity	• The 2022 Bonds may include variable rate demand obligations (“VRDOs”), a form of variable debt used by the Commission on prior bond issues to achieve a lower cost of funds. VRDO bonds are long-term debt instruments with interest rates that reset periodically (generally weekly) at a rate that reflects the current market level for short term securities. One of the characteristics of VRDO bonds is the need for liquidity at each periodic remarketing date. • On each remarketing period date, bondholders of the variable rate securities may tender their bonds with certain notice. If those bonds are not bought by another investor, the liquidity provider steps in to purchase the bonds until they may be successfully remarketed to another investor. • The Commission’s financial advisor has identified PNC Bank, N.A., as the liquidity provider for the variable 2022 Bonds, as it has provided a bid of 27 basis points (bps) for a Direct Pay Letter of Credit (the liquidity facility). Under current market conditions, the VRDO rate, including the liquidity facility, would be approximately 1.07%. This rate would be reset weekly by a remarketing agent for an additional 7 bps. • The 1979 Indenture has capacity for additional variable rate debt. • If a sufficiently low cost of funds can be achieved without variable rate debt, an all fixed-rate issue will be considered.
Interest Rate Hedge Agreement (“Swap”)	• Under current market conditions, the rate on a swap is efficient and could result in materially lower borrowing cost in comparison to fixed rate debt. Thus, due to favorable pricing of interest rate hedge agreements, the Commission would enter into an agreement to hedge any variable rate 2022 Bonds. • The fixed rate on the swap is approximately 2.45% and the current variable rate receipt on the swap is approximately 0.63%, so the net swap payment would be approximately 1.82%. When combined with the VRDO rate, liquidity costs and remarketing fees indicated above, the total payment would be approximately 2.96%. See page 8 for a discussion on swaps.

Housing Opportunities Commission
OF MONTGOMERY COUNTY

TRANSACTION STRUCTURE: SWAP OPTION

An interest rate hedge agreement or swap is a mechanism used in variable rate bond transactions to hedge against the rise in interest rates and obtain a fixed rate that is lower than that available in the market. The swap contract is an agreement between two parties that agree to swap interest rates. The parties are the issuer (the Commission) and a Counterparty (a commercial bank). The Commission would issue variable rate bonds and would have an obligation to pay its investors at a floating interest rate. To protect itself against the possibility of the interest rate on those bonds rising, the Commission would agree to pay the Counterparty a fixed rate. The Counterparty, in turn, would assume the variable rate obligation of the Commission. Thus, the Commission has swapped rates with the Counterparty and now has a fixed rate obligation instead of a variable rate obligation. The flow of payments is depicted below:



Currently, relative to an all fixed rate bond issue, the all-in bond yield reduction of using variable rate with a swap for a portion of the structure would be approximately 100 basis points, depending on the amount of variable/swap used. This is considerably higher than the 20 to 50 basis point benefit that HOC has achieved in recent years when using swaps.

Staff proposes that the Commission pursue entering into a swap agreement with a Moody's highly rated counterparty, such as Bank of America, N.A. (rated Aa2), Wells Fargo, N.A. (rated Aa1) or Royal Bank Canada (rated Aa2). Under such swap agreement, the Commission would pay a fixed rate and receive a floating rate index, such as 100% of SIFMA, 70% of SOFR or some combination thereof. This may be beneficial for the 2022 Bonds because the lower rate on the portion of the bond issue that will be supported by a swap agreement, may be blended in the entire bond issue to reduce the overall mortgage rates for the program.

VOLUME CAP NEEDS/USES ($'000)

Year	2017	2018	2019	2020	2021	Projected 2022	Projected 2023
Balance Carried Forward	44,784,313	29,924,685	5,999,987	0	13,125,691	0	22,962,907
Annual Bond Cap Allocation	35,643,087	37,985,728	37,928,940	38,790,691	40,637,867	40,889,349	41,707,136
	-1.7%	6.6%	-0.1%	2.3%	4.8%	0.6%	2.0%
Special Allocation/Adjustment		(6,871,861)	57,793,289		66,626,442	(2,926,442)	0
TOTAL BOND CAP AVAILABLE	**80,427,400**	**61,038,552**	**101,722,216**	**38,790,691**	**120,390,000**	**37,962,907**	**64,670,043**
HOC PROGRAMS							
Single Family	16,363,435	28,768,565				15,000,000	30,000,000
Alexander House	22,139,280						
Greenhills	12,000,000						
Elizabeth House III			55,000,000				
Residences on The Lane (HOC at the Upton II)			24,000,000				
900 Thayer			22,722,216				
Bauer Park				25,665,000			
Stewartown					16,145,000		
Georgian Court					28,700,000		
Shady Grove					28,990,000		
Willow Manor Properties					46,555,000		
+ Hillandale Gateway Senior							34,900,000
Hillandale Gateway Mixed-Income							20,500,000
Metropolitan							26,000,000
Oaks at Four Corners							28,000,000
Forest Oak							36,000,000
MetroPointe							15,000,000
TOTAL HOC PROGRAMS	**50,502,715**	**28,768,565**	**101,722,216**	**25,665,000**	**120,390,000**	**15,000,000**	**190,400,000**
PRIVATE DEVELOPERS							
Gaithersburg - Hillside Senior Living		26,270,000					
TOTAL PRIVATE ACTIVITY	**0**	**26,270,000**	**0**	**0**	**0**	**0**	**0**
TOTAL BOND CAP REMAINING (SHORTFALL)	**29,924,685**	**5,999,987**	**0**	**13,125,691**	**0**	**22,962,907**	**(125,729,957)**

+TEFRA hearing held on October 26, 2020 for $48,000,000

COST OF ISSUANCE BUDGET

Up to $40 Million MRB Issuance	AMOUNT
Underwriters Spread	
Underwriters Counsel	51,000
Travel/Tax/Miscellaneous	4,314
CUSIP	2,189
DTC	890
Bookrunning	3,537
Takedown - Bond Underwriter Fee	181,750
Management	30,000
Underwriter's Spread - Total	**273,680**
Other Cost of Issuance	
Bond Counsel	52,000
Financial Advisor	35,000
Financial Advisor - Computer	29,000
Financial Advisor - Swap	20,000
Universal cap	19,250
OS printing	2,500
Rating	43,000
Auditor	6,920
Trustee	4,500
Trustee Counsel	8,000
Program Marketing	30,000
Miscellaneous / Disbursements	11,150
Other Cost of Issuance - Total	**261,320**
TOTAL COST OF ISSUANCE BUDGET	**535,000**

The cost of the issuance is estimated to be $535,000 based upon the not-to-exceed bond issuance amount of $40 million. The amount of the cost of issuance is commensurate with the size of the overall issue of the 2022 Bonds.

As with other transaction costs for the Single Family Program, the cost of issuance is paid from funds available under the 1979 Indenture.

Revenues generated from achieving full spread (1.125% between the mortgage rate and the bond yield) in the issuance of the 2022 Bonds will accumulate over time in the 1979 Indenture.

SERIES RESOLUTIONS FOR THE 2022 BONDS

For each bond issue, the Commission is asked to approve one or more Series Resolutions which contain specific information about the series of bonds being issued. A Series Resolution authorizes the issuance of one or more series of bonds defining, among other things, the bonds' purpose, redemption provisions, creation of certain accounts, and use of the bond proceeds.

Bond Counsel of the Commission, Kutak Rock, LLP, will prepare two (2) Series Resolutions for the 2022 Bonds – one (1) Series Resolution for Series ABC and one (1) Series Resolution for Series D.

The Series Resolutions will set forth the structure of the bonds, as described previously herein. The interest rates on the 2022 Bonds will be determined when the bonds are priced. Currently, the 2022 Bonds are expected to price in June 2022.

SCHEDULE (SUBJECT TO CHANGE)

April 2022

- Kick-Off Conference Call
- Notify Auditors and Rating Agency of Financing
- Distribute preliminary Cost of Issuance Budget

May 2022

- Approval of the Structure, Cost of Issuance Budget and Adoption of Series Resolution(s) for the 2022 Bonds (Development & Finance Committee)
- Provide comments to POS, Bond Purchase Agreement and Series Resolutions

June 2022

- Approval of the Structure, Cost of Issuance Budget and Adoption of Series Resolution(s) for the 2022 Bonds (Commission)
- Receive Auditor's Consent Letter and Verbal Assurances (est. 6/9/2022)
- Receive Rating (est. 6/9/2022)
- Post POS (est. 6/10/2022)
- Bond Sale (est. 6/21/2022 and 6/22/2022)
- Clear OS (est. 6/27/2022)
- Closing (est. 6/29/2022)
- Repay PNC LOC
- Redeem Replacement Refunded Bonds

ISSUES FOR CONSIDERATION

Will the Commission approve staff's recommendation, which is supported by the Development & Finance Committee, and:

1. Approve the structure and issuance of the 2022 Bonds under the 1979 Mortgage Revenue Bond Resolution in an amount not to exceed $40 million in aggregate?
2. Approve an allocation of up to $15 million of private activity volume cap to complete the transaction herein proposed?
3. Authorize the execution an interest rate hedge agreement relating to the variable rate 2022 Bonds;
4. Approve the cost of issuance budget, estimated to be approximately $535,000, to be funded by the 1979 Indenture?
5. Approve the adoption of two (2) Series Resolutions, authorizing the issuance of the 2022 Bonds?

PRINCIPALS

- Housing Opportunities Commission of Montgomery County
- Caine Mitter & Associates Incorporated – Financial Advisor
- Kutak Rock, LLP – Bond Counsel
- BofA Securities – Senior Managing Underwriter
- PNC Capital Markets – Co-Senior Managing Underwriter
- Jefferies LLC – Co-Manager
- Morgan Stanley – Co-Manager
- RBC Capital Markets – Co-Manager
- Wells Fargo Company – Co-Manager
- Bank of New York Mellon – Trustee

FISCAL/ BUDGET IMPACT

Expenses of the Single Family Program are borne from excess revenue in the program; therefore, there is no impact on the Commission's operating budget. Savings from reduced bond cost remain with the indenture.

TIME FRAME

For formal action at the June 8, 2022 Commission meeting.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission:

1. Approve the structure and issuance of the 2022 Bonds under the 1979 Mortgage Revenue Bond Resolution in an amount not to exceed $40 million in aggregate?
2. Approve an allocation of up to $15 million of private activity volume cap to complete the transaction herein proposed?
3. Authorize the execution an interest rate hedge agreement relating to the variable rate 2022 Bonds;
4. Approve the cost of issuance budget, estimated to be approximately $535,000, to be funded by the 1979 Indenture?
5. Approve the adoption of two (2) Series Resolutions, authorizing the issuance of the 2022 Bonds?

RESOLUTION: 22-52[A]

Re: Approval of Structure, Cost of Issuance Budget and Adoption of Series Resolution for Mortgage Revenue Bonds in One or More Series or Subseries for the Purpose of Financing New Mortgage Loans and Refunding Prior Bonds of the Commission

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 its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Housing Opportunities Commission of Montgomery County has issued various series of Single Family Mortgage Revenue Bonds under the Single Family Bond Resolution originally adopted on March 28, 1979, as amended (the "Bond Resolution"), a portion of which are currently outstanding; and

WHEREAS, the Bond Resolution authorizes the Commission to issue its bonds from time to time pursuant to one or more series resolutions in order to obtain funds to carry out its Single Family Mortgage Purchase Program (the "Single Family Program"); and

WHEREAS, the Commission desires to reduce its debt service expense in the Single Family Program and to produce low mortgage rates and new mortgage loans for Montgomery County, Maryland first time homebuyers; and

WHEREAS, financial market conditions are favorable for refinancing outstanding bond debt and for making mortgage loans to first time homebuyers; and

WHEREAS, the Commission has determined to carry out the Single Family Program by issuing its 2022 Single Family Mortgage Revenue Bonds as tax-exempt and/or taxable, fixed rate and/or variable rate obligations, in one or more series with such designations as shall be determined in the Series Resolution (as hereinafter defined) (collectively, the "2022 Series Bonds") in a total aggregate principal amount not to exceed $40,000,000; and

WHEREAS, in connection with any variable rate 2022 Series Bonds in an amount not to exceed $15,000,000 (the "2022 Variable Rate Bonds") and to mitigate the economic impact on the Commission of potential rises in interest rates, the Commission may purchase an interest rate hedge in the form of a swap agreement (the "Interest Rate Hedge"); and

WHEREAS, in connection with the proposed issuance of the 2022 Series Bonds, the Commission has reviewed the recommended structure and the cost of issuance budget and has been provided with initial drafts of the series resolution(s) to be adopted prior to the issuance of the 2022 Series Bonds (individually and collectively, the "Series Resolution"), and the initial draft of the preliminary official statement to be provided to prospective purchasers of the 2022 Series Bonds (the "Preliminary Official Statement," and following the sale of the 2022 Series Bonds and the appropriate revisions reflecting the final pricing and terms of the 2022 Series Bonds, the "Official Statement");

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

1. ***The 2022 Series Bonds***. The 2022 Series Bonds are authorized to be issued in a principal amount not to exceed $40,000,000 (i) to make, purchase or finance newly originated Mortgage Loans (as defined in the Bond Resolution), (ii) to refund and redeem certain bonds outstanding under the Bond Resolution (the "Prior Bonds"), and (iii) if necessary, to fund certain required reserves.

2. ***Approval of the Series Resolution and the Structure of the 2022 Series Bonds***. The 2022 Series Bonds are to be issued pursuant to the terms of the Bond Resolution and pursuant to the terms of the Series Resolution, which have been provided to the Commission. The Commission hereby approves the current provisions of the Series Resolution and the structure of and the security for the 2022 Series Bonds set forth therein and in the Preliminary Official Statement. The Executive Director (including the Acting Executive Director) is hereby authorized to approve the final provisions of the Series Resolution, the Preliminary Official Statement and the Official Statement prior to the issuance of the 2022 Series Bonds.

3. ***Approval of an Interest Rate Hedge for the 2022 Variable Rate Bonds***. The Commission hereby authorizes and approves one or more Interest Rate Hedges to be entered into with a qualified counterparty to mitigate against a rise in interest rates, with any scheduled or termination payment owed by the Commission being from the Commission's legally available general funds, subject to agreements now or hereafter made with holders of the Commission's notes and bonds, pledging particular revenues, assets or moneys for the payment thereof, and subject to agreements with governmental agencies or other parties providing funds to the Commission and restricting the uses to which such funds may be applied. The Executive Director (including the Acting Executive Director) is hereby authorized to approve the provisions of the Interest Rate Hedge.

4. ***Commission Documents***. The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director (including the Acting Executive Director) of the Commission are each hereby authorized and directed to execute and deliver the Series Resolution, the Official Statement, any Interest Rate Hedge and any such other documents and agreements to be prepared in connection with the issuance of the 2022 Series Bonds and/or the execution and delivery of the Interest Rate Hedges (collectively, the "Commission Documents") in such forms as shall be approved by the Chair, the Vice Chair, the Chair Pro Tem or the Executive Director (including the Acting 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 Representative (defined below), is hereby authorized and directed to affix the seal of the Commission to the Commission Documents, where applicable, and to attest the same.

5. ***Authorizing Ongoing Determinations under Commission Documents***. The Executive Director (including the Acting 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, including, but not limited to, the determination of other terms to be in effect with respect to the 2022 Series Bonds as shall be set forth in the Commission Documents.

6. ***Other Action***. The Chair or Vice Chair or Chair Pro Tem and the Executive Director (including the Acting Executive Director) of the Commission or a person designated by the Executive Director (including the Acting Executive Director) to act on his behalf (the "Authorized Representative") are each hereby authorized and directed to undertake any other actions necessary (i) for the issuance and sale of the 2022 Series Bonds, (ii) for the financing of new Mortgage Loans under the Single Family Program, (iii) for the refunding and redemption or repayment of the Prior Bonds, (iv) for the execution and delivery of the Interest Rate Hedge, (v) for the performance of any and all actions required or contemplated under the Bond Resolution, the Series Resolution, the Preliminary Official Statement, the Official Statement and any other Commission Documents relating to the issuance of the 2022 Series Bonds, and (vi) for the entire period during which the 2022 Series Bonds are outstanding following the issuance thereof and/or the Interest Rate Hedge, including without limitation, any novation thereof, shall remain in effect.

7. ***Approval of Cost of Issuance***. The Commission approves the cost of issuance budget in an amount up to $535,000 to be incurred by the Commission in connection with the issuance of the 2022 Series Bonds.

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 issuance of the 2022 Series Bonds.

9. ***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 issuance and sale of the 2022 Series Bonds, the financing of newly originated Mortgage Loans approved hereby, the refunding and redemption of the Prior Bonds, the funding of reserves, the execution of the Interest Rate Hedge, and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

10. ***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.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 8, 2022.

By: ________________________________

Patrice Birdsong
Special Assistant

[SEAL]

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Resolution No. 2022-52[B]

SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF

$15,195,000 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2022 SERIES A OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

$2,940,000 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2022 SERIES B OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

and

$3,865,000 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2022 SERIES C OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Adopted as of June 1, 2022

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Resolution No. 2022-___ABC

SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF

$15,195,000 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2022 SERIES A OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

$2,940,000 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2022 SERIES B OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

and

$3,865,000 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2022 SERIES C OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
Adopted as of June 1, 2022

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") has previously issued certain Bonds to purchase Mortgage Loans from Mortgage Lenders pursuant to its single family mortgage program under the provisions of Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County, 1974, as amended, known as the Housing Opportunity Act, and the Memorandum of Understanding by and between the Commission and Montgomery County, Maryland, effective June 29, 2018, as amended from time to time (the "Acts"); and

WHEREAS, the Commission adopted a Single Family Mortgage Revenue Bond Resolution on March 28, 1979, and adopted resolutions amending said Bond Resolution on December 15, 1982, as of August 1, 1983, as of June 1, 1986, as of June 26, 1991, on May 17, 1995, on June 9, 1999, on May 3, 2000, on September 18, 2002, as of December 1, 2005, on April 2, 2008, on December 7, 2011 and on June 5, 2013 (the "Bond Resolution"); and

WHEREAS, in order to obtain funds with which to refund and redeem certain prior outstanding bonds of the Commission to make certain moneys available to finance additional Mortgage Loans it is deemed necessary and advisable to issue a series of Single Family Mortgage Revenue Bonds of the Commission as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. ***Definitions***. (a) Except as provided in subsection (b) hereof, all defined terms contained in the Bond Resolution when used in this 2022 Series ABC Resolution shall have the same meanings as set forth in the Bond Resolution.

(b) As used in this 2022 Series ABC Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Bond Counsel*" means one or more attorneys or firms of attorneys with a nationally recognized standing in the field of municipal bond financings selected by the Commission.

"*Business Day*" means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York or in which the designated corporate trust office of the Trustee is located, are authorized by law to close, or a day on which the New York Stock Exchange is closed.

"*Electronic Means*" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"*Flow of Funds Memorandum*" means the memorandum attached hereto as Exhibit C dated June 29, 2022 directing the Trustee with respect to the deposit and transfer of proceeds of the 2022 Series Bonds and the refunding of the Series AB Refunded Bonds, and the debit of assets from and credit of assets to various funds and accounts related to the 2022 Series Bonds and the Series AB Refunded Bonds.

"*Interest Payment Date*" means each January 1 and July 1, commencing January 1, 2023.

"*1954 Code*" means the Internal Revenue Code of 1954, as amended, and the regulations of the United States Department of Treasury thereunder.

"*1986 Code*" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of Treasury thereunder.

"*No Arbitrage Certificate*" means the No Arbitrage Certificate, dated June 29, 2022 relating to the 2022 Series A Bonds and the 2022 Series B Bonds.

"*Record Date*" means the 15th day of the calendar month next preceding each Interest Payment Date.

"*Series AB Refunded Bonds*" means the bonds of the Commission being refunded by the 2022 Series AB Bonds of the series and in the amounts set forth in the Flow of Funds Memorandum.

"*Single Family Residence*" has the meaning ascribed to such term in the Financing Agreement.

"*Transferred Mortgage* Loans" means Mortgage Loans transferred to the 2022 Series ABCD Mortgage Loan Account in connection with the refunding of the Series AB Refunded Bonds.

"*2022 Series A Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2022 Series A, in the aggregate principal amount of $15,195,000, authorized under this 2022 Series ABC Resolution.

"*2022 Series A PAC Bonds*" has the meaning ascribed to such term in Section 2.11(c) hereof.

"*2022 Series AB Bonds*" means, collectively, the 2022 Series A Bonds and the 2022 Series B Bonds.

"*2022 Series AB Refunding Account*" means the Account created pursuant to Section 3.02 hereof.

"*2022 Series ABC Bonds*" means, collectively, the 2022 Series A Bonds, the 2022 Series B Bonds and the 2022 Series C Bonds.

"*2022 Series ABC Resolution*" means this Series Resolution authorizing the issuance of the 2022 Series ABC Bonds.

"*2022 Series ABCD Mortgage Loan Account*" means the Account created pursuant to Section 3.01 hereof.

"*2022 Series ABCD Reserve Account*" means the Account created pursuant to Section 3.08 hereof.

"*2022 Series ABD Rebate Account*" means the Account created pursuant to Section 3.02 hereof.

"*2022 Series B Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2022 Series B, in the aggregate principal amount of $2,940,000.

"*2022 Series Bonds*" means, collectively, the 2022 Series A Bonds, the 2022 Series B Bonds, the 2022 Series C Bonds and the 2022 Series D Bonds.

"*2022 Series C Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2022 Series C, in the aggregate principal amount of $3,865,000.

"*2022 Series D Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2022 Series D, in the aggregate principal amount of $11,000,000.

"*2022 Series D Resolution*" means the Series Resolution authorizing the issuance of the 2022 Series D Bonds.

The terms "hereby," hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 2022 Series ABC Resolution, refer to this 2022 Series ABC Resolution.

Section 1.02. ***Authority for This 2022 Series ABC Resolution*.** This 2022 Series ABC Resolution is adopted pursuant to the provisions of the Acts and the Bond Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF 2022 SERIES ABC BONDS

Section 2.01. ***Authorization of Bonds, Principal Amount, Designation and Series***. In order to provide sufficient funds necessary to finance newly originated Mortgage Loans or Guaranteed Mortgage Securities and for the refunding and redemption of the Series AB Refunded Bonds to finance Mortgage Loans or Guaranteed Mortgage Securities, in each case pursuant to the Acts and in accordance with and subject to the terms, conditions and limitations established in the Bond Resolution and this 2022 Series ABC Resolution, the 2022 Series ABC Bonds are hereby authorized to be issued. The 2022 Series A Bonds in the aggregate principal amount of $15,195,000 will be entitled "Single Family Mortgage Revenue Bonds," and such Series of Bonds shall bear the additional designation "2022 Series A" and each Bond as so designated shall be entitled "Single Family Mortgage Revenue Bond, 2022 Series A." The 2022 Series A Bonds are to be substantially in the form attached to this 2022 Series ABC Resolution as Exhibit B, with appropriate variations, omissions and insertions as permitted or required by the Bond Resolution. The 2022 Series B Bonds in the aggregate principal amount of $2,940,000 will be entitled "Single Family Mortgage Revenue Bonds," and such Series of Bonds shall bear the additional designation "2022 Series B" and each Bond as so designated shall be entitled "Single Family Mortgage Revenue Bond, 2022 Series B." The 2022 Series B Bonds are to be substantially in the form attached to this 2022 Series ABC Resolution as Exhibit B, with appropriate variations, omissions and insertions as permitted or required by the Bond Resolution. The 2022 Series C Bonds in the aggregate principal amount of $15,195,000 will be entitled "Single Family Mortgage Revenue Bonds," and such Series of Bonds shall bear the additional designation "2022 Series C" and each Bond as so designated shall be entitled "Single Family Mortgage Revenue Bond, 2022 Series C." The 2022 Series C Bonds are to be substantially in the form attached to this 2022 Series ABC Resolution as Exhibit B, with appropriate variations, omissions and insertions as permitted or required by the Bond Resolution.

Section 2.02. ***Purposes***. The purposes for which the 2022 Series ABC Bonds are being issued is to provided funds in the amount of $[4,672,303] to finance Mortgage Loans or Guaranteed Mortgage Securities and to refund and redeem $[14,135,000] aggregate principal amount of the Series AB Refunded Bonds.

A more detailed description of the use of proceeds of the 2022 Series AB Bonds is included in the Commission's No Arbitrage Certificate relating to the 2022 Series AB Bonds dated June 29, 2022.

Section 2.03. *Issue Date and Payment*. The 2022 Series ABC Bonds shall be dated the date of delivery and authentication thereof. The 2022 Series ABC Bonds will bear interest from the date of delivery thereof, payable semiannually on January 1 and July 1 of each year, commencing January 1, 2023. Interest on the 2022 Series ABC Bonds shall be paid by check to the registered owners at their addresses as they appear as of the close of business on the Record Date on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee") or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such registered owners on or prior to the Record Date or, upon timely written request of a registered owner of 2022 Series ABC Bonds and payment of any applicable transfer fee, by wire transfer from the Trustee to the registered owner thereof. Principal of, redemption premium, if any, and interest due at maturity or upon redemption or purchase of the 2022 Series ABC Bonds will be payable at the designated corporate trust office of the Trustee at maturity or earlier redemption or purchase.

Section 2.04. *The 2022 Series ABC Bonds*.

(a) The 2022 Series ABC Bonds shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as follows:

2022 Series A Bonds

$__________ Serial Bonds

Year	Amount	Interest Rate
[January 1,2027	$	%
July 1, 2027		
July 1, 2028		
January 1, 2029		
July 1, 2029		
January 1, 2030		
July 1, 2030		
January 1, 2031		
July 1, 2031		
January 1, 2032		
July 1, 2032		
January 1, 2033		
July 1, 2033		]

$__________ Term Bonds

Year	Amount	Interest Rate
[July 1, 2035	$	%
January 1, 2050		]

[Remainder of Page Intentionally Left Blank]

2022 Series B Bonds

$__________ Serial Bonds

Year	Amount	Interest Rate
[January 1,2022	$	%
July 1, 2022		
January 1, 2023		
July 1, 2023		
January 1, 2024		
July 1, 2024		
January 1, 2025		
July 1, 2025		
January 1, 2026		
July 1, 2026		
January 1, 2027		
January 1, 2028		
July 1, 2028		
January 1, 2029		
July 1, 2029		]

$__________ Term Bonds

Year	Amount	Interest Rate
[July 1, 2035	$	%
January 1, 2050		]

2022 Series C Bonds

$__________ Serial Bonds

Year	Amount	Interest Rate
July 1, 2022	$	%
January 1, 2023		
July 1, 2023		
January 1, 2024		
July 1, 2024		
January 1, 2025		
July 1, 2025		
January 1, 2026		
July 1, 2026		
January 1, 2027		
January 1, 2028		
July 1, 2028		
January 1, 2029		

July 1, 2029		]

$__________ Term Bonds

Year	Amount	Interest Rate
[July 1, 2035	$	%
January 1, 2050		]

Section 2.05. ***Original Reoffering Price.*** The Original Reoffering Price of the 2022 Series A Bonds shall be $__________. The Original Reoffering Price of the 2022 Series B Bonds shall be $__________. The Original Reoffering Price of the 2022 Series C Bonds shall be $__________.

Section 2.06. ***Denominations, Numbers and Letters***. The 2022 Series ABC Bonds shall be issued as fully registered Bonds without coupons. The 2022 Series ABC Bonds shall be issued in the denominations of $5,000 each or any integral multiple thereof. The 2022 Series A Bonds and the 2022 Series B Bonds shall be numbered consecutively from one upwards with the prefix RA, RB and RC, respectively, preceding each number.

Section 2.07. ***Exchange of 2022 Series ABC Bonds.*** Subject to the limitations and upon payment of the charges provided in the Bond Resolution, the 2022 Series ABC Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the registered owner thereof, for a like aggregate principal amount of registered 2022 Series ABC Bonds without coupons of other authorized denominations of the same Series and the same maturity. None of the 2022 Series ABC Bonds may be exchanged for coupon Bonds.

Section 2.08. ***Trustee, Registrar and Paying Agent***. The Bank of New York Mellon Trust Company, N.A., is hereby appointed the Trustee, Registrar and Paying Agent of the 2022 Series ABC Bonds.

Section 2.09. ***Redemption from Special Redemption Account***. (a) The 2022 Series ABC Bonds are subject to redemption at the option of the Commission, in whole or in part, at any time, from moneys deposited in the 2022 Series ABCD Mortgage Loan Account and not used to make or purchase Mortgage Loans or purchase Guaranteed Mortgage Securities, at a price equal to, (i) for the 2022 Series A PAC Bonds, at the respective redemption prices (expressed as percentages of the respective principal amounts thereof) set forth in Exhibit A attached hereto, plus accrued interest thereon, if any, to the date fixed for redemption, and (ii) for all other 2022 Series ABC Bonds, at the principal amount thereof plus accrued interest, if any, to the redemption date without premium, calculated as of the redemption date. If the 2022 Series A Bonds are redeemed from moneys deposited in the 2022 Series ABCD Mortgage Loan Account, then the amount of the 2022 Series A PAC Bonds redeemed will be proportional to the total amount of Series A Bonds being redeemed.

The 2022 Series ABC Bonds are subject to redemption at the option of the Commission, in whole or in part, at any time, at a price equal to the principal amount thereof plus accrued interest thereon, if any, to the date fixed for redemption, from Revenues relating to any Series of Bonds (primarily payments of principal and interest and Prepayments of principal on Mortgage Loans and Guaranteed Mortgage Securities and earnings on Permitted Investments) and any amounts available as a result of a reduction in the reserve requirements established pursuant to the Resolutions, which are in excess of the amount required to pay principal of and interest on the Bonds in the then current year.

The 2022 Series A Bonds are subject to redemption in part from a portion of the moneys on deposit in the 2022 Series ABCD Mortgage Loan Account in the amount of __________, if such moneys are not applied to the purchase of Mortgage Loans or Guaranteed Mortgage Securities by the date set forth in the final cash flows prepared for the issuance of the 2022 Series A Bonds, unless the Commission prepares cash flows reflecting a later acquisition period and receives confirmation from any rating agency that has an outstanding rating on the 2022 Series A Bonds, at the Commission's request, that the rating on the Bonds will not be lowered or withdrawn.

To comply with certain provisions of federal tax law, up to $4,000,000 of the funds deposited in the 2022 Series ABCD Mortgage Loan Account, to the extent that such amounts constitute proceeds of the 2022 Series A Bonds, are required to be applied to the redemption of the 2022 Series A Bonds no later than [December 1, 2025] to the extent that, on or before such date, such amount has not been applied to the purchase of Mortgage Loans and Guaranteed Mortgage Securities or to the earlier redemption of the 2022 Series A Bonds. In addition, the following percentages of scheduled payments and Prepayments of principal of Mortgage Loans and Guaranteed Mortgage Securities financed with the proceeds of the 2022 Series ABC Bonds received on or after the following dates, are required to be applied no later than the close of the first semi-annual period beginning after the date of receipt to the retirement of the 2022 Series ABC Bonds through the payment thereof at maturity or upon redemption.

Date	Percent	Date	Percent
June 29, 2022	%		%

The Commission may redeem the 2022 Series ABC Bonds, including the 2022 Series A PAC Bonds (but only to the extent as described herein), in amounts greater than such percentages from available amounts in the Revenue Fund.

(b) An amount equal to 100% of Prepayments of Mortgage Loans (including Transferred Mortgage Loans) and Guaranteed Mortgage Securities financed with the proceeds of the 2022 Series ABC Bonds will be applied at least once during each semi-annual period to the redemption of the 2022 Series A PAC Bonds at par in an amount up to the cumulative amounts set forth in the following table, prior to the redemption of other 2022 Series Bonds.

Semi-Annual Period Ending	Cumulative Amount	Semi-Annual Period Ending	Cumulative Amount
January 1, 2023	$	July 1, 2027	$
July 1, 2023		January 1, 2028	
January 1, 2024		July 1, 2028	
July 1, 2024		January 1, 2029	
January 1, 2025		July 1, 2029	
July 1, 2025		January 1, 2030	
January 1, 2026		July 1, 2030	
July 1, 2026		January 1, 2031	
January 1, 2027		July 1, 2031	

The cumulative amounts set forth in the table above are derived from certain assumptions related to the Mortgage Loans and Guaranteed Mortgage Securities financed with the proceeds of the 2022 Series ABC Bonds, including the assumptions that all such newly purchased Mortgage Loans and Guaranteed Mortgage Securities are purchased by [October 1, 2022] and Prepayments on all such Mortgage Loans (including the Transferred Loans) and Guaranteed Mortgage Securities are received at a rate equal to 100% of the Securities Industry and Financial Markets Association Standard Prepayment Model (the "SIFMA Model," as described below) and that 100% of such Prepayments will be used to redeem the 2022 Series A PAC Bonds. Prepayments of Mortgage Loans and Guaranteed Mortgage Securities will be applied to the redemption of the 2022 Series A PAC Bonds, but only to the extent that such redemptions do not exceed the cumulative amounts set forth in the above table (provided that such prepayments may be applied to the redemption of 2022 Series A PAC Bonds in excess of such cumulative amounts if such redemption is necessary to preserve the tax-exempt status of the 2022 Series ABC Bonds). If the 2022 Series A Bonds are redeemed from moneys deposited in the 2022 Series ABCD Mortgage Loan Account and not used to make or purchase Mortgage Loans or purchase Guaranteed Mortgage Securities, then the amount of the 2022 Series A PAC Bonds redeemed will be proportional to the total amount of 2022 Series A Bonds being redeemed, and each cumulative amount set forth in the table above will be recalculated to be equal to the product of (1) such amount and (2) the fraction whose numerator is equal to the remainder of (a) the total amount originally deposited in the 2022 Series ABCD Mortgage Loan Account less (b) the cumulative amount of the proceeds of the 2022 Series A Bonds that have been used to so redeem the 2022 Series Bonds, and whose denominator is equal to the total amount originally deposited in the 2022 Series ABCD Mortgage Loan Account. If the amount available for such redemption is less than $100,000, the Commission may delay redemption of the 2022 Series A PAC Bonds until the amount of Prepayments available totals $100,000 or more.

Prepayments of Mortgage Loans (including the Transferred Mortgage Loans) and Guaranteed Mortgage Securities financed with the proceeds of the 2022 Series Bonds in excess of the aggregate amounts set forth in the table above and up to the cumulative amounts set forth in the following table, will be applied to the redemption at par of the 2022 Series Bonds, excluding the 2022 Series A PAC Bonds (provided that such prepayments may be used to redeem the 2022 Series A PAC Bonds, if such redemption is necessary to preserve the tax-exempt status of the 2022 Series Bonds). Prepayments in excess of cumulative amounts set forth in the following table may be applied by the Commission to the redemption of the 2022 Series Bonds, including the 2022 Series A PAC Bonds. The cumulative amounts in the following table are derived from certain assumptions related to Mortgage Loans and Guaranteed Mortgage Securities financed with the proceeds of the 2022 Series Bonds including the assumptions that newly-purchased Mortgage Loans and Guaranteed Mortgage Securities, or participations therein, are purchased by [October] 1, 2022 and prepayments on all such Mortgage Loans and Guaranteed Mortgage Securities are received at a rate equal to 400% of the SIFMA Model. If the 2022 Series Bonds are redeemed from moneys deposited in the 2022 Series ABCD Mortgage Loan Account and not used to make or purchase Mortgage Loans or purchase Guaranteed Mortgage Securities, each cumulative amount set forth in the table below will be recalculated to be equal to the product of (1) such amount and (2) the fraction whose numerator is equal to the remainder of (a) the total amount originally deposited in the 2022 Series ABCD Mortgage Loan Account less (b) the cumulative amount of the proceeds of the 2022 Series A Bonds that have been used to so redeem the 2022 Series A Bonds, and whose denominator is equal to the total amount originally deposited in the 2022 Series ABCD Mortgage Loan Account.

Semi-Annual Period Ending	Cumulative Amount	Semi-Annual Period Ending	Cumulative Amount
January 1, 2023	$	January 1, 2028	$
July 1 ,2023		July 1, 2028	
January 1, 2024		January 1, 2029	
July 1, 2024		July 1, 2029	
January 1, 2025		January 1, 2030	
July 1, 2025		July 1, 2030	
January 1, 2026		January 1, 2031	
July 1, 2026		July 1, 2031	
January 1, 2027		January 1, 2032	
July 1, 2027		July 1, 2032	

Section 2.10. ***Redemption from Optional Redemption Account***. (a) The 2022 Series ABC Bonds maturing on or after [January 1, 2032] are subject to redemption or purchase in lieu of redemption, at the option of the Commission, from moneys in the Optional Redemption Account in the Redemption Fund, in whole or in part, at any time on or after [July 1, 2031], at one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon, if any, to the redemption or purchase date, plus accrued interest, if any to the redemption date, except the 2022 Series A PAC Bonds, which will be redeemed at a premium that retains the same yield through [July 1, 2031] as the original purchase price thereof, plus accrued interest, if any, to but not including the redemption date.

To exercise the option to purchase the 2022 Series ABC Bonds in lieu of redemption pursuant to this section, the Commission shall deliver written notice thereof to the Trustee no later than 12:00 Noon, New York City Time, on the date the 2022 Series ABC Bonds would otherwise have been redeemed (the "Purchase-in-Lieu Date"), and the Commission shall transfer or cause to be transferred to the Trustee the moneys required to purchase the 2022 Series ABC Bonds no later than 12:00 Noon, New York City Time, on such Purchase-in-Lieu Date. If notice of redemption has been given as required under the Bond Resolution, no additional notice to the Bondholders shall be required to be given of the exercise by the Commission of the option to purchase 2022

Series ABC Bonds pursuant to this Section. All 2022 Series ABC Bonds shall be deemed to have been purchased on the Purchase-in-Lieu Date provided funds sufficient to purchase the 2022 Series ABC Bonds on the Purchase-in-Lieu Date have been deposited with the Trustee, and from and after such Purchase-in-Lieu Date, interest shall cease to accrue on the 2022 Series ABC Bonds to the prior Bondholders, and the prior owners thereof shall have no rights with respect to such 2022 Series ABC Bonds except to receive payment of the purchase price thereof and accrued interest to the Purchase-in-Lieu Date. Notwithstanding such purchase, the 2022 Series ABC Bonds shall remain Outstanding for all purposes under this 2022 Series ABC Resolution and the Bond Resolution. Failure to mail the related notice of redemption or any defect therein shall not affect the validity of the purchase of the 2022 Series ABC Bonds. The Commission's notice of purchase in lieu of redemption may be conditioned upon receipt of funds by the Trustee or may be withdrawn at any time as specified therein. The Commission's notice of purchase in lieu of redemption may be given in conjunction with a notice of redemption given pursuant to the Bond Resolution, in which case it shall so state and shall provide that a withdrawal of the purchase notice will not constitute a withdrawal of the redemption notice unless otherwise specified therein.

Section 2.11. ***Redemption from Sinking Fund Installments***. (a) The 2022 Series A Bonds maturing on [July 1, 2035] are subject to mandatory redemption in part by lot on [January 1, 2034] and on each July 1 and January 1 thereafter, to and including [July 1, 2035], at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

Year	Principal Amount (January)	Principal Amount (July)	Year	Principal Amount (January)	Principal Amount (July)
2034	$	$	2035	$	$ (maturity)

(b) The 2022 Series A Bonds maturing on [January 1, 2050] are subject to mandatory redemption in part by lot on [July 1, 2041] and on each January 1 and July 1 thereafter, to and including [January 1, 2050], at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

Year	Principal Amount (January)	Principal Amount (July)	Year	Principal Amount (January)	Principal Amount (July)
2041	$ -	$	2046	$	$
2042			2047		
2043			2048		
2044			2049		
2045			2050		(maturity)

Section 2.12. ***Reserved***.

Section 2.13. ***Issue and Sale of 2022 Series ABC Bonds***. The 2022 Series ABC Bonds authorized to be issued herein shall be sold to BofA Securities, Inc., PNC Capital Markets LLC, Jefferies LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, and Wells Fargo Bank, National Association (together, the "Underwriters") at the aggregate price of $__________ on the terms and conditions set forth in the Contract of Purchase dated June __, 2022, by and between the Underwriters and the Commission (the "Contract of Purchase"). The Underwriters will receive an underwriting fee of $__________ relating to the sale of the 2022 Series ABC Bonds. Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2022 Series ABC Bonds.

Section 2.14. ***Delivery of 2022 Series ABC Bonds***. (a) The 2022 Series ABC Bonds shall be delivered, upon compliance with the provisions of the Bond Resolution to the order of the Underwriters named in Section 2.13 hereof, at such time and place as provided in, and subject to, the provisions of the Contract of Purchase.

(b) The Commission adopts the expectations, beliefs, assumptions and representations expressed and made on behalf of the Commission made in the Preliminary Official Statement relating to the 2022 Series Bonds, dated June ___, 2022, and in the Official Statement relating to the 2022 Series Bonds, dated June ___, 2022 (the "Official Statement"), and hereby ratifies the Underwriters' use and distribution of the Preliminary Official Statement in selling the 2022 Series Bonds.

(c) The execution and distribution of the Official Statement and the execution of the Contract of Purchase are hereby approved and ratified.

(d) The Interim Executive Director, the Executive Director, Chair, Vice-Chair or Chair pro tem are authorized to make such changes, deletions and additions to the provisions of this 2022 Series ABC Resolution, consistent with the purposes of this 2022 Series ABC Resolution, as they deem necessary or advisable to issue the 2022 Series ABC Bonds.

Section 2.15. ***Further Authority***. The Chair, Vice-Chair, Chair pro tem, Interim Executive Director, Executive Director, Deputy Executive Director and Chief Financial Officer of the Commission are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as they or either of them deem necessary or advisable to provide for the issuance, sale and delivery of the 2022 Series ABC Bonds.

Section 2.16. ***Trustee Authority to Facilitate Use of Securities Depository***. The authorized officers of the Trustee are, and each of them is, hereby authorized to do or perform such acts and to execute all such certificates, documents and other instruments as they or any of them deem necessary or advisable to facilitate the efficient use of a securities depository for all or any portion of the 2022 Series ABC Bonds; provided that neither the Trustee nor the Commission may assume: (i) any obligations to such securities depository or beneficial owners of Bonds that are inconsistent with their obligations to any registered bondholder under this 2022 Series ABC Resolution or the Bond Resolution or (ii) any obligation which would directly or indirectly create obligations on the part of the Trustee or the Commission to persons who own 2022 Series ABC

Bonds or interests therein but who are not registered owners of 2022 Series ABC Bonds, unless the Commission shall have consented in writing to such obligations.

Section 2.17. ***Special Procedures Relating to Partial Redemptions***. Notwithstanding the provisions of Section 4.05 of the Bond Resolution, the Commission, with the prior written consent of the Trustee, may enter into an agreement with an owner of any 2022 Series Bond having a denomination greater than $5,000 providing that such registered owner is authorized to effect a reduction in the face amount of such 2022 Series Bond by making a notation indicating the principal amount of such redemption and the date thereof on the payment grid attached to such 2022 Series Bond in lieu of surrendering such 2022 Series Bond to the Trustee for cancellation and the issuance of a new bond or bonds in the amount of the unredeemed portion thereof in accordance with Section 4.05 of the Bond Resolution. If the Commission and an owner enter into such an agreement, the records of the Trustee shall be conclusive in determining the outstanding principal amount of any 2022 Series Bond affected by the agreement, notwithstanding the failure of the owner to make any notation on the payment grid attached to such 2022 Series Bond of the redemption of a portion thereof, and shall be binding upon the owner, any heirs, personal representatives, successors or assigns, or any transferee or purchaser of such 2022 Series Bond. If the Commission enters into such an agreement with such an owner of any 2022 Series Bond, a notation of the effect of such agreement may be inserted in the form of any 2022 Series Bond to be delivered to such owner.

ARTICLE III

2022 SERIES ABC BONDS; ESTABLISHMENT OF CERTAIN ACCOUNTS

Section 3.01. ***Establishment of 2022 Series ABCD Mortgage Loan Account***. There is hereby established an account designated as the 2022 Series ABCD Mortgage Loan Account, moneys in which shall be used for the purposes and as authorized by Section 5.03 of the Bond Resolution and this 2022 Series ABC Resolution. In addition, the Commission acknowledges that the 2022 Series Bonds have been structured to have certain redemption priorities and protections, and the Commission covenants to apply moneys in the 2022 Series ABCD Mortgage Loan Account to effect such priorities and protections as described in the Flow of Funds Memorandum.

Section 3.02. ***Establishment of 2022 Series AB Refunding Account and 2022 Series ABD Rebate Account***. (a) There is hereby established a special account separate from all other funds and accounts, irrevocably in trust for, and assigned to, the Holders of the Series AB Refunded Bonds, designated as the 2022 Series AB Refunding Account, moneys in which shall be used to pay the principal of the Series AB Refunded Bonds upon redemption as provided in Section 3.04 hereof and for such other purposes as authorized by the Bond Resolution and this 2022 Series ABC Resolution.

(b) There is hereby established a special account separate from all other funds and accounts, designated as the 2022 Series ABD Rebate Account, as authorized by Section 5.01 of the Bond Resolution, moneys in which shall be used to pay rebate to the United States as provided in Section 3.05 hereof.

Section 3.03. ***Application of Proceeds of the 2022 Series ABC Bonds***. (a) The Trustee shall apply the proceeds of the 2022 Series ABC Bonds as directed in the Flow of Funds Memorandum.

(b) No amount of the proceeds of the 2022 Series ABC Bonds shall be deposited in the Debt Service Reserve Fund.

(c) No amount of the proceeds of the 2022 Series ABC Bonds shall be deposited in the Mortgage and Special Hazard Reserve Fund.

(d) The Commission covenants to use its best efforts to apply the proceeds relating to the 2022 Series ABC Bonds in the 2022 Series ABCD Mortgage Loan Account to make or purchase Mortgage Loans or Guaranteed Mortgage Securities, provided, however, that nothing herein shall prohibit the Commission's use of moneys in any Mortgage Loan Account if necessary to maintain the tax-exempt status of the 2022 Series AB Bonds or to best achieve the objectives of the Program.

(e) No amount of the proceeds of the 2022 Series ABC Bonds shall be used to pay the costs of issuing the 2022 Series ABC Bonds.

Section 3.04. ***Refunding and Redemption***. (a) The Commission hereby authorizes the Trustee, in its capacity as trustee for the Series AB Refunded Bonds, to apply the amounts on deposit in the 2022 Series AB Refunding Account as directed in the Flow of Funds Memorandum.

(b) The Commission hereby notifies the Trustee that sufficient moneys are being deposited on the date of issuance of the 2022 Series AB Bonds into the 2022 Series AB Refunding Account so that such moneys will be sufficient to pay the principal of the Series AB Refunded Bonds being redeemed on July 1, 2022.

Section 3.05. ***Restriction as to "Arbitrage Bonds."*** The Commission shall not use or direct or permit the use of the proceeds of the 2022 Series A Bonds and the 2022 Series B Bonds or any other moneys held under the Bond Resolution or this 2022 Series ABC Resolution in any manner that would cause the 2022 Series A Bonds or the 2022 Series B Bonds to be "arbitrage bonds" within the meaning ascribed to such quoted term in the 1986 Code. The Commission covenants that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the 1986 Code. This covenant shall survive payment in full or defeasance of the 2022 Series A Bonds and the 2022 Series B Bonds. Money shall be deposited to the 2022 Series ABD Rebate Account by the Commission or by the Trustee at the written direction of the Commission and shall be held by the Trustee to the extent required to make the necessary payments in connection with the 2022 Series A Bonds, the 2022 Series B Bonds and the 2022 Series D Bonds to the United States pursuant to Section 148(f) of the 1986 Code. Upon receipt of the Commission's written directions, the Trustee shall remit part or all of the balances in the 2022 Series ABD Rebate Account to the United States as so directed. Any funds remaining in the 2022 Series ABD Rebate Account after redemption and payment of all of the 2022 Series A Bonds, the 2022 Series B Bonds and the 2022 Series D Bonds and payment and satisfaction of any requirement to make payment to the United States pursuant to Section 148(f) of the 1986 Code, or provision for payment made satisfactory to the Trustee, shall be withdrawn and remitted to the Commission.

Section 3.06. ***Special Tax Covenants***. (a) The Commission hereby covenants: (i) to take all steps and actions necessary to assure the successful operation of the Program in a manner consistent with the preservation of the exclusion of the interest payable on the 2022 Series A Bonds and the 2022 Series B Bonds from gross income under Sections 103 and 143(e) and (f) of the 1986 Code and 103A of the 1954 Code, (ii) to take all steps and actions necessary to preserve the exclusion of the interest payable on the 2022 Series A Bonds and the 2022 Series B Bonds from gross income under Sections 103 and 143(e) and (f) of the 1986 Code and 103A of the 1954 Code and (iii) to refrain from taking any steps or actions that would impair or call into question the exclusion of the interest payable on the 2022 Series A Bonds and the 2022 Series B Bonds from gross income under Sections 103 or 143(e) and (f) of the 1986 Code or 103A of the 1954 Code.

(b) The Commission covenants not to use the proceeds of the 2022 Series A Bonds to finance a Single Family Residence unless:

(1) The acquisition cost (within the meaning of Section 143(e) of the 1986 Code) of such Single Family Residence does not exceed 90% of the average area purchase price applicable to such Single Family Residence at the time of the financing of the Mortgage Loan, which average area purchase prices are set forth in Revenue Procedure 88-48 for the current period, unless such Single Family Residence is located in a Targeted Area, in which case the acquisition cost (within the meaning of Section 143 of the 1986 Code) may not exceed 110% of the average area purchase price applicable to such Single Family Residence; and

(2) The current annual income of the family using or intending to use the Single Family Residence as its principal residence does not exceed 115% (100% for families of less than three individuals) of the median gross income for the area in which such Single Family Residence is located, in accordance with regulations issued pursuant to Section 8 of the United States Housing Act of 1937.

These covenants may be modified from time to time pursuant to written instructions as delivered to the Trustee by the Commission, accompanied by an opinion of Bond Counsel permitting such modifications.

Section 3.07. ***Covenant for Use of Prepayments***. Subject to the provisions of Section 2.09 hereof, the Commission will apply repayments and prepayments of principal of Mortgage Loans or Guaranteed Mortgage Securities financed from the issuance of the 2022 Series ABC Bonds that, under the Code, are not permitted to be used to finance additional Mortgage Loans or Guaranteed Mortgage Securities to the redemption of the 2022 Series ABC Bonds.

Section 3.08. ***Establishment of 2022 Series ABCD Reserve Account.*** There is hereby established an account designated as the 2022 Series ABCD Reserve Account, into which $__________ shall be deposited on the Closing Date as described in the Flow of Funds Memorandum. Moneys on deposit in the 2022 Series ABCD Reserve Account shall be used for the purposes and as authorized by Section 6.05 of the Bond Resolution, this 2022 Series ABC Resolution and the 2022 Series D Resolution.

ARTICLE IV

DETERMINATIONS REQUIRED BY THE BOND RESOLUTION

Section 4.01. ***Determination Concerning the Debt Service Reserve Fund***. In compliance with Section 2.02 of the Bond Resolution, the Commission determines that the amount to be deposited in the 2022 Series ABCD Reserve Account on the Closing Date is sufficient to maintain a balance therein equal to the Debt Service Reserve Requirement, computed with reference to all Outstanding Bonds and to the 2022 Series ABC Bonds authorized hereunder.

Section 4.02. ***Determination Concerning the Issuance of the 2022 Series ABC Bonds***. In compliance with Section 2.02 of the Bond Resolution, the Commission determines that the 2022 Series ABC Bonds will not adversely affect the ability of the Commission to purchase Mortgage Loans or Guaranteed Mortgage Securities with the proceeds of Outstanding Bonds previously issued.

ARTICLE V

[RESERVED]

ARTICLE VI

MISCELLANEOUS

Section 6.01. ***Continuing Disclosure***. The Commission agrees to comply with and carry out the provisions of the Continuing Disclosure Agreement dated as of June 29, 2022 by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, and any other information filings required by federal securities laws.

Section 6.02. ***Unclaimed Moneys***. In the event any 2022 Series Bond is not presented for payment when the principal of any such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such 2022 Series Bond have been deposited with the Trustee for the benefit of the owners of such Bond and have remained unclaimed for 5 years after such principal has become due and payable, either at the stated maturity date thereof or by call for earlier redemption, then such amounts shall, at the request of the Commission, be repaid by the Trustee to the Commission, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Commission for the payment of such 2022 Series ABC Bonds, as the case may be; provided, however, that the Trustee, before being required to make any such payment to the Commission shall, at the expense of the Commission, cause to be published, at least twice, at an interval of not less than 7 days between publications, in Authorized Newspapers, notice that such moneys remain unclaimed and that, after a date specified in such notice, which will not be less than 30 days from the date of such publication, any unclaimed balance of such moneys then remaining will be paid to the Commission. The obligation of the Trustee under this Section to pay any such amounts to the Commission will be subject to any provisions of law applicable to the Trustee or to such amounts providing other requirements for disposition of unclaimed property.

Section 6.03. ***Electronic Means***. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Bond Resolution and this Series Resolution and delivered using Electronic Means; provided, however, that the Commission shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Commission whenever a person is to be added or deleted from the listing. If the Commission elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Commission understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Commission shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Commission and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Commission. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Commission agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Commission; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 6.04. ***Severability***. If any provision of this 2022 Series ABC Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 6.05. ***Applicable Provisions of Law***. This 2022 Series ABC Resolution shall be governed by and construed in accordance with the laws of the State of Maryland.

HOUSING OPPORTUNITIES COMMISSION
MONTGOMERY COUNTY

[SEAL]

By: ______________________________
Roy O. Priest
Chair

ATTEST:

By: ______________________________
Kayrine V. Brown
Acting Secretary-Treasurer

[SIGNATURE PAGE TO 2022 SERIES ABC RESOLUTION]

EXHIBIT A

REDEMPTION PRICE TABLE FOR CERTAIN REDEMPTIONS

The 2022 Series A PAC Bonds that are redeemed from unexpended proceeds as set forth in Section 2.09 of the foregoing Series Resolution will be redeemed at the respective redemption prices (expressed as percentages of the principal amounts) set forth below.

Redemption Dates	Redemption Prices
Date of Delivery	%
January 1, 2023	
July 1, 2023	
January 1, 2024	
July 1, 2024	
January 1, 2025	
July 1, 2025	
January 1, 2026	
July 1, 2026	
January 1, 2027	
July 1, 2027	
January 1, 2028	
July 1, 2028	
January 1, 2029	
July 1, 2029	
January 1, 2030	
July 1, 2030	
January 1, 2031	
July 1, 2031	

The applicable redemption price for any date other than those above will be determined by the Commission using straight-line interpolation between the respective redemption prices for the immediately preceding and succeeding dates, based on the number of days between such dates.

EXHIBIT B

FORM OF 2022 SERIES BONDS

[FORM OF 2022 SERIES A BOND]

UNITED STATES OF AMERICA
STATE OF MARYLAND
HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Single Family Mortgage Revenue Bond
2022 Series A

NO. RA- $

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
%		June 29, 2022	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the “Commission”), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at the Interest Rate per annum identified above, semiannually on January 1 and July 1 of each year, commencing January 1, 2023 (the “Interest Payment Date”), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear, as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the “Record Date”), on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the “Trustee”), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating the principal amount of such redemption and the date thereon on the Payment Grid attached hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2022 Series A Bonds in the aggregate principal amount of $15,195,000 (the “2022 Series A Bonds”). The 2022 Series A Bonds were issued for the purpose of providing funds for the Commission to carry out its program of making or purchasing qualified mortgage loans (the “Mortgage Loans”) for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2022 Series A Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2022 Series B in the aggregate principal amount of $2,940,000 (the “2022 Series B Bonds”) and its Single Family Mortgage Revenue Bonds, 2022 Series C in the aggregate principal amount of $3,865,000 (the “2022 Series C Bonds,” and together with the 2022 Series A Bonds and the 2022 Series B Bonds, the “2022 Series ABC Bonds”).

The 2022 Series ABC Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission’s Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2022 Series ABC Resolution adopted by the Commission as of June 1, 2022 (collectively, the “Bond Resolution”). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2022 Series A Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2022 Series A Bonds and the terms upon which the 2022 Series A Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2022 Series A Bonds are issuable as registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2022 Series A Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2022 Series A Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2022 Series A Bonds shall be subject to prior redemption and purchase in lieu of redemption as provided in the Bond Resolution.

If any of the 2022 Series A Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2022 Series A Bonds or portions thereof to be redeemed will be given by the Trustee by transmitting a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2022 Series A Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2022 Series A Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County 1974, as amended, known as the Housing Opportunities Act, and a certain Memorandum of Understanding By and Between the Commission and Montgomery County, Maryland, effective as of June 29, 2018, as amended.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. <u>The Commission has no taxing power. The 2022 Series A Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the</u>

2022 Series A Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2022 Series A Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the commissioners of the Commission nor any persons executing the 2022 Series A Bonds shall be liable personally on the 2022 Series A Bonds by reason of the issuance thereof. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2022 Series A Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2022 Series A Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturities thereof, at the principal amount thereof, together with interest accrued thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2022 Series A Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2022 Series A Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2022 Series A Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of the principal of and premium, if any, and interest on this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof.

IN WITNESS WHEREOF, the Housing Opportunities Commission of Montgomery County has caused this Bond to be executed in its name by the facsimile signature of its Chair and its corporate seal to be hereunto impressed or imprinted hereon and attested to by the facsimile signature of its Secretary-Treasurer.

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

[SEAL]

By: ______________________________
Roy O. Priest
Chair

Attest:

By: ______________________________
Kayrine V. Brown
Acting Secretary-Treasurer

[If a payment grid is to be added to the Bond, the following is to be inserted after the signature pages:]

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder Signature
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________

[If any of the 2022 Series A Bonds are to be printed, the Commission may place the "IN WITNESS WHEREOF" clause, signatures and seal on the face of such Bonds and insert on the face of such Bonds the following language:]

(optional language to be inserted on face of
any 2022 Series A Bonds to be printed)

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the Single Family Mortgage Revenue Bonds, 2022 Series A of the Housing Opportunities Commission of Montgomery County.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., TRUSTEE

By: ________________________________
Authorized Signatory

Date of Authentication: __________________

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ____________________________ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _________________________ to transfer the within-mentioned Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: __________

Signature: _______________________ (Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program or similar program (STAMP, SEMP, MSP).)

Please insert social security or other identifying number of assignee: ___________

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

* * * * * * * * * *

[End of Form of 2022 Series A Bond]

[FORM OF 2022 SERIES B BOND]

UNITED STATES OF AMERICA
STATE OF MARYLAND
HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Single Family Mortgage Revenue Bond
2022 Series B

NO. RB- $

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
%		June 29, 2022	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the "Commission"), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at the Interest Rate per annum identified above, semiannually on January 1 and July 1 of each year, commencing January 1, 2023 (the "Interest Payment Date"), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear, as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the "Record Date"), on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee"), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating the principal amount of such redemption and the date thereon on the Payment Grid attached hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2022 Series B Bonds in the aggregate principal amount of $2,940,000 (the "2022 Series B Bonds"). The 2022 Series B Bonds were issued for the purpose of providing funds for the Commission to carry out its program of making or purchasing qualified mortgage loans (the "Mortgage Loans") for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2022 Series B Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2022 Series A in the aggregate principal amount of $15,195,000 (the "2022 Series A Bonds") and its Single Family Mortgage Revenue Bonds, 2022 Series C in the aggregate principal amount of $3,865,000 (the "2022 Series C Bonds," and together with the 2022 Series A Bonds and the 2022 Series B Bonds, the "2022 Series ABC Bonds").

The 2022 Series ABC Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission's Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2022 Series ABC Resolution adopted by the Commission as of June 1, 2022 (collectively, the "Bond Resolution"). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2022 Series B Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2022 Series B Bonds and the terms upon which the 2022 Series B Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2022 Series B Bonds are issuable as registered 2022 Series B Bonds without coupons in the denomination of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2022 Series B Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2022 Series B Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2022 Series B Bonds shall be subject to prior redemption and purchase in lieu of redemption as provided in the Bond Resolution.

If any of the 2022 Series B Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2022 Series B Bonds or portions thereof to be redeemed will be given by the Trustee by transmitting a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2022 Series B Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2022 Series B Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County 1974, as amended, known as the Housing Opportunities Act, and a certain Memorandum of Understanding By and Between the Commission and Montgomery County, Maryland, effective as of June 29, 2018, as amended.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. <u>The Commission has no taxing power. The 2022 Series B Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the 2022 Series B Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2022 Series B Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the commissioners of the Commission nor any persons executing the 2022 Series B Bonds shall be liable personally on the 2022 Series B Bonds by reason of the issuance thereof</u>. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2022 Series B Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2022 Series B Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturities thereof, at the principal amount thereof, together with interest accrued thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2022 Series B Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2022 Series B Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2022 Series B Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of the principal of and premium, if any, and interest on this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof..

IN WITNESS WHEREOF, the Housing Opportunities Commission of Montgomery County has caused this Bond to be executed in its name by the facsimile signature of its Chair and its corporate seal to be hereunto impressed or imprinted hereon and attested to by the facsimile signature of its Secretary-Treasurer.

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

[SEAL]

By: ________________________________
Roy O. Priest
Chair

Attest:

By: ____________________________
Kayrine V. Brown
Acting Secretary-Treasurer

[If a payment grid is to be added to the Bond, the following is to be inserted after the signature pages:]

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder Signature

[If any of the 2022 Series B Bonds are to be printed, the Commission may place the "IN WITNESS WHEREOF" clause, signatures and seal on the face of such Bonds and insert on the face of such Bonds the following language:]

(optional language to be inserted on face of any 2022 Series B Bonds to be printed)

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the Single Family Mortgage Revenue Bonds, 2022 Series B of the Housing Opportunities Commission of Montgomery County.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., TRUSTEE

By: ___________________________________
Authorized Signatory

Date of Authentication: ___________________

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ____________________________ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _________________________ to transfer the within-mentioned Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: __________

Signature: _______________________ (Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program or similar program (STAMP, SEMP, MSP).)

Please insert social security or other identifying number of assignee: ___________

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

* * * * * * * * * *

[End of Form of 2022 Series B Bond]

[FORM OF 2022 SERIES C BOND]

UNITED STATES OF AMERICA
STATE OF MARYLAND
HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Single Family Mortgage Revenue Bond
2022 Series C

NO. RC- $

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
%		June 29, 2022	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the "Commission"), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at the Interest Rate per annum identified above, semiannually on January 1 and July 1 of each year, commencing January 1, 2023 (the "Interest Payment Date"), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear, as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the "Record Date"), on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee"), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating the principal amount of such redemption and the date thereon on the Payment Grid attached hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2022 Series C Bonds in the aggregate principal amount of $3,865,000 (the "2022 Series C Bonds"). The 2022 Series C Bonds were issued for the purpose of providing funds for the Commission to carry out its program of making or purchasing qualified mortgage loans (the "Mortgage Loans") for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2022 Series C Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2022 Series A in the aggregate principal amount of $15,195,000 (the "2022 Series A Bonds") and its Single Family Mortgage Revenue Bonds, 2022 Series B in the aggregate principal amount of $2,940,000 (the "2022 Series B Bonds," and together with the 2022 Series A Bonds and the 2022 Series B Bonds, the "2022 Series ABC Bonds").

The 2022 Series ABC Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission's Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2022 Series ABC Resolution adopted by the Commission as of June 1, 2022 (collectively, the "Bond Resolution"). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2022 Series C Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2022 Series C Bonds and the terms upon which the 2022 Series C Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2022 Series C Bonds are issuable as registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2022 Series C Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2022 Series C Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2022 Series C Bonds shall be subject to prior redemption and purchase in lieu of redemption as provided in the Bond Resolution.

If any of the 2022 Series C Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2022 Series C Bonds or portions thereof to be redeemed will be given by the Trustee by transmitting a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2022 Series C Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2022 Series C Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County 1974, as amended, known as the Housing Opportunities Act, and a certain Memorandum of Understanding By and Between the Commission and Montgomery County, Maryland, effective as of June 29, 2018, as amended.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. <u>The Commission has no taxing power. The 2022 Series C Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the 2022 Series C Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2022 Series C Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the</u>

commissioners of the Commission nor any persons executing the 2022 Series C Bonds shall be liable personally on the 2022 Series C Bonds by reason of the issuance thereof. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2022 Series C Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2022 Series C Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturities thereof, at the principal amount thereof, together with interest accrued thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2022 Series C Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2022 Series C Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2022 Series C Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of the principal of and premium, if any, and interest on this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof.

IN WITNESS WHEREOF, the Housing Opportunities Commission of Montgomery County has caused this Bond to be executed in its name by the facsimile signature of its Chair and its corporate seal to be hereunto impressed or imprinted hereon and attested to by the facsimile signature of its Secretary-Treasurer.

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

[SEAL]

By: ______________________________

Roy O. Priest
Chair

Attest:

By: ______________________________

Kayrine V. Brown
Acting Secretary-Treasurer

[If a payment grid is to be added to the Bond, the following is to be inserted after the signature pages:]

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder Signature
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________

[If any of the 2022 Series C Bonds are to be printed, the Commission may place the "IN WITNESS WHEREOF" clause, signatures and seal on the face of such Bonds and insert on the face of such Bonds the following language:]

(optional language to be inserted on face of any 2022 Series C Bonds to be printed)

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

[End of Form of 2022 Series C Bond]

EXIBIT C

FLOW OF FUNDS MEMORANDUM

See Tab 47

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Resolution No. 2022-52[C]

SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE

OF

$11,000,000 PRINCIPAL AMOUNT OF SINGLE FAMILY
MORTGAGE REVENUE BONDS, 2022 SERIES D OF THE HOUSING
OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Adopted as of June 1, 2022

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Resolution No. 2022-45C

SERIES RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE

OF

$11,000,000 PRINCIPAL AMOUNT OF SINGLE FAMILY MORTGAGE REVENUE BONDS, 2022 SERIES D OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

Adopted as of June 1, 2022

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") has previously issued certain Bonds to purchase Mortgage Loans from Mortgage Lenders pursuant to its single family mortgage program under the provisions of Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County, 1974, as amended, known as the Housing Opportunity Act, and the Memorandum of Understanding by and between the Commission and Montgomery County, Maryland, effective June 29, 2018, as amended from time to time (the "Acts"); and

WHEREAS, the Commission adopted a Single Family Mortgage Revenue Bond Resolution on March 28, 1979, and adopted resolutions amending said Bond Resolution on December 15, 1982, as of August 1, 1983, as of June 1, 1986, as of June 26, 1991, on May 17, 1995, on June 9, 1999, on May 3, 2000, on September 18, 2002, as of December 1, 2005, on April 2, 2008, on December 7, 2011 and on June 5, 2013 (the "Bond Resolution"); and

WHEREAS, in order to obtain funds with which to refund and redeem certain prior outstanding bonds of the Commission and to make certain moneys available to finance additional Mortgage Loans it is deemed necessary and advisable to issue a series of Single Family Mortgage Revenue Bonds of the Commission as hereinafter provided;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. ***Definitions***. (a) Except as provided in subsection (b) hereof, all defined terms contained in the Bond Resolution when used in this 2022 Series D Resolution shall have the same meanings as set forth in the Bond Resolution.

(b) As used in this 2022 Series D Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"*Act of Bankruptcy*" means any of the following events:

(i) The Commission (or any other Person obligated, as guarantor or otherwise, to make payments on the 2022 Series D Bonds or under the Bond Resolution or the Credit Agreement or an "affiliate" of the Commission as defined in Bankruptcy Code § 101(2)) shall (1) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the Commission (or such other Person) of all or any substantial part of its property, (2) commence a voluntary case under the Bankruptcy Code, or (3) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) A proceeding or case shall be commenced, without the application or consent of the Commission (or any other Person obligated, as guarantor or otherwise, to make payments on the 2022 Series D Bonds or under the Bond Resolution or the Credit Agreement or an "affiliate" of the Commission as defined in Bankruptcy Code § 101(2)) in any court of competent jurisdiction, seeking (1) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts, of the Commission (or any such other Person), (2) the appointment of a trustee, receiver, custodian, liquidator or the like of the Commission (or any such other Person), or of all or any substantial part of its property, or (3) similar relief in respect of the Commission (or any such other Person) under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

"*Alternate Credit Facility*" means an insurance policy, surety bond, guarantee, irrevocable direct-pay letter of credit or other form of credit or liquidity facility (not including a Non-Conforming Liquidity Facility or Self Liquidity) delivered to, and accepted by, the Trustee pursuant to Section 5.03 of this 2022 Series D Resolution, in substitution for a Credit Facility then in effect. An Alternate Credit Facility may provide liquidity coverage only in accordance with the provisions of Section 5.03 hereof

"*Applicable Percentage*" means, with respect to any R-FLOATS on any Effective Rate Date, the percentage set forth below based on the Prevailing Rating of the applicable R-FLOATS in effect at the close of business on the Business Day immediately preceding such Effective Rate Date:

Prevailing Rating	Applicable Percentage
Aaa	150%
Aa	200
A	250
Baa	350
Below Baa	400

"*Bank*" means (i) with respect to the Initial Credit Facility, PNC Bank, National Association, (ii) with respect to an Alternate Credit Facility or a Non-Conforming Liquidity Facility, the provider thereof, together with its successors and assigns; and (iii) with respect to Self Liquidity, the Commission, together with its successors and assigns.

"*Bank Bonds*" means 2022 Series D Bonds purchased with funds provided by the Bank pursuant to a Credit Facility and not remarketed pursuant to the provisions of this 2022 Series D Resolution.

"*Bank Interest Rate*" means the rate of interest, if any, on any Bank Bonds held by and payable to the Bank at any time as determined and calculated in accordance with the provisions of the Credit Facility.

"*Bank Purchase Date*" means any Purchase Date on which the Bank purchases 2022 Series D Bonds.

"*Bankruptcy Code*" means Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function.

"*Base Rate*" means, for each day of determination, a fluctuating rate of interest per annum equal to the higher of (i) the interest rate per annum announced from time to time by the Bank at its principal office as its then prime rate, which rate may not be the lowest rate then being charged commercial borrowers by the Bank, (ii) the Federal Funds Rate plus 3.0% per annum.

"*Bond Counsel*" means one or more attorneys or firms of attorneys with a nationally recognized standing in the field of municipal bond financings selected by the Commission.

"*Bond Purchase Account*" means the 2022 Series D Bond Purchase Account established pursuant to Section 3.08 hereof.

"*Business Day*" means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York or in which the designated corporate trust office of the Trustee is located, are authorized by law to close, a day on which the New York Stock Exchange is closed, a day on which the designated office of the Remarketing Agent is closed, or a day on which the office of the Bank at which demands for payment under the Credit Facility are received is closed.

"*Convert*," "*Converted*" or "*Conversion*," as appropriate, means the conversion of the interest rate on any of the 2022 Series D Bonds to a Fixed Interest Rate or an Indexed Rate pursuant to Section 2.05 hereof.

"*Credit Agreement*" means any agreement between the Commission and the Bank or other provider of a Credit Facility relating to a Credit Facility, as such agreement may be amended or supplemented from time to time pursuant to its terms.

"*Credit Expiration Event*" means either (i) the Commission has determined to terminate a Credit Facility in accordance with its terms, or (ii) the Trustee has received notice from the Bank on or prior to 90 days prior to the scheduled expiration of a Credit Facility that such Credit Facility will not be extended or renewed.

"*Credit Facility*" means, initially, the PNC Bank Credit Facility, and upon its expiration, any other instrument delivered pursuant to the terms of this 2022 Series D Resolution, which provides security for the payment of certain payments on or with respect to the 2022 Series D Bonds in accordance with the terms of this 2022 Series D Resolution, including any Alternate Credit Facility, Non-Conforming Liquidity Facility or Self Liquidity.

"*Credit Facility Bonds*" means Variable Rate Bonds (other than R-FLOATS) which are required pursuant to this 2022 Series D Resolution to be covered by a Credit Facility.

"*Daily Mode Period*" means the period of time during which any of the 2022 Series D Bonds bear interest at a Daily Rate.

"*Daily Rate*" means the rate of interest to be borne by the 2022 Series D Bonds as described in Section 2.04(a)(2) hereof.

"*Effective Rate*" means the rate of interest (which rate shall be less than or equal to the Maximum Rate) payable on any of the 2022 Series D Bonds prior to Conversion, as determined for each Effective Rate Period pursuant to the terms of this 2022 Series D Resolution.

"*Effective Rate Date*" means each date on which any of the 2022 Series D Bonds begin to bear interest at the applicable Effective Rate described in the Mode Period Chart.

"*Effective Rate Period*" means, with respect to any 2022 Series D Bonds, each period during which interest accrues under a particular Mode from one Effective Rate Date to and including the day preceding the next Effective Rate Date with respect to such 2022 Series D Bonds.

"*Electronic Means*" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"*Eligible Funds*" means, when a Credit Facility is in effect, moneys held by the Trustee or the Paying Agent hereunder which consist of any of the following:

> (i) any moneys if, in the written opinion of counsel experienced in bankruptcy law matters (which opinion shall be delivered to the Trustee and the Rating Agency, if any, rating the Credit Facility Bonds at or prior to the time of the deposit of such moneys with the Trustee and shall be in form and substance satisfactory to the Rating Agency, if any, rating the Credit Facility Bonds), the deposit and use of such moneys will not constitute an avoidable preferential payment pursuant to Section 547 of the Bankruptcy Code, or an avoidable post-petition transfer pursuant to Section 549 of the Bankruptcy Code, recoverable from

Holders of the Credit Facility Bonds pursuant to Section 550 of the Bankruptcy Code in the event of an Act of Bankruptcy;

(ii) moneys paid by the Bank to the Trustee under the Credit Facility which are not commingled with any other moneys; or

(iii) moneys held by the Trustee for a period of at least 91 consecutive days and that have not been commingled with other funds that do not constitute Eligible Funds, during which period no Act of Bankruptcy shall have occurred, and proceeds from the investment thereof.

If no Credit Facility is in effect, any moneys held by the Trustee or the Paying Agent hereunder shall constitute "Eligible Funds."

"*Expiration Date*" has the meaning as set forth in the PNC Bank Credit Facility.

"*Federal Funds Rate*" has the meaning as set forth in the Reimbursement Agreement.

"*Flow of Funds Memorandum*" means the memorandum attached hereto as Exhibit B dated June _____, 2022 directing the Trustee with respect to the deposit and transfer of proceeds of the 2022 Series Bonds, the refunding of the Refunded Bonds, and the debit of assets from and credit of assets to various funds and accounts related to the 2022 Series Bonds and the Refunded Bonds.

"*Fixed Interest Rate*" means a long-term interest rate fixed to maturity of any 2022 Series D Bond, established in accordance with Section 2.05 of this 2022 Series D Resolution.

"*Fixed Rate Bonds*" means 2022 Series D Bonds that bear interest at a Fixed Interest Rate.

"*Hedge Provider*" means a counterparty with whom the Commission enters into a Qualified Hedge.

"*Index*" means, with respect to any 2022 Series D Bonds, the interest rate index (SIFMA (formerly BMA)) or, upon receipt of written confirmation from the rating agency then maintaining a rating on the 2022 Series D Bonds that the rating on the 2022 Series D Bonds has not been withdrawn, reduced or suspended, SOFR, specified by the Commission in connection with the Conversion of such Bonds to be used in the Index Rate Determination Method with respect to such Bonds.

"*Index Accrual Period*" means, with respect to any 2022 Series D Bonds bearing interest at an Indexed Rate (i) determined in accordance with Section 2.05(g)(1) hereof, the period commencing on the Conversion Date of such Bonds to but excluding the day occurring one week thereafter and each one week period thereafter and (ii) determined in accordance with Section 2.05(g)(2), the period commencing on each January 1, April 1, July 1 and October 1 to and including the following December 31, March 31, June 30 and September 30 respectively; provided that the initial Index Accrual Period shall be the period commencing on the Conversion Date of such Bonds and ending on the immediately succeeding December 31, March 31, June 30 and September 30.

"*Index Adjustment Factor*" means, with respect to any 2022 Series D Bonds bearing interest at an Indexed Rate determined in accordance with Section 2.05(g), the per annum spread to the related Index (expressed in basis points) established on the Index Determination Date immediately preceding the Conversion Date for such Bonds in accordance with Section 2.05.

"*Index Determination Date*" means, with respect to any Index Accrual Period, the second Business Day preceding the beginning of such Index Accrual Period.

"*Index Percentage*" means, with respect to 2022 Series D Bonds bearing interest at an Indexed Rate determined in accordance with Section 2.05(g), the percentage of the related Index established on the Conversion Date for such Bonds in accordance with Section 2.05.

"*Index Rate Determination Method*" means, with respect to any 2022 Series D Bonds, the method for determining the Indexed Rate for such Bonds for each Index Accrual Period, as selected by the Commission in accordance with Section 2.05(g).

"*Indexed Rate*" means, with respect to any Index Accrual Period and any 2022 Series D Bonds, a per annum rate determined in accordance with the Index Rate Determination Method specified upon the Conversion of such Bonds; provided that the Indexed Rate for any Index Accrual Period shall not exceed the Maximum Rate.

"*Indexed Rate Bonds*" means 2022 Series D Bonds which bear interest at an Indexed Rate.

"*Interest Payment Date*" means, (a) with respect to the 2022 Series D Bonds other than Bank Bonds, each January 1 and July 1, commencing January 1, 2023, and after a Conversion, the first of such dates occurring at least two months after the Conversion Date and each January 1 and July 1 thereafter, and (b) with respect to Bank Bonds, (i) any Bank Purchase Date, (ii) the first calendar day of each month after each Bank Purchase Date and (iii) the date of remarketing of the Bank Bonds.

"*Mandatory Tender Date*" means each date on which any of the 2022 Series D Bonds are subject to mandatory tender pursuant to Sections 2.05 and 2.14 hereof.

"*Maturity Date*" means the respective maturity dates for the 2022 Series C Bonds as specified in Section 2.04 hereof.

"*Maximum Rate*" means (a) with respect to the 2022 Series D Bonds, 12% per annum, unless the Commission directs in writing that such rate be increased to a higher rate, but in no event shall such higher rate be in excess of the interest rate covered under the Credit Facility, if any, then in effect; and (b) with respect to Bank Bonds, the meaning ascribed to such term in the Credit Facility; provided, however, that in no event shall the Maximum Rate exceed the lesser of (x) 12% or such higher rate as approved by the Commission's Board of Commissioners, but in no event shall such higher rate be in excess of the interest rate covered under the Credit Facility, if any, then in effect or (y) the maximum rate permitted by applicable law, anything herein to the contrary notwithstanding.

"*Mode*" means the manner in which the interest rate on any of the 2022 Series D Bonds is determined, consisting of a Daily Rate, Weekly Rate, Monthly Rate, Quarterly Rate, or Semiannual Rate.

"*Mode Change*" means a change in Mode Period.

"*Mode Change Date*" means the date of effectiveness of a Mode Change.

"*Mode Period*" means each period beginning on the first Effective Rate Date for any of the 2022 Series D Bonds, or the first Effective Rate Date following a change from one Mode to another, and ending on the date immediately preceding the first Effective Rate Date following the next such change in Mode with respect to such 2022 Series D Bonds.

"*Mode Period Chart*" means the chart entitled "Mode Periods" as set forth in Section 2.04 hereof.

"*Monthly Mode Period*" means each period of time during which any of the 2022 Series D Bonds bear interest at a Monthly Rate.

"*Monthly Rate*" means the rate of interest to be borne by any of the 2022 Series D Bonds as described in Section 2.04(a)(2) hereof.

"*Moody's*" means Moody's Investors Service, Inc., and its successors and assigns.

"*1954 Code*" means the Internal Revenue Code of 1954, as amended, and the regulations of the United States Department of Treasury thereunder.

"*1986 Code*" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of Treasury thereunder.

"*No Arbitrage Certificate*" means the No Arbitrage Certificate, dated June __, 2022 relating to the 2022 Series Bonds.

"*Non-Conforming Liquidity Facility*" means a Credit Facility delivered by the Commission pursuant to Section 5.04 hereof.

"*Notice Parties*" means the Commission, the Remarketing Agent, the Bank, the Tender Agent and the Trustee.

"*Participant*" means any entity participating directly in the book-entry-only system of DTC.

"*Person*" means an individual, partnership, limited liability company, corporation, trust or unincorporated organization or a government or any agency, instrumentality, political subdivision or corporation thereof.

"*PNC Bank Credit Facility*" means the irrevocable, direct-pay letter of credit, dated June __, 2022 and expiring on June 29, 2024, issued by the Bank in favor of the Trustee, as amended and supplemented from time to time.

"*Prevailing Rating*" means (a) Aaa, if the 2022 Series D Bonds shall have a rating of Aaa or better by Moody's, (b) if not Aaa, then Aa if the 2022 Series D Bonds shall have a rating of Aa3 or better by Moody's, (c) if not Aaa or Aa, then A if the 2022 Series D Bonds shall have a rating of A3 or better by Moody's, (d) if not Aaa, Aa or A, then Baa if the 2022 Series D Bonds shall have a rating of Baa3 or better by Moody's and (e) if not Aaa, Aa, A or Baa, then below Baa, whether or not the 2022 Series D Bonds are rated by any securities rating agency. For purposes of this paragraph, Moody's rating categories of "Aaa," "Aa3," "A3" and "Baa3" shall be deemed to refer to and include the rating categories correlative thereto in the event that such rating agency shall have changed or modified its generic rating categories or if any successor thereto appointed in accordance with the definitions shall use different rating categories.

"*Purchase Date*" means any date that 2022 Series D Bonds are to be purchased pursuant to Sections 2.13 and 2.14 hereof.

"*Purchase Price*" means an amount equal to the principal amount of any 2022 Series D Bond tendered or deemed tendered for purchase as provided herein, plus accrued interest from the previous Interest Payment Date to the day preceding the Purchase Date.

"*Qualified Hedge Agreement*" means either a Swap Agreement or a Rate Cap Agreement.

"*Quarterly Mode Period*" means each period of time during which any of the 2022 Series D Bonds bears interest at a Quarterly Rate.

"*Quarterly Rate*" means the rate of interest to be borne by any of the 2022 Series D Bonds as described in Section 2.04(a)(2) hereof.

"*Rate Cap Agreement*" means an agreement between the Commission and a Rate Cap Provider under which the Rate Cap Provider agrees to pay the Commission periodically as specified in such Rate Cap Agreement for any or all of the 2022 Series D Bonds the amount, if any, by which the interest accrued on such 2022 Series D Bonds during the related Mode Period or Periods exceeds the interest which would have accrued had such 2022 Series D Bonds borne interest during such Mode Period or Periods at an agreed-upon rate.

"*Rate Cap Provider*" means the counterparty to any Rate Cap Agreement with the Commission whose unsecured obligations, or the person who guarantees the obligations of the Rate Cap Provider to make the payments under the Rate Cap Agreement as of the date the Rate Cap Agreement is entered into, has unsecured debt obligations which are rated in one of the two highest applicable rating categories by the Rating Agencies.

"*Rate Determination Date*" means the date on which the Effective Rate is determined for the Effective Rate Period following each such Rate Determination Date, as described in the Mode Period Chart.

"*Record Date*" means the 15th day of the calendar month next preceding each Interest Payment Date.

"*Redemption Date,*" when used with respect to the redemption of all, or any portion, of the 2022 Series D Bonds, means the date fixed for such redemption in a notice given by the Trustee as contemplated in Section 2.10, 2.11 or 2.12 of this 2022 Series D Resolution.

"*R-FLOATS*" means Variable Rate Bonds that are not required to be covered by a Credit Facility.

"*R-FLOATS Change Dates*" means the effective date of a change from Credit Facility Bonds to R-FLOATS, or a change from R-FLOATS to Credit Facility Bonds.

"*R-FLOATS Default Rate*" means, in respect of any Mode Period,]five hundred percent (500%)] of the SIFMA Index determined on the Mode Change Date next preceding the first day of such Mode Period; provided, however, that in no event shall the R-FLOATS Default Rate with respect to such Bonds exceed the Maximum Rate.

"R-FLOATS Minimum Rate" has the meaning set forth in Section 2.04(a)(1)(F).

"R-FLOATS Minimum Rate Determination Date" has the meaning set forth in Section 2.04(a)(1)(F).

"*R-FLOATS Non-Remarketed Rate*" means with respect to any Effective Rate Period the rate per annum equal to the product of the Applicable Percentage in effect on the Effective Rate Date and the SIFMA Index in effect at such time and (a) in the case of R-FLOATS bearing interest at a Daily Rate, Weekly Rate or Monthly Rate, the SIFMA Index; (b) in the case of R-FLOATS bearing interest at a Quarterly Rate, the Term SOFR for a 3 month tenor; and (c) in the case of R-FLOATS bearing interest at a Semiannual Rate, the Term SOFR for a 6 month tenor.

"*Relevant Governmental Body*" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"*Remarketing Agent*" means PNC Capital Markets LLC and its successors and assigns, or otherwise appointed in accordance with this 2022 Series D Resolution.

"*Remarketing Agreement*" means the Remarketing Agreement between the Commission and the Remarketing Agent regarding the remarketing of tendered (or deemed tendered) 2022 Series D Bonds.

"*Rule G-34 Documents*" means (i) the letter of credit agreement, reimbursement agreement, standby bond purchase agreement, loan agreement, guaranty agreement or any other document establishing an obligation to provide credit and/or liquidity support with respect to the Bonds, (ii) the indenture, bond resolution, and any supplemental or series indenture(s) or resolution(s) or any other authorizing document under which the Bonds were issued, (iii) any amendments, extensions, renewals, replacements or terminations thereof; and

(iv) any other document that, in the Remarketing Agent's reasonable judgment and as so specified to the Commission, must be filed in order to comply with MSRB Rule G-34(c), as it may be amended from time to time; and, in each case where a Rule G-34 Document is required to be delivered to the Remarketing Agent, such delivery shall be by electronic means in a word-searchable PDF file (or in such other form as the Remarketing Agent shall notify the Commission in writing) labeled with the following information: (a) CUSIP number; (b) name of Issuer; (c) name of transaction; (d) name of document; and (e) whether the document is an execution version or a redacted version.

"*Self Liquidity*" means a liquidity facility provided by the Commission's own funds pursuant to Section 5.04 of this 2022 Series D Resolution, other than a Non-Conforming Liquidity Facility.

"*Semiannual Mode Period*" means each period of time during which any of the 2022 Series D Bonds bear interest at a Semiannual Rate.

"*Semiannual Rate*" means the rate of interest to be borne by any of the 2022 Series D Bonds as described in Section 2.04(a)(2) hereof.

"*SIFMA*" means, with respect to any Index Accrual Period, the per annum rate equal to the SIFMA Index (formerly the Bond Market Association Municipal Swap Index) in effect on the applicable Index Determination Date; provided, however, that if the SIFMA Index shall become unavailable, SIFMA shall be deemed to be a comparable index selected by the Remarketing Agent prior to the Conversion of 2022 Series D Bonds to an Indexed Rate.

"*SIFMA Index*" means the index published by the Securities Industry and Financial Markets Association based upon data compiled by Municipal Market Data concerning taxable or tax-exempt (as applicable) variable rate issues, indices maintained by *The Bond Buyer*, and other publicly available taxable or tax-exempt (as applicable) interest rate indices).

"*Single Family Residence*" has the meaning ascribed to such term in the Financing Agreement.

"*SOFR*" means the Secured Overnight Financing Rate.

"*Swap Agreement*" means an agreement between the Commission and a Swap Provider under which the Commission agrees to pay the Swap Provider an amount calculated at an agreed-upon rate or index based upon a notional amount and the Swap Provider agrees to pay the Commission for a specific period of time an amount calculated at an agreed-upon rate or index based upon such notional amount, where the Swap Provider, or the person who guarantees the obligation of the Swap Provider to make its payments to the Commission, has unsecured obligations rated, as of the date the swap agreement is entered into, in one of the two highest applicable rating categories by the Rating Agencies but only if any such Rating Agency is then rating bonds secured by such agreements of the Swap Provider or other person who guarantees such obligation.

"*Swap Provider*" means the counterparty with whom the Commission enters into a Swap Agreement.

"*Tender Agent*" means The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, and its successors and assigns.

"*Tender Date*" means any Optional Tender Date or Mandatory Tender Date.

"*Term SOFR*" means the forward-looking term rate with a tenor of approximately the applicable Interest Accrual Period based on SOFR that is selected or recommended by the Relevant Governmental Body.

"*2022 Series A Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2022 Series A, in the aggregate principal amount of $15,195,000, authorized under the 2022 Series ABC Resolution.

"*2022 Series A PAC Bonds*" has the meaning assigned in the 2022 Series A Resolution.

"*2022 Series ABC Resolution*" means the 2022 Series ABC Resolution of the Commission authorizing the issuance of the 2022 Series A Bonds, the 2022 Series B Bonds and the 2022 Series C Bonds.

"*2022 Series ABCD Mortgage Loan Account*" means the Account created pursuant to Section 3.01 of the 2022 Series ABC Resolution.

"*2022 Series ABD Rebate Account*" means the Account created pursuant to Section 3.02 of the 2022 Series ABC Resolution.

"*2022 Series B Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2022 Series B, in the aggregate principal amount of $4,935,000.

"*2022 Series Bonds*" means, collectively, the 2022 Series A Bonds, the 2022 Series B Bonds, the 2022 Series C Bonds and the 2022 Series D Bonds.

"*2022 Series C Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2022 Series C, in the aggregate principal amount of $2,940,000, authorized under the 2022 Series ABC Resolution.

"*2022 Series D Bond Purchase Account*" means the account by that name established pursuant to Section 3.08 hereof.

"*2022 Series D Bonds*" means the Commission's Single Family Mortgage Revenue Bonds, 2022 Series D, in the aggregate principal amount of $11,000,000, authorized under the 2022 Series D Resolution.

"*2022 Series D Resolution*" means this 2022 Series D Resolution of the Commission authorizing the issuance of the 2022 Series D Bonds.

"*Untendered Bonds*" has the meaning set forth in Section 2.14(d) hereof.

"*Variable Rate Bonds*" means the 2022 Series D Bonds during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period, a Quarterly Mode Period, or a Semiannual Mode Period (whether or not in each case such 2022 Series D Bonds are Credit Facility Bonds or R-FLOATS).

"*Weekly Mode Period*" means each period of time during which any of the 2022 Series D Bonds bear interest at a Weekly Rate.

"*Weekly Rate*" means the rate of interest to be borne by any of the 2022 Series D Bonds as described in Section 2.04(b)(1) hereof.

The terms "hereby," hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this 2022 Series D Resolution, refer to this 2022 Series D Resolution.

Section 1.02. ***Authority for This 2022 Series D Resolution***. This 2022 Series D Resolution is adopted pursuant to the provisions of the Acts and the Bond Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF 2022 SERIES D BONDS

Section 2.01. ***Authorization of Bonds, Principal Amount, Designation and Series***. In order to provide sufficient funds necessary for the refunding and redemption of the Refunded Bonds and to finance Mortgage Loans or Guaranteed Mortgage Securities pursuant to the Acts and in accordance with and subject to the terms, conditions and limitations established in the Bond Resolution and this 2022 Series D Resolution, the 2022 Series D Bonds are hereby authorized to be issued. The 2022 Series D Bonds in the aggregate principal amount of $11,000,000 will be entitled "Single Family Mortgage Revenue Bonds," and such Series of Bonds shall bear the additional designation "2022 Series D" and each Bond as so designated shall be entitled "Single Family Mortgage Revenue Bond, 2022 Series D." The 2022 Series D Bonds are to be substantially in the form attached to this 2022 Series D Resolution as Exhibit A with appropriate variations, omissions and insertions as permitted or required by the Bond Resolution.

Section 2.02. ***Purposes***. The purposes for which the 2022 Series D Bonds are being issued to finance Mortgage Loans or Guaranteed Mortgage Securities.

Section 2.03. ***Issue Date and Payment***. The 2022 Series D Bonds shall be dated the date of delivery and authentication thereof. The 2022 Series D Bonds will bear interest from the date of delivery thereof, payable on each Interest Payment Date. Interest on the 2022 Series D Bonds shall be paid by check to the registered owners at their addresses as they appear as of the close of business on the Record Date on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee") or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such registered owners on or prior to the Record Date or, upon timely written request of a registered owner of 2022 Series D Bonds and payment of any applicable transfer fee, by wire transfer from the Trustee to the registered owner thereof. Principal of, redemption premium, if any, and interest due at maturity or upon redemption or purchase of the 2022 Series D Bonds will be payable at the designated corporate trust office of the Trustee at maturity or earlier redemption or purchase.

Section 2.04. ***The 2022 Series D Bonds***.

(a) (1) The 2022 Series D Bonds shall mature on January 1, 2049 and shall bear interest at the rates per annum as follows:

The 2022 Series D Bonds will initially be issued as Credit Facility Bonds in the Weekly Mode and will bear interest at an initial Weekly Rate determined at or prior to delivery, from the date of authentication and delivery to, but not including, [July 8, 2022], as set forth in a certificate of an Authorized Officer. Unless the interest rate shall be Converted, the 2022 Series D Bonds or any portion thereof shall bear interest at the applicable Effective Rate (based on the then current Mode Period), as determined by the Remarketing Agent with respect to any Mode Period.

Interest accrued on the 2022 Series D Bonds prior to the Conversion Date and during any Mode Period other than a Quarterly Mode Period or a Semiannual Mode Period shall be computed on the basis of a 365/366-day year for the number of days actually elapsed. Interest accrued on the 2022 Series D Bonds during a Quarterly Mode Period or a Semiannual Mode Period and after Conversion to Fixed Interest Rates shall be computed upon the basis of a 365/366-day year, for the number of days actually elapsed.

From time to time, by notice to the Notice Parties and as required hereunder, the Commission may designate a new Mode Period with respect to all or any portion of the Variable Rate Bonds, may cause R-FLOATS to become Credit Facility Bonds, or may cause Credit Facility Bonds to become R-FLOATS. Prior to the designation by the Commission of a Quarterly Mode Period or a Semiannual Mode Period with respect to all or any portion of the Variable Rate Bonds, the Trustee shall have received written evidence from the rating agency then rating the Variable Rate Bonds that its rating then in effect on such Variable Rate Bonds shall not be reduced or withdrawn as a result of such designation. Prior to causing any R-FLOATS to become Credit Facility Bonds, the Commission will deliver a Credit Facility with respect thereto. During each Mode Period, the Effective Rates with respect to any R-FLOATS and Credit Facility Bonds will be those rates which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the R-FLOATS and Credit Facility Bonds of such series, respectively, on the Effective Rate Date being 100% of the principal amount of the R-FLOATS and Credit Facility Bonds, respectively, and which shall not exceed the Maximum Rate. In no event shall the interest rate borne by R-FLOATS in any Effective Rate Period be less than the R-FLOATS Minimum Rate for such period.

Prior to Conversion, the 2022 Series D Bonds or any portion thereof shall bear interest, commencing on the applicable Effective Rate Date, at the rate determined by the Remarketing Agent based on the current Mode for the new Effective Rate Period (except for Bank Bonds, which shall bear interest at the Bank Interest Rate which interest shall be calculated and paid in accordance with the Credit Facility) as set forth below:

(A) During each Mode Period, the Effective Rate with respect to any of the 2022 Series D Bonds shall be that rate which (a) in the judgment of the Remarketing Agent, would be the lowest rate necessary to remarket such Variable Rate Bonds on the Effective Rate Date at par plus accrued interest and (b) is less than or equal to the Maximum Rate.

(B) In determining the Effective Rate and the R-FLOATS Minimum Rate, the Remarketing Agent shall take into account, to the extent applicable, (a) market interest rates for comparable securities held by tax-exempt or taxable (as applicable) open-end municipal bond funds or other institutional or private investors with substantial portfolios (i) with interest rate adjustment periods and tender options substantially identical to the Variable Rate Bonds, (ii) bearing interest at a variable rate intended to maintain par value, and (iii) rated by a national credit rating agency in the same category as the Variable Rate Bonds; (b) other financial market rates and indices that may have a bearing on the Effective Rate (including but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates, federal fund rates, SOFR, the SIFMA Index, indices maintained by *The Bond Buyer* and other publicly available taxable or tax-exempt (as applicable) interest rate indices); (c) general financial market conditions; (d) the level of the market demand for the Variable Rate Bonds (including whether the Remarketing Agent is willing to purchase the Variable Rate Bonds for its own account); and (e) factors particular to the Commission and the Variable Rate Bonds.

(C) The determination by the Remarketing Agent in accordance with this Section 2.04(a)(1) of the Effective Rate to be borne by the Variable Rate Bonds (other than Bank Bonds which in accordance with a Credit Facility will bear interest at the Bank Interest Rate) shall be conclusive and binding on the Holders of the Variable Rate Bonds and the Notice Parties, except as otherwise provided herein. Failure by the Remarketing Agent or the Trustee to give any notice required hereunder, or any defect therein, shall not affect the interest rate borne by the Variable Rate Bonds or the rights of the Holders thereof.

(D) If for any reason the position of Remarketing Agent is vacant or the Remarketing Agent fails to act, the Effective Rate on the Variable Rate Bonds shall be the interest rate as determined or caused to be determined, at the expense of the Commission, by the Trustee weekly to be the lesser of (i) in the case of the 2022 Series D Bonds which are Credit Facility Bonds, the SIFMA Index plus 0.35%, and in the case of the R-FLOATS, the SIFMA Index plus the Maximum Rate or (ii) the Maximum Rate.

(E) In making or causing such determination to be made, the Trustee may engage, at the expense of the Commission, such calculation agents or experts as necessary to make such determination and rely on such agents and experts.

(F) With respect to any R-FLOATS, on the Business Day prior to each Rate Determination Date (the "R-FLOATS Minimum Rate Determination Date"), the Remarketing Agent will establish a minimum rate with respect to such R-FLOATS for the following Effective Rate Period (the "R-FLOATS Minimum Rate") and will post such R-FLOATS Minimum Rate electronically via Bloomberg L.P.'s Bloomberg Professional system. Holders of R-FLOATS may also contact the Remarketing Agent after 1:00 P.M. on any R-FLOATS Minimum Rate Determination Date for information regarding the R-FLOATS Minimum Rate for the following Effective Rate Period.

(G) After Conversion, the 2022 Series D Bonds or any portion thereof shall bear interest in accordance with Section 2.05 hereof.

(H) Following any failed remarketing, unless the drawing under the PNC Bank Credit Facility constitutes a Purchase Advance as described in the next clause (I), the Bank Interest Rate pursuant to the Reimbursement Agreement will be a fluctuating interest rate per annum from time to time equal to the lesser of (i) the Base Rate plus 1.00% per annum or (ii) the Maximum Rate. The affected Remarketing Agent shall give the Trustee notice of any such failed remarketing and the date thereof. If an Alternate Credit Facility is delivered pursuant to Section 5.03 hereof, the Bank Interest Rate shall be the rate set forth for the 2022 Series D Bonds owned by the successor Bank pursuant to the Credit Agreement with respect to such Alternate Credit Facility.

(I) From the date of any Purchase Advance (as defined under the Reimbursement Agreement) through and including the fifth anniversary thereof (a "Purchase Advance Final Payment Date"), such Purchase Advance shall be repaid by the Commission as follows: (A) on the first business day of the eighteenth full month following the related Purchase Advance or the Termination Date (as defined in the PNC Bank Credit Facility), an amount approximately equal to three-tenths (3/10ths) of the amount of the related Purchase Advance, (B) on each first business day of each sixth month thereafter occurring prior to the Purchase Advance Final Payment Date, an amount approximately equal to one-tenth (1/10th) of the amount of the related Purchase Advance, until paid in full, and (C) if not fully paid on the applicable Purchase Advance Final Payment Date, any balance thereof shall be fully paid on that date. Interest on any such Purchase Advance shall be payable semi-annually, in arrears, on each January 1 and July 1 during the term of each such Purchase Advance and on the applicable Purchase Advance Final Payment Date, at a fluctuating interest rate per annum equal to (i) for the period from and including the date of such Purchase Advance through and including the one hundred eightieth day (180th) day following the date of such Purchase Advance, the Base Rate (but in no event greater than the Maximum Rate), and (ii) for the period from and including the one hundred eighty-first (181st) day following the date of such Purchase Advance to and including the Purchase Advance Final Payment Date, the Base Rate plus 1.0% per annum (but in no event greater than the Maximum Rate); *provided* that from and after the occurrence of an Event of Default, all outstanding Purchase Advances shall bear interest at the lesser of the (i) Base Rate plus 2.00% per annum and (ii) the Maximum Rate. If an Alternate Credit Facility is delivered pursuant to this 2022 Series D Resolution, any term-out provisions for the 2022 Series D Bonds owned by the successor provider of an Alternate Credit Facility shall be set forth in the Credit Agreement with respect to such Alternate Credit Facility.

(2) Mode Period; R-FLOATS Change Date. The Mode Period from the date of issuance of the 2022 Series D Bonds shall be as set forth in Section 2.04(a)(1) of this 2022 Series D Resolution. Thereafter, unless Conversion has occurred, the Commission may designate an alternate Mode Period with respect to any 2022 Series D Bonds. The Commission shall give written notice of an alternate Mode Period to the other Notice Parties and, following receipt of such written notice from the Commission, the Trustee shall give written notice of such Mode Change to the Holders and to Moody's, each in accordance with the provisions of the Mode Period Chart; provided, however, that each Mode Change Date must be an Effective Rate Date for such alternate Mode Period. The Commission shall give notice to the Notice Parties of an R-FLOATS Change Date at least twenty (20) days before such R-FLOATS Change Date and the Trustee shall give notice to the Holders of an R-FLOATS Change Date at least 15 days before such R-FLOATS Change Date. The Commission may revoke each notice of a Mode Change or R-FLOATS Change Date on 3 days' notice, in which event no such Mode Change or related mandatory tender of 2022 Series D Bonds will occur.

Promptly upon receipt of such notice from the Commission, in accordance with the provisions of the Mode Period Chart, the Trustee shall notify each Holder of the new designated Mode Period and of the applicable Rate Determination Date, Effective Rate Date, Statement of Effective Rate, Irrevocable Notice of Tender by Holders/Tender and Purchase Date (within Mode Period) and Written Mode Change Notice and Notice of Mandatory Tender, each of which shall be determined in accordance with the following chart (the "Mode Period Chart"):

MODE CHART FOR VARIABLE RATE BONDS

	DAILY MODE	WEEKLY MODE	MONTHLY MODE	QUARTERLY MODE	SEMIANNUAL MODE
Rate Determination Date	Each Business Day by 10:00 A.M.[1]	For Credit Facility Bonds, day preceding Effective Rate Date by 4:00 P.M. For R-FLOATS, day preceding Effective Rate Date by 4:00 P.M.	First Business Day preceding Effective Rate Date by 4:00 P.M.	First Business Day preceding Effective Rate Date by 4:00 P.M.	First Business Day preceding Effective Rate Date by 4:00 P.M.
Effective Rate Date	Daily	• For Credit Facility Bonds, each Thursday; • For R-FLOATS, each Thursday	First day of each calendar month	January 1, April 1, July 1 and October 1 of each year	January 1 and July 1 of each year
Statement of Effective Rate	Trustee to provide or cause to be provided to Holder monthly statement of Daily Effective Rates for prior month within 7 Business Days of end of each calendar month	Trustee to provide or cause to be provided to Holder monthly statement of Weekly Effective Rates for prior month within 7 Business Days of end of each calendar month	Trustee to provide or cause to be provided to Holder notice of Effective Rate within 7 Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Holder notice of Effective Rate within 7 Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Holder notice of Effective Rate within 7 Business Days following the respective Rate Determination Dates
For Credit Facility Bonds: Irrevocable Notice of Tender by Holder to Remarketing Agent or Tender Agent and Tender and Purchase Date (Within Mode Period)	Notice by Holder to Remarketing Agent, and Tender Agent not later than 11:00 A.M. on any Business Day, which day shall also be the Tender and Purchase Date	Notice by Holder to Remarketing Agent, and Tender Agent not later than 4:00 P.M. on any Business Day at least 7 calendar days prior to the purchase date, which shall be any Business Day and shall be set forth in the Tender Notice	Notice by Holder to Remarketing Agent, and Tender Agent not later than 5:00 P.M. on the Business Day 7 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice	Notice by Holder to Tender Agent not later than 5:00 P.M. on the Business Day 13 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice	Notice by Holder to Tender Agent not later than 5:00 P.M. on the Business Day 15 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice

[1] All times referred to in this Mode Chart for Variable Rate Bonds are New York City time.

	DAILY MODE	WEEKLY MODE	MONTHLY MODE	QUARTERLY MODE	SEMIANNUAL MODE
R-FLOATS: Irrevocable Notice of Tender by Holder to Remarketing Agent or Tender Agent and Tender and Purchase Date (Within Mode Period)	Notice by Holder to Remarketing Agent not later than 11:00 A.M. on any Business Day, which day shall also be the Tender and Purchase Date	Notice by Holder to Remarketing Agent not later than 3:00 P.M. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice	Notice by Holder to Remarketing Agent not later than 4:00 P.M. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice	Notice by Holder to Tender Agent not later than 4:00 P.M. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice	Notice by Holder to Tender Agent not later than 4:00 P.M. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice
Written Mode Change Notice; Mandatory Tender Notice	• Commission to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date • Trustee to give notice to Holders 15 days prior to Mode Change Date	• Commission to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date • Trustee to give notice to Holders 15 days prior to Mode Change Date	• Commission to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date • Trustee to give notice to Holders 15 days prior to Mode Change Date	• Commission to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date • Trustee to give notice to Holders 15 days prior to Mode Change Date	• Commission to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date • Trustee to give notice to Holders 15 days prior to Mode Change Date

(3) Notwithstanding any provision herein to the contrary, so long as a Credit Facility is in effect with respect to the 2022 Series D Bonds, the Commission shall not effect a change in Mode with respect to all or any portion of the 2022 Series D Bonds if such Credit Facility does not permit draws to be made thereunder for the payment of 2022 Series D Bonds in such changed Mode, and in such event, the Trustee shall not make any draws under the Credit Facility with respect to the 2022 Series D Bonds if such Credit Facility does not permit draws to be made thereunder for the payment of Credit Facility Bonds in such changed Mode.

Section 2.05. ***Conversion to Fixed Interest Rate or Indexed Rate.*** (a) The Commission may at its option, with receipt of an opinion of Bond Counsel to the effect that the Conversion of the 2022 Series D Bonds will not adversely affect the exclusion of interest on the 2022 Series D Bonds from gross income for federal income tax purposes, Convert the interest rates on all or a portion of the 2022 Series D Bonds (other than Bonds previously Converted) on any Effective Rate Date to Fixed Interest Rates or an Indexed Rate as described herein upon a written notice to the other Notice Parties that the Commission will cause a Conversion of the 2022 Series D Bonds (or such portion thereof) on the Conversion Date set forth in such written notice, which Conversion Date shall not occur sooner than 30 days or more than 60 days after the date of such notice and, with respect to any Conversion of 2022 Series D Bonds to Indexed Rate Bonds, which notice shall specify the Index Rate Determination Method with respect to such Bonds.

(b) Prior to the Conversion of any of the 2022 Series D Bonds, the Trustee shall deliver a notice to the Holders of the 2022 Series D Bonds to be Converted setting forth the following information:

(1) that the interest rate on such 2022 Series D Bonds will be converted to a Fixed Interest Rate or an Indexed Rate, as applicable;

(2) the proposed Conversion Date;

(3) that such 2022 Series D Bonds will be remarketed by the Remarketing Agent or purchased by the Tender Agent on the Conversion Date; and

(4) that the Commission may elect to cancel such Conversion, notice of which shall be given to Bondholders at least 3 days prior to the proposed Conversion Date.

If the Commission elects not to proceed with such Conversion, the Commission shall give notice of the cancellation of the Conversion to the Notice Parties at least ten (10) days prior to the proposed Conversion for which notice has been given and, thereafter, the Trustee shall give notice to each Holder of the 2022 Series D Bonds of such cancellation of the proposed Conversion at least one week prior to the proposed Conversion Date for which the foregoing notice was given.

(c) Upon any Conversion, the 2022 Series D Bonds to be Converted shall be subject to mandatory tender in accordance with this Section 2.05 and Section 2.14 hereof, and the Holders thereof shall be notified of such Conversion as provided herein. No 2022 Series D Bonds to be Converted shall be remarketed by the Remarketing Agent subsequent to the date of notice of such Conversion except to purchasers who agree to accept the Fixed Interest Rate or the Indexed Rate, as applicable.

(d) Any 2022 Series D Bonds that are Converted will bear interest at the Fixed Interest Rate determined upon such Conversion or the Indexed Rate with respect thereto determined from time to time in accordance with the provisions hereof, as applicable, until the maturity or prior redemption thereof. The Remarketing Agent shall determine (i) in the case of a Conversion of a 2022 Series D Bonds to Fixed Rate Bonds, the Fixed Interest Rates as those rates which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of such Converted 2022 Series D Bonds on the Conversion Date being 100% of the principal amount thereof and (ii) in the case of a Conversion of 2022 Series D Bonds to Indexed Rate Bonds, the Index Adjustment Factor or Index Percentage, as applicable, with respect to such Bonds as the Index Adjustment Factor or Index Percentage, as applicable, which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of such Converted 2022 Series D Bonds on the Conversion Date being 100% of the principal amount thereof. The Remarketing Agent shall notify the Notice Parties of the Fixed Interest Rates or the Index Adjustment Factor or Index Percentage, as applicable, as soon as practicable following the Conversion Date. The determination by the Remarketing Agent of the Fixed Interest Rates to be borne by or the Index Adjustment Factor or Index Percentage with respect to 2022 Series D Bonds in accordance with this Section 2.05 shall be conclusive and binding on the Holders of the 2022 Series D Bonds and the other Notice Parties, except as otherwise provided herein. The 2022 Series D Bonds tendered but not Converted shall bear interest in such Mode as determined by the Commission in accordance with Section 2.04(a)(2) hereof.

(e) Unless and until all conditions for the Conversion of any 2022 Series D Bonds are satisfied, such Bonds shall bear interest at the Effective Rate.

(f) On any Conversion Date for the 2022 Series D Bonds, all 2022 Series D Bonds subject to Conversion on such Conversion Date shall automatically, upon such Conversion, bear a subseries designation. For example, the first such 2022 Series D Bonds so Converted shall be redesignated "2022 Series D-1" and the second such 2022 Series D Bonds so Converted shall be redesignated "2022 Series D-2." Such redesignations shall be consecutively numbered and shall continue in like manner until all Outstanding 2022 Series D Bonds shall have been Converted to Fixed Rate Bonds or Indexed Rate Bonds. The Trustee, with the cooperation of the Commission, shall cause the preparation, execution, issuance, authentication and delivery of replacement Bonds in connection with a Conversion.

(g) Upon making an election to Convert 2022 Series D Bonds to Indexed Rate Bonds, the Commission shall, for such bonds, select the method for determining the Index Rate on each Index Determination Date from among the options described in paragraphs (1), (2), (3) or (4) below, and shall specify such method in its notice to the Trustee in connection with such Conversion. Upon Conversion of any 2022 Series D Bonds to an Index Rate, the Index Rate Determination Method so selected for such bonds shall be irrevocable. Nothing herein shall limit the Commission from Converting different groups of 2022 Series D Bonds to Index Rates at different times or from choosing different Index Rate Determination Methods for different groups of 2022 Series D Bonds.

(1) Index Bonds may bear interest during each Index Accrual Period at SIFMA or such other rate specified by the Commission (upon receipt of an opinion of Bond

Counsel) multiplied by the Index Percentage plus or minus the Index Adjustment Factor determined for such bonds; or

(2) Index Bonds may bear interest during each Index Accrual Period at the Term SOFR multiplied by the Index Percentage plus or minus the Index Adjustment Factor determined for such bonds.

Section 2.06. ***Original Reoffering Price.*** The Original Reoffering Price of the 2022 Series D Bonds shall be $11,000,000.

Section 2.07. ***Denominations, Numbers and Letters***. The 2022 Series D Bonds shall be issued as fully registered Bonds without coupons. Prior to a Conversion Date, the 2022 Series D Bonds shall be issued in denominations of (i) during a Daily Mode Period, a Weekly Mode Period, a Monthly Mode Period or a Quarterly Mode Period with respect to Credit Facility Bonds, $100,000 or integral multiples of $5,000 in excess of $100,000; (ii) while the Variable Rate Bonds are R-FLOATS, $25,000 or integral multiples of $5,000 in excess thereof; or (iii) during a Semiannual Mode Period, $5,000 or any integral multiple thereof. From and after a Conversion Date, the 2022 Series D Bonds shall be issuable as fully registered bonds in denominations of $5,000 or any integral multiple thereof. The 2022 Series D Bonds shall be numbered consecutively from one upwards with the prefix RD preceding each number.

Section 2.08. ***Exchange of 2022 Series D Bonds.*** Subject to the limitations and upon payment of the charges provided in the Bond Resolution, the 2022 Series D Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the registered owner thereof, for a like aggregate principal amount of registered 2022 Series D Bonds without coupons of other authorized denominations of the same Series and the same maturity. None of the 2022 Series D Bonds may be exchanged for coupon Bonds.

Section 2.09. ***Trustee, Registrar and Paying Agent***. The Bank of New York Mellon Trust Company, N.A., is hereby appointed the Trustee, Registrar and Paying Agent of the 2022 Series D Bonds.

Section 2.10. ***Redemption from Special Redemption Account***. (a) The 2022 D Bonds are subject to redemption at the option of the Commission, in whole or in part, at any time, from moneys deposited in the 2022 Series ABCD Mortgage Loan Account and not used to make or purchase Mortgage Loans or purchase Guaranteed Mortgage Securities, at a price equal to the principal amount thereof plus accrued interest, if any, to the redemption date without premium, calculated as of the redemption date. If the 2022 Series D Bonds are redeemed from moneys deposited in the 2022 Series ABCD Mortgage Loan Account, then the amount of the 2022 Series A PAC Bonds redeemed will be proportional to the total amount of Series D Bonds being redeemed.

The 2022 Series D Bonds are subject to redemption at the option of the Commission, in whole or in part, at any time, at a price equal to the principal amount thereof plus accrued interest thereon, if any, to the date fixed for redemption, from Revenues relating to any Series of Bonds (primarily payments of principal and interest and Prepayments of principal on Mortgage Loans and Guaranteed Mortgage Securities and earnings on Permitted Investments) and any amounts available as a result of a reduction in the reserve requirements established pursuant to the Resolutions, which are in excess of the amount required to pay principal of and interest on the Bonds in the then current year.

The 2022 Series D Bonds are subject to redemption in part from a portion of the moneys on deposit in the 2022 Series ABCD Mortgage Loan Account in the amount of __________, if such moneys are not applied to the purchase of Mortgage Loans or Guaranteed Mortgage Securities by the date set forth in the final cash flows prepared for the issuance of the 2022 Series A Bonds, unless the Commission prepares cash flows reflecting a later acquisition period and receives confirmation from any rating agency that has an outstanding rating on the 2022 Series A Bonds, at the Commission's request, that the rating on the Bonds will not be lowered or withdrawn.

To comply with certain provisions of federal tax law, up to $11,000,000 of the funds deposited in the 2022 Series ABCD Mortgage Loan Account, to the extent that such amounts constitute proceeds of the 2022 Series D Bonds, are required to be applied to the redemption of the 2022 Series D Bonds no later than [December 1, 2025] to the extent that, on or before such date, such amount has not been applied to the purchase of Mortgage Loans and Guaranteed Mortgage Securities or to the earlier redemption of the 2022 Series D Bonds. In addition, the following percentages of scheduled payments and Prepayments of principal of Mortgage Loans and Guaranteed Mortgage Securities financed with the proceeds of the 2022 Series D Bonds received on or after the following dates, are required to be applied no later than the close of the first semi-annual period beginning after the date of receipt to the retirement of the 2022 Series D Bonds through the payment thereof at maturity or upon redemption.

Date	Percent	Date	Percent
June 29, 2022	%		%

The Commission may redeem the 2022 Series Bonds, including the 2022 Series A PAC Bonds (but only to the extent as described herein), in amounts greater than such percentages from available amounts in the Revenue Fund.

(b) Reserved.

Section 2.11. ***Redemption from Optional Redemption Account***. (a) The 2022 Series D Bonds are subject to redemption or purchase in lieu of redemption, at the option of the Commission, from moneys in the Optional Redemption Account in the Redemption Fund, in whole or in part, at any time at one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon, if any, to the redemption or purchase date, plus accrued interest, if any to the redemption date.

(b) Prior to Conversion, the 2022 Series D Bonds are subject to redemption or purchase in lieu of redemption, at the option of the Commission, from a draw on the Credit Facility (which shall be reimbursed from moneys available to the Commission and deposited in the Optional Redemption Account in the Redemption Fund), in whole or in part, at any, at one hundred percent (100%) of the principal amount thereof, plus accrued interest thereon, if any, to the redemption or purchase date, plus accrued interest, if any to the redemption date.

(c) Fixed Rate Bonds resulting from the Conversion of Variable Rate Bonds are redeemable at the option of the Commission, from any source of funds, in whole or in part (and if in part in an Authorized Denomination), on any date on or after the July 1 nearest the end of the No-Call Period described below, at the following redemption prices (expressed as percentages of the principal amount of the 2022 Series D Bond called for redemption) plus accrued interest to the date fixed for redemption:

Term to Maturity	**No-Call Period**	**Redemption Price**
15 years or more	9 years from the Conversion Date	100%
More than five years but less than 15 years	50% of the term from the Conversion Date to Maturity	100%
Five years or less	Term to Maturity	Not subject to optional redemption

At or prior to the conversion of any 2022 Series D Bond to a Fixed Interest Rate, the Commission may deliver to the Trustee an alternative redemption schedule to the schedule shown above if the Commission delivers to the Trustee an Opinion of Bond Counsel to the effect that the alternative schedule of redemption will not adversely affect the validity and enforceability of the 2022 Series D Bonds in accordance with their terms.

To exercise the option to purchase the 2022 Series D Bonds in lieu of redemption pursuant to this section, the Commission shall deliver written notice thereof to the Trustee no later than 12:00 Noon, New York City Time, on the date the 2022 Series D Bonds would otherwise have been redeemed (the “Purchase-in-Lieu Date”), and the Commission shall transfer or cause to be transferred to the Trustee the moneys required to purchase the 2022 Series D Bonds no later than 12:00 Noon, New York City Time, on such Purchase-in-Lieu Date. If notice of redemption has been given as required under the Bond Resolution, no additional notice to the Bondholders shall be required to be given of the exercise by the Commission of the option to purchase 2022 Series D Bonds pursuant to this Section. All 2022 Series D Bonds shall be deemed to have been purchased on the Purchase-in-Lieu Date provided funds sufficient to purchase the 2022 Series D Bonds on the Purchase-in-Lieu Date have been deposited with the Trustee, and from and after such Purchase-in-Lieu Date, interest shall cease to accrue on the 2022 Series D Bonds to the prior Bondholders, and the prior owners thereof shall have no rights with respect to such 2022 Series D Bonds except to receive payment of the purchase price thereof and accrued interest to the Purchase-in-Lieu Date. Notwithstanding such purchase, the 2022 Series D Bonds shall remain Outstanding for all purposes under this 2022 Series D Resolution and the Bond Resolution. Failure to mail the related notice of redemption or any defect therein shall not affect the validity of the purchase of the 2022 Series D Bonds. The Commission’s notice of purchase in lieu of redemption may be conditioned upon receipt of funds by the Trustee or may be withdrawn at any time as specified therein. The Commission's notice of purchase in lieu of redemption may be given in conjunction with a notice of redemption given pursuant to the Bond Resolution, in which case it shall so state and shall provide that a withdrawal of the purchase notice will not constitute a withdrawal of the redemption notice unless otherwise specified therein.

(d) Indexed Rate Bonds are subject to redemption, at the option of the Commission, from any source of funds, in whole or in part, on any date at a redemption price of 100% of the principal amount thereof, together with interest accrued to the date of such redemption.

(e) In lieu of redemption pursuant to the foregoing, the 2022 Series D Bonds to otherwise be so redeemed may, at the option of the Commission, be subject to mandatory tender under the same terms and conditions as such redemption, and then remarketed at those rates which, in the determination of the remarketing agent selected by the Commission, would enable such remarketing agent to sell such 2022 Series D Bonds at the principal amount thereof; provided that the 2022 Series D Bonds being remarketed shall be (1) the same principal maturities (and sinking fund redemption amounts) of the 2022 Series D Bonds being so tendered and remarketed or (2) principal maturities corresponding to the principal maturities and sinking fund redemption amounts of the 2022 Series D Bonds being so tendered and remarketed; and provided further that the Trustee shall have received an unqualified opinion of a nationally recognized bond counsel to the effect that such tender and remarketing will not impair the exclusion of interest on the 2022 Series D Bonds from federal income taxation.

(f) Notwithstanding anything in this Section 2.11 to the contrary, while the Credit Facility is in effect and the Bank is not in default thereunder, the Credit Facility shall be the sole source of payment for the 2022 Series D Bonds.

Section 2.12. ***Redemption from Sinking Fund Installments***. (a) The 2022 Series D Bonds maturing on January 1, 2049 are subject to mandatory redemption in part by lot on _____ 1, 20__ and on each January 1 and July 1 thereafter, to and including January 1, 2049, at the principal amount thereof, plus accrued interest thereon to the redemption date, in the years and principal amounts as follows:

Year	Principal Amount (January)	Principal Amount (July)	Year	Principal Amount (January)	Principal Amount (July)
	$	$		$	$
				(maturity)	

Notwithstanding anything in this Section 2.12 to the contrary, while the Credit Facility is in effect and the Bank is not in default thereunder, the Credit Facility shall be the source of payment of the sinking fund redemption payments for the 2022 Series D Bonds.

Section 2.13. ***Holders' Election to Tender***. Prior to any Conversion, Holders of Credit Facility Bonds may elect to tender their 2022 Series D Bonds, which, if so tendered upon proper notice to the Remarketing Agent and Tender Agent in the manner set forth in the Mode Period Chart, will be purchased on such next Effective Rate Date (or, in the case of Credit Facility Bonds in a Weekly Mode, on the purchase date specified in the Tender Notice) at the Purchase Price. Such notice of tender for purchase of 2022 Series D Bonds by the Holders thereof shall be in writing and shall be irrevocable once such notice is given to the Remarketing Agent or the Tender Agent, as directed in the Mode Period Chart.

Prior to Conversion, holders of R-FLOATS may elect to tender their R-FLOATS, which, if so tendered upon proper notice to the Remarketing Agent or the Tender Agent, as applicable, at the times and in the manner set forth in the "Mode Chart for Variable Rate Bonds," will be purchased on the next Effective Rate Date at a price equal to 100% of the principal amount thereof plus accrued interest. Such notice of optional tender for purchase of R-FLOATS by the Holders thereof will be irrevocable once such notice is given to the Remarketing Agent. Upon receipt of a notice of optional tender for purchase of R-FLOATS by the Holders thereof, the Remarketing Agent shall promptly notify the Tender Agent of receipt of such notice. Such notice of tender for purchase of R-FLOATS by the Holders thereof shall be in writing and shall be irrevocable once such notice is given to the Remarketing Agent or the Tender Agent as directed in the Mode Period Chart.

Section 2.14. ***Mandatory Tender.*** (a) The Variable Rate Bonds or any portion thereof, as applicable, are subject to mandatory tender for purchase (with no right to retain) (i) on each Mode Change Date and each R-FLOATS Change Date, (ii) with respect to a Credit Expiration Event, not less than five Business Days prior to the scheduled expiration or earlier termination of the Credit Facility, (iii) on each Conversion Date, and (iv) after receipt by the Trustee of a written notice from the Bank that an event of default under the Credit Agreement has occurred and is continuing, and a written request from the Bank that all of the Credit Facility Bonds be required to be tendered for purchase on the date set forth therein, but in no event later than the date the Credit Facility will terminate as a result of such event of default (each a "Mandatory Tender Date"), at the Purchase Price, subject to the conditions described herein.

(b) In connection with any mandatory tender of Variable Rate Bonds on a Mandatory Tender Date, the Trustee shall deliver a notice of mandatory tender stating the reason for the mandatory tender to Holders at least 15 days prior to the Mandatory Tender Date (except in the case of a Mandatory Tender Date pursuant to clause (iv) in the preceding subsection (a) above, in which case, the Trustee shall deliver the maximum possible number of days of prior notice before the Mandatory Tender Date (which may be no notice, but in no event more than fifteen (15) days' notice), and that all Holders subject to such mandatory tender shall be deemed to have tendered their Variable Rate Bonds upon such date. So long as all of the 2022 Series D Bonds are registered in the name of Cede & Co., as nominee for DTC, such notice will be delivered to DTC or its nominee as registered owner of such 2022 Series D Bonds. DTC is responsible for notifying DTC Participants, and DTC Participants and Indirect Participants are responsible for notifying beneficial owners of the 2022 Series D Bonds. Neither the Trustee nor the Commission is responsible for sending notices to beneficial owners. The Commission shall give notice of any Mandatory Tender Date to Moody's at least 15 days prior to such date (except in the case of a

Mandatory Tender Date pursuant to clause (v) in the preceding subsection (a) above, as described hereinabove).

(c) On each date on which Variable Rate Bonds are required to be tendered and purchased, the Remarketing Agent shall use its best efforts as described herein to sell such Variable Rate Bonds. In the event the Remarketing Agent is unable to remarket the Credit Facility Bonds so tendered, moneys drawn under the Credit Facility shall, pursuant to Section 5.01, be applied to purchase such Bonds (hereinafter called "Bank Bonds") in accordance with and subject to the terms and conditions of the Credit Facility. In the event the Remarketing Agent is unable to remarket any R-FLOATS so tendered, such R-FLOATS will bear interest at the R-FLOATS Non-Remarketed Rate.

(d) Any Variable Rate Bond not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date ("Untendered Bonds"), for which there have been irrevocably deposited in trust with the Trustee the Purchase Price equal to the principal amount of such Variable Rate Bonds plus accrued interest shall be deemed to have been tendered and purchased on such Mandatory Tender Date. Holders of Untendered Bonds shall not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of such Untendered Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and said Holders shall no longer be entitled to the benefits of the Bond Resolution, except for the purpose of payment of the Purchase Price. Bond certificates will be issued in place of Untendered Bonds and, after the issuance of the replacement Variable Rate Bond certificates, such Untendered Bonds will be deemed purchased, canceled, and no longer Outstanding under the Bond Resolution.

(e) [*Reserved*].

(f) R-FLOATS WILL NOT BE SUPPORTED BY A LETTER OF CREDIT, LINE OF CREDIT, STANDBY BOND PURCHASE AGREEMENT OR ANY OTHER CREDIT FACILITY. If the Remarketing Agent cannot successfully remarket any R-FLOATS subject to optional or mandatory tender for purchase, the holders thereof do not have the right to have such R-FLOATS purchased upon tender. Any R-FLOAT that is subject to optional or mandatory tender for purchase that the Remarketing Agent, after using its best efforts, is unable to remarket in accordance with this 2022 Series D Resolution, at a price equal to 100% of the principal amount thereof, plus accrued interest, by 2:00 P.M., on the date scheduled for such purchase, whether such inability is because of market conditions or otherwise, will bear interest at the R-FLOATS Non-Remarketed Rate and will not be subject to tender for purchase as described in Sections 2.13 and 2.14 hereof.

(g) The Remarketing Agent will continue to use its best efforts each Business Day during the Non-Remarketing Period (defined below) to remarket such R-FLOAT in accordance with this 2022 Series D Resolution at a price equal to 100% of the principal amount thereof, plus accrued interest. In connection therewith, the Remarketing Agent will consider each such day to be a Rate Determination Date for such R-FLOAT.

(h) During the period of time from and including the initial date that any such R-FLOAT was to be purchased to (but not including) the date that such R-FLOAT is successfully remarketed (the "Non-Remarketing Period"), such R-FLOAT will bear interest at a rate per annum equal to the R-FLOATS Non-Remarketed Rate (but not to exceed the Maximum Rate) determined from time to time in accordance with Section 2.04(a)(1).

(i) Notwithstanding the foregoing provisions, if a failure to pay principal, interest or premium on any R-FLOAT when due shall have occurred, such R-FLOATS shall bear interest during each Mode Period for any portion thereof at a rate per annum equal to the R-FLOATS Default Rate for such period from the time from and including the initial date of such failure to (but not including) the date on which such failure shall have ceased to be continuing.

Section 2.15. ***Limitation Upon Defeasance of Variable Rate Bonds***. Notwithstanding the provisions of the Bond Resolution relating to the defeasance of the Bonds, the defeasance of 2022 Series D Bonds that are Variable Rate Bonds bearing interest in a Mode shall be conditioned upon receipt by the Trustee of written evidence from Moody's that its rating then in effect on such Bonds shall not be reduced or withdrawn due to the defeasance.

Section 2.16. ***Commission Not Responsible to Bondholders for Bank's Failure to Purchase 2022 Series D Bonds***. The Commission is not responsible to Bondholders for any failure by the Bank to purchase Credit Facility Bonds tendered at the option of the Holder or subject to mandatory tender for purchase pursuant to this 2022 Series D Resolution, nor upon the occurrence of a termination event in the Credit Facility; provided that if the Commission is the Bank, the Commission shall be responsible for the foregoing to the extent provided by and in accordance with the related Self Liquidity. In the event that the Bank fails for any reason to purchase Credit Facility Bonds tendered or deemed tendered for purchase by the Holders thereof, the Credit Facility Bonds shall bear interest at an interest rate determined on a weekly basis to be the lesser of (a) the SIFMA Index plus 1.00% or (b) the Maximum Rate, and the holders of such Credit Facility Bonds shall not have the right to tender their Bonds during the period that the interest rate is so determined.

Section 2.17. ***Issue and Sale of 2022 Series D Bonds***. The 2022 Series D Bonds authorized to be issued herein shall be sold to [PNC Capital Markets LLC] (the "Underwriter") at the aggregate price of $11,000,000 on the terms and conditions set forth in the Contract of Purchase dated June __, 2022, by and between the Underwriter and the Commission (the "Contract of Purchase"). The Underwriter will receive an underwriting fee of $__________ relating to the sale of the 2022 Series D Bonds. Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the 2022 Series D Bonds.

Section 2.18. ***Delivery of 2022 Series D Bonds***. (a) The 2022 Series D Bonds shall be delivered, upon compliance with the provisions of the Bond Resolution to the order of the Underwriter named in Section 2.17 hereof, at such time and place as provided in, and subject to, the provisions of the Contract of Purchase.

(b) The Commission adopts the expectations, beliefs, assumptions and representations expressed and made on behalf of the Commission in the Preliminary Official Statement relating to the 2022 Series Bonds dated June __, 2022 and in the Official Statement relating to the 2022 Series Bonds, dated June __, 2022 (the "Official Statement") and hereby ratifies the Underwriter's use and distribution of the Preliminary Official Statement in selling the 2022 Series Bonds.

(c) The execution and distribution of the Official Statement and the execution of the Contract of Purchase are hereby approved and ratified.

(d) The Executive Director, Chair, Vice-Chair, Chair pro tem, Deputy Executive Director and Chief Financial Officer are authorized to make such changes, deletions and additions to the provisions of this 2022 Series D Resolution, consistent with the purposes of this 2022 Series D Resolution, as they deem necessary or advisable to issue the 2022 Series D Bonds.

Section 2.19. ***Further Authority***. The Chair, Vice-Chair, Chair pro tem and Executive Director of the Commission are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as they or either of them deem necessary or advisable to provide for the issuance, sale and delivery of the 2022 Series D Bonds.

Section 2.20. ***Trustee Authority to Facilitate Use of Securities Depository***. The authorized officers of the Trustee are, and each of them is, hereby authorized to do or perform such acts and to execute all such certificates, documents and other instruments as they or any of them deem necessary or advisable to facilitate the efficient use of a securities depository for all or any portion of the 2022 Series D Bonds; provided that neither the Trustee nor the Commission may assume: (i) any obligations to such securities depository or beneficial owners of Bonds that are inconsistent with their obligations to any registered bondholder under this 2022 Series D Resolution or the Bond Resolution or (ii) any obligation which would directly or indirectly create obligations on the part of the Trustee or the Commission to persons who own 2022 Series D Bonds or interests therein but who are not registered owners of 2022 Series D Bonds, unless the Commission shall have consented in writing to such obligations.

Section 2.21. ***Special Procedures Relating to Partial Redemptions***. Notwithstanding the provisions of Section 4.05 of the Bond Resolution, the Commission, with the prior written consent of the Trustee, may enter into an agreement with an owner of any 2022 Series D Bond having a denomination greater than $5,000 providing that such registered owner is authorized to effect a reduction in the face amount of such 2022 Series D Bond by making a notation indicating the principal amount of such redemption and the date thereof on the payment grid attached to such 2022 Series D Bond in lieu of surrendering such 2022 Series D Bond to the Trustee for cancellation and the issuance of a new bond or bonds in the amount of the unredeemed portion thereof in accordance with Section 4.05 of the Bond Resolution. If the Commission and an owner enter into such an agreement, the records of the Trustee shall be conclusive in determining the outstanding principal amount of any 2022 Series D Bond affected by the agreement, notwithstanding the failure of the owner to make any notation on the payment grid attached to such 2022 Series D Bond of the redemption of a portion thereof, and shall be binding upon the owner, any heirs, personal representatives, successors or assigns, or any transferee or purchaser of such 2022 Series D Bond. If the Commission enters into such an agreement with such an owner of any 2022 Series D Bond, a notation of the effect of such agreement may be inserted in the form of any 2022 Series D Bond to be delivered to such owner.

ARTICLE III

2022 SERIES D BONDS; ESTABLISHMENT OF CERTAIN ACCOUNTS; QUALIFIED HEDGE AGREEMENTS

Section 3.01. ***2022 Series ABCD Mortgage Loan Account*.** The 2022 Series ABC Resolution establishes an account designated as the 2022 Series ABCD Mortgage Loan Account, moneys in which shall be used for the purposes and as authorized by Section 5.03 of the Bond Resolution, the 2022 Series ABC Resolution and this 2022 Series D Resolution. In addition, the Commission acknowledges that the 2022 Series D Bonds have been structured to have certain redemption priorities and protections, and the Commission covenants to apply moneys in the 2022 Series ABCD Mortgage Loan Account to effect such priorities and protections.

Section 3.02. ***Establishment of the 2022 Series ABCD Rebate Account***. (a) Reserved.

(b) The 2022 Series ABC Resolution establishes an account designated as the 2022 Series ABD Rebate Account, as authorized by Section 5.01 of the Bond Resolution, moneys in which shall be used to pay rebate to the United States as provided in Section 3.05 of the 2022 Series ABC Resolution.

Section 3.03. ***Application of Proceeds of the 2022 Series D Bonds***. The Trustee shall apply the proceeds of the 2022 Series D Bonds as directed in the Flow of Funds Memorandum.

(c) No amount of the proceeds of the 2022 Series D Bonds shall be deposited in the Debt Service Reserve Fund.

(d) No amount of the proceeds of the 2022 Series D Bonds shall be deposited in the Mortgage and Special Hazard Reserve Fund.

(e) The Commission covenants to use its best efforts to apply the proceeds of or relating to the 2022 Series D Bonds in the 2022 Series ABCD Mortgage Loan Account to make or purchase Mortgage Loans or Guaranteed Mortgage Securities, provided, however, that nothing herein shall prohibit the Commission's use of moneys in any Mortgage Loan Account if necessary to maintain the tax-exempt status of the 2022 Series D Bonds or to best achieve the objectives of the Program. In addition, the Commission acknowledges that the 2022 Series D Bonds have been structured to have certain redemption priorities and protections, and the Commission covenants to apply moneys in the 2022 Series ABCD Mortgage Loan Account to effect such priorities and protections.

(f) No amount of the proceeds of the 2022 Series D Bonds shall be used to pay the costs of issuing the 2022 Series D Bonds.

Section 3.04. ***Reserved***.

Section 3.05. ***Restriction as to "Arbitrage Bonds."*** The Commission shall not use or direct or permit the use of the proceeds of the 2022 Series D Bonds or any other moneys held under the Bond Resolution or this 2022 Series D Resolution in any manner that would cause the 2022 Series D Bonds to be "arbitrage bonds" within the meaning ascribed to such quoted term in the

1986 Code. The Commission covenants that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the 1986 Code. This covenant shall survive payment in full or defeasance of the 2022 Series D Bonds. Money shall be deposited to the 2022 Series ABCD Rebate Account by the Commission or by the Trustee at the written direction of the Commission and shall be held by the Trustee to the extent required to make the necessary payments to the United States pursuant to Section 148(f) of the 1986 Code as further described in Section 3.05 of the 2022 Series ABC Resolution.

Section 3.06. ***Special Tax Covenants***. (a) The Commission hereby covenants: (i) to take all steps and actions necessary to assure the successful operation of the Program in a manner consistent with the preservation of the exclusion of the interest payable on the 2022 Series D Bonds from gross income under Sections 103 and 143(e) and (f) of the 1986 Code and 103A of the 1954 Code, (ii) to take all steps and actions necessary to preserve the exclusion of the interest payable on the 2022 Series D Bonds from gross income under Sections 103 and 143(e) and (f) of the 1986 Code and 103A of the 1954 Code and (iii) to refrain from taking any steps or actions that would impair or call into question the exclusion of the interest payable on the 2022 Series D Bonds from gross income under Sections 103 or 143(e) and (f) of the 1986 Code or 103A of the 1954 Code.

(b) The Commission covenants not to use the proceeds of the 2022 Series D Bonds to finance a Single Family Residence unless:

(1) The acquisition cost (within the meaning of Section 143(e) of the 1986 Code) of such Single Family Residence does not exceed 90% of the average area purchase price applicable to such Single Family Residence at the time of the financing of the Mortgage Loan, which average area purchase prices are set forth in Revenue Procedure 88-48 for the current period, unless such Single Family Residence is located in a Targeted Area, in which case the acquisition cost (within the meaning of Section 143 of the 1986 Code) may not exceed 110% of the average area purchase price applicable to such Single Family Residence; and

(2) The current annual income of the family using or intending to use the Single Family Residence as its principal residence does not exceed 115% (100% for families of less than three individuals) of the median gross income for the area in which such Single Family Residence is located, in accordance with regulations issued pursuant to Section 8 of the United States Housing Act of 1937.

These covenants may be modified from time to time pursuant to written instructions as delivered to the Trustee by the Commission, accompanied by an opinion of Bond Counsel permitting such modifications.

Section 3.07. ***Covenant for Use of Prepayments***. Subject to the provisions of Section 2.10 hereof, the Commission will apply repayments and prepayments of principal of Mortgage Loans or Guaranteed Mortgage Securities financed from the issuance of the 2022 Series D Bonds that, under the Code, are not permitted to be used to finance additional Mortgage Loans or Guaranteed Mortgage Securities to the redemption of the 2022 Series D Bonds.

Section 3.08. ***Establishment of 2022 Series D Bond Purchase Account*** There is hereby established a 2022 Series D Bond Purchase Account, moneys in which shall be deposited pursuant to Section 5.01 hereof. There is hereby established within the 2022 Series D Bond Purchase Account a Remarketing Proceeds Subaccount and a Credit Facility Proceeds Subaccount. Amounts in the Remarketing Proceeds Subaccount shall not be commingled with amounts in the Credit Facility Proceeds Subaccount. All moneys deposited in or transferred to the 2022 Series D Bond Purchase Account shall be applied to the purposes, and administered and distributed by the Tender Agent, solely as provided in Section 5.01 of this 2022 Series D Resolution. The Tender Agent shall deposit in the 2022 Series D Bond Purchase Account (1) proceeds of the remarketing of Variable Rate Bonds remitted to the Tender Agent by the Remarketing Agent, if any, which shall be held in the Remarketing Proceeds Subaccount and (2) all amounts remitted to the Tender Agent by the Bank to pay the Purchase Price of Variable Rate Bonds, which amounts shall be deposited in the Credit Facility Proceeds Subaccount. The Tender Agent shall apply amounts on deposit in the 2022 Series D Bond Purchase Account exclusively to pay the Purchase Price of the Variable Rate Bonds purchased in accordance with the provisions of this 2022 Series D Resolution to the former owners of such Bonds upon presentation thereof to the Tender Agent.

While a Credit Facility is in effect, each deposit into the 2022 Series D Bond Purchase Account not constituting Eligible Funds shall be placed in a separate subaccount within the 2022 Series D Bond Purchase Account and shall not be commingled with other moneys in the 2022 Series D Bond Purchase Account.

After payment in full of the 2022 Series D Bonds, or provision having been made for payment of the 2022 Series D Bonds pursuant to Article VIII of the Bond Resolution and payment of all other amounts required to be paid under the Bond Resolution, any amounts remaining in the 2022 Series D Bond Purchase Account shall be paid first to the Bank, if any, if there is any amount then owing by the Commission to the Bank and, second to the Commission.

Section 3.09. ***Establishment of a 2022 Series D Revenue Account.*** There is hereby created and established with the Trustee a Revenue Account within the Revenue Fund (sometimes hereinafter, the "2022 Series D Revenue Account") and within the 2022 Series D Revenue Account, a Credit Facility Interest Subaccount and a Credit Facility Principal Subaccount. While a Credit Facility is in effect, moneys drawn by the Trustee under the Credit Facility for the payment of principal of and interest on the Credit Facility Bonds shall be deposited into the Credit Facility Interest Subaccount or the Credit Facility Principal Subaccount for the Credit Facility Bonds, as applicable. Neither the Trustee nor the Paying Agent shall commingle proceeds of a drawing under the Credit Facility with any other funds.

While a Credit Facility is in effect, each deposit into the Revenue Account not constituting Eligible Funds shall be placed in a segregated subaccount and shall not be commingled with other moneys in the 2022 Series D Revenue Account.

Moneys in the Credit Facility Interest Subaccount and a Credit Facility Principal Subaccount in the Revenue Account shall be held in trust for the Holders and, except as otherwise expressly provided herein, shall be used solely for the payment of the interest on the Credit Facility Bonds and for the payment of principal of and premium, if any, on the Credit Facility Bonds upon maturity, whether stated or accelerated, or upon mandatory or optional redemption.

The Commission hereby authorizes and directs the Trustee, and the Trustee hereby agrees, to withdraw and make available at the principal office of the Paying Agent sufficient funds from the Credit Facility Interest Subaccount and the Credit Facility Principal Subaccount in a Credit Facility Bonds Revenue Account to pay the principal of, premium, if any, and interest on the related Credit Facility Bonds as the same become due and payable, but only in the following order of priority:

FIRST: Amounts drawn by the Trustee under a Credit Facility then in effect (provided, however, that such amounts shall not be used to pay any premium on the Credit Facility Bonds, if any, unless such Credit Facility provides for the payment of such premium);

SECOND: If a Credit Facility is then in effect, from the sources provided in clause (i) or clause (iii) of the definition of Eligible Funds; and

THIRD: Any other amounts (whether or not Eligible Funds) in the Credit Facility Bonds Revenue Account of the Revenue Fund.

If moneys in the 2022 Series D Revenue Account available pursuant to items FIRST and SECOND above are insufficient to make any payment of principal of, premium, if any or interest on the Credit Facility Bonds, whether due by maturity, acceleration, redemption or otherwise, or if the Bank has dishonored its obligations under the Credit Facility, the Trustee, on or before the date such payment is to be made, shall apply any moneys described in item THIRD above and/or request that the Commission provide amounts sufficient to may such payment of principal of, premium, if any or interest on the Credit Facility Bonds.

To the extent that a Credit Facility is drawn on to make a payment to any Holder, the Trustee shall use any moneys in the 2022 Series D Revenue Account not then needed to make payments to Holders, regardless of whether such moneys constitute Eligible Funds, to reimburse the Bank.

After payment in full of the Credit Facility Bonds, or provision for the payment of the Credit Facility Bonds having been made pursuant to Article VIII of the Bond Resolution, and the payment of all other amounts owing hereunder, any amounts remaining in the Credit Facility Interest Subaccount or the Credit Facility Principal Subaccount in the Credit Facility Bonds Revenue Account shall be paid first to the Bank, if any, if there is then any amount owing by the Commission to the Bank, and second to the Commission.

Section 3.10. ***Pledge of Qualified Hedge Agreement Payments.*** The Commission may enter into a Qualified Hedge Agreement with respect to the 2022 Series D Bonds. The Commission has pledged, and hereby agrees to continue to pledge, to the Trustee, as additional security for the payment of the 2022 Series D Bonds, all payments received under any Qualified Hedge Agreement, which payments shall be deposited in the Revenue Fund upon receipt. Any payments required to be made by the Commission to the Swap Provider pursuant to a Qualified Hedge Agreement shall be paid, as a Program Expense, from the Revenue Fund in accordance with the provisions of Section 6.03 of the Bond Resolution.

Section 3.11. ***Investment of Moneys.*** To the extent permitted by law and if directed in writing by the Commission and except as otherwise provided herein, the Trustee or the Tender

Agent, as the case may be, shall invest and reinvest moneys held by it representing proceeds of drawings under the Credit Facility and moneys on deposit in the Revenue Account and the Bond Purchase Account only in Federal Obligations (or in a mutual fund composed solely of Federal Obligations and rated in the highest rating category by each Rating Agency then rating the 2022 Series D Bonds), maturing on the earlier of 30 days after the date of such investment and at such times as such amounts shall be needed for the purposes thereof. Unclaimed moneys held by the Trustee or the Tender Agent under any Series Resolution with respect to the 2022 Series D Bonds shall be held uninvested by the Trustee or the Tender Agent, as the case may be.

ARTICLE IV

DETERMINATIONS REQUIRED BY THE BOND RESOLUTION

Section 4.01. ***Determination Concerning the Debt Service Reserve Fund***. In compliance with Section 2.02 of the Bond Resolution, the Commission determines that the amount to be deposited in the 2022 Series ABCD Reserve Account on the Closing Date is sufficient to maintain a balance therein equal to the Debt Service Reserve Requirement, computed with reference to all Outstanding Bonds and to the 2022 Series D Bonds authorized hereunder.

Section 4.02. ***Determination Concerning the Issuance of the 2022 Series D Bonds***. In compliance with Section 2.02 of the Bond Resolution, the Commission determines that the 2022 Series D Bonds will not adversely affect the ability of the Commission to purchase Mortgage Loans or Guaranteed Mortgage Securities with the proceeds of Outstanding Bonds previously issued.

ARTICLE V

PAYMENT OF TENDERED 2022 SERIES D BONDS; CREDIT FACILITY; ALTERNATE CREDIT AND LIQUIDITY FACILITY

Section 5.01. ***Payment of Tendered Variable Rate Bonds***. Variable Rate Bonds that are tendered or deemed tendered under the terms of this 2022 Series D Resolution shall be purchased by the Tender Agent upon surrender of such Variable Rate Bonds, but only from the sources listed below, from the Holders thereof by 4:30 p.m., New York City time, on the date such Bonds are required to be purchased at the Purchase Price. Funds for the payment of such Purchase Price shall be derived from the following sources in the order of priority indicated:

(a) the proceeds of the sale of Variable Rate Bonds furnished to the Remarketing Agent by the purchasers thereof pursuant to Section 6.07 of this 2022 Series D Resolution deposited in the Remarketing Proceeds Subaccount of the 2022 Series D Bond Purchase Account; and

(b) moneys furnished to the Tender Agent pursuant to Section 6.03 of this 2022 Series D Resolution, representing the proceeds of a draw under the applicable Credit Facility deposited in the Credit Facility Proceeds Subaccount of the 2022 Series D Bond Purchase Account.

(c) if a Credit Facility is then in effect, moneys from the 2022 Series D Bond Purchase Account constituting Eligible Funds, if any, under clause (1) of the definition of "Eligible Funds" that have been transferred to the Tender Agent pursuant to Section 3.08 hereof; and

(d) any other moneys funded by or on behalf of the Commission for purchase of Credit Facility Bonds.

Section 5.02. ***Credit Facility***. (a) The Commission covenants to deliver the PNC Bank Credit Facility on the date of issuance of the 2022 Series D Bonds. The Trustee shall make draws under the Credit Facility, in accordance with the terms thereunder, to provide funds (i) for the timely payment of principal, premium, if any (if such Credit Facility provides for payment of such premium), and interest on the Credit Facility Bonds in accordance with Section 3.09 hereof and this Section 5.02 (except with respect to Credit Facility Bonds that are Bank Bonds or that are at any time registered in the name of or held by or for the account of the Commission), (ii) for the purchase of Credit Facility Bonds that have been tendered and not remarketed subject to certain conditions as described herein, and (iii) upon declaration of acceleration of the Credit Facility Bonds pursuant to Section 7.02 hereof. The Commission may determine to deliver a Credit Facility that provides for the Trustee to make draws thereunder to provide funds solely for the payment of the purchase of Credit Facility Bonds that have been tendered and not remarketed subject to certain conditions as described herein. All draws under the Credit Facility shall be made by the Trustee without the need of consent or direction of the Bank or any other party and without the requirement of indemnity (provided that the Trustee is not waiving any of its rights under the Bond Resolution, including without limitation, its right to indemnity). The Paying Agent shall promptly provide notice to the Trustee of any failure to pay principal of, premium, if any, or interest on the Credit Facility Bonds or the Purchase Price thereof. If the Bank is replaced by multiple credit or liquidity providers, the obligations of such providers to provide such funds may be several and need not be joint obligations. The Commission hereby covenants that it will pay the principal of and interest on the Bank Bonds in accordance with the Credit Facility; provided, however, that all obligations of the Commission hereunder and under the Resolution with respect to Bank Bonds are special limited obligations of the Commission payable solely from the revenues pledged and available for such purpose under the Bond Resolution on parity with the other Bonds issued under the Bond Resolution. The Commission covenants and agrees with the Owners of the Credit Facility Bonds that it shall pay any obligation, fee or charge necessary to maintain any Credit Facility.

(b) The Commission shall provide prior written notice to Moody's with respect to the delivery of any Alternate Credit Facility, Non-Conforming Liquidity Facility or Self Liquidity or any extension or renewal of a Credit Facility.

(c) Upon any redemption or defeasance of any Credit Facility Bonds or upon cancellation of any Credit Facility Bonds upon purchase thereof, the Trustee shall send notice to the Bank to reduce the amount available to be drawn on the Credit Facility (with written notice of the same to the Commission) and the Trustee shall, upon request, confirm to the Bank and the Commission the principal amount of Credit Facility Bonds redeemed, cancelled or defeased.

(d) In the event that the term of the Credit Facility is extended, unless it is automatically extended by its terms or is extended by amendment, the Trustee shall surrender the instrument evidencing the Credit Facility to the Bank in exchange for a new instrument conforming, in the opinion of counsel, in all material respects to the instrument evidencing the Credit Facility being surrendered, except that the term thereof shall reflect the new term of the Credit Facility. The Trustee shall promptly surrender the instrument evidencing the Credit Facility to the Bank for cancellation upon discharge of the Bond Resolution pursuant to Article VIII of the Bond Resolution.

(e) The Trustee shall give notice to the Remarketing Agent and the Paying Agent, in the name of the Bank, of the expiration or earlier termination of the Credit Facility then in effect, which notice shall specify the date of such expiration or earlier termination of the Credit Facility. If the Credit Facility Bonds are rated by a Rating Agency, notice of any such expiration or termination of the Credit Facility shall be furnished to such Rating Agency by the Trustee. On the Mandatory Tender Date occurring as a result of any Credit Expiration Event, the Trustee shall not surrender any evidence of the Credit Facility that is expiring or being terminated until the Trustee shall have made such drawings, if any, and taken such other actions, if any, thereunder as shall be required under the Series Resolution in order to provide sufficient money for payment of the Purchase Price of Credit Facility Bonds tendered or deemed tendered on such Mandatory Tender Date to the extent necessary pursuant to Section 2.14 hereof, and shall have received the proceeds of such drawing under the Credit Facility.

Section 5.03. ***Requirements for Delivery of an Alternate Credit Facility***. (a) At least 45 days prior to any date upon which the Commission intends to deliver an Alternate Credit Facility with respect to the 2022 Series D Bonds to the Trustee, the Commission shall notify the Notice Parties of its intent to deliver an Alternate Credit Facility, and the Trustee shall, not later than 15 days prior to the date of delivery of such Alternate Credit Facility, notify the Holders of the 2022 Series D Bonds, that the Commission shall provide for delivery to the Trustee of an Alternate Credit Facility satisfying the requirements of Section 5.02 hereof as permitted by this Section 5.03. In the event that the Commission gives such notice as provided above, such notice shall specify the name of the entity providing the Alternate Credit Facility and shall advise that the then-existing Credit Facility will terminate on the date stated in such notice, and that the related 2022 Series D Bonds shall be subject to mandatory tender (with no right to retain), from a draw on the-then existing Credit Facility, not less than five Business Days prior to the earlier of the date on which the Alternate Credit Facility is delivered or the termination of the existing Credit Facility at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the date of purchase (payable by the Bank in accordance with the Credit Facility to the extent remarketing proceeds are insufficient) on such date.

(b) On or prior to the date of delivery of an Alternate Credit Facility to the Trustee, the Commission shall furnish or cause to be furnished to the Trustee (i) an opinion of counsel satisfactory to the Commission stating that the delivery of such Alternate Credit Facility to the Trustee is authorized hereunder and complies with the terms hereof and (ii) an opinion of Bond Counsel to the effect that delivery of the Alternate Credit Facility will not affect the exclusion of interest on the 2022 Series D Bonds from gross income for federal income tax purposes. In addition, no Alternate Credit Facility may be delivered to the Trustee for any purpose hereunder unless accompanied by the following documents:

(1) opinions of counsel reasonably satisfactory to the Commission to the effect that, as applicable, (i) the provider providing such Alternate Credit Facility is duly organized and existing under the laws of the jurisdiction of its organization and, if applicable, is duly qualified to do business in the United States of America; (ii) the Alternate Credit Facility is a legal, valid and binding obligation of the Bank thereunder

enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; and (iii) no registration under the Securities Act of 1933, as amended, or qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of such Alternate Credit Facility or the remarketing of the related Bonds with the benefits thereof;

(2) letters from Moody's evidencing that the replacement of the Credit Facility with the Alternate Credit Facility will result in the reconfirmation of the then existing rating or the assignment of a new rating to the 2022 Series D Bonds of not less than "VMIG-1";

(3) copies of any other documents, agreements or arrangements entered into directly or indirectly between the Commission and the entity issuing the Alternate Credit Facility with respect to the transactions contemplated by the Alternate Credit Facility, which documents, agreements or arrangements shall evidence, among other things, the agreement of the provider of such Alternate Credit Facility to purchase Bank Bonds then held by the Bank on the Mandatory Tender Date;

(4) such disclosure document as the Remarketing Agent may reasonably request in connection with remarketing the related Bonds with an Alternate Credit Facility; and

(5) such other documents and opinions as the Commission may reasonably request, including evidence that all amounts due and payable to the Bank providing the then-existing Credit Facility have been paid.

Section 5.04. ***Self Liquidity; Non-Conforming Liquidity Facility***. (a) Notwithstanding any other provision of this 2022 Series D Resolution, the Commission may elect to provide liquidity support for purchases of 2022 Series D Bonds from its own funds ("Self Liquidity") or through a facility which does not satisfy the requirements of Section 5.03 hereof (a "Non-Conforming Liquidity Facility"), provided that the following provisions of this Section 5.04 are satisfied.

(b) At least 45 days prior to any date upon which the Commission intends to deliver Self Liquidity or a Non-Conforming Liquidity Facility to the Trustee, the Commission shall notify the Notice Parties and Moody's of its intent to deliver such Self Liquidity or Non-Conforming Liquidity Facility, and the Trustee shall promptly thereafter notify the Holders of the 2022 Series D Bonds, that the Commission shall provide for delivery to the Trustee of such Self Liquidity or Non-Conforming Liquidity Facility as permitted by this Section. The Commission shall deliver such Self Liquidity or Non-Conforming Liquidity Facility to the Trustee on or before the date specified therefor in the notice described in the preceding sentence. In the event that the Commission gives such notice as provided above, such notice shall specify the name of the entity providing the Non-Conforming Liquidity Facility, if any, the effective date thereof or of Self Liquidity and shall advise that the then-existing Credit Facility (or applicable portion thereof) will terminate on such effective date, and that the affected 2022 Series D Bonds shall be subject to mandatory tender (with no right to retain) and the date of such mandatory tender (which shall be not later than the fifth Business Day prior to the last date on which the existing Credit Facility shall remain in effect) at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the date of purchase (payable by the Bank in accordance with the Credit Facility to the extent remarketing proceeds are insufficient) on such date.

On or prior to the date of delivery of Self Liquidity or a Non-Conforming Liquidity Facility to the Trustee, the Commission shall furnish or cause to be furnished to the Trustee an opinion of counsel satisfactory to the Commission stating that the delivery of such Credit Facility to the Trustee is authorized hereunder and complies with the terms hereof. In addition, no such Credit Facility may be delivered to the Trustee for any purpose hereunder unless accompanied by the following documents:

(1) opinions of counsel reasonably satisfactory to the Commission to the effect that, as applicable, (i) the provider of such Credit Facility is duly organized and existing under the laws of the jurisdiction of its organization and, if applicable, is duly qualified to do business in the United States of America; (ii) the Credit Facility is a legal, valid and binding obligation of the provider enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally the enforcement of, creditors' rights and remedies, and by the availability of equitable remedies, including specific performance and injunctive relief; and (iii) no registration under the Securities Act of 1933, as amended, or qualification of an indenture under the Trust Indenture Act of 1939, as amended, will be required in connection with the issuance and delivery of such Credit Facility or the remarketing of the 2022 Series D Bonds with the benefits thereof;

(2) copies of any documents, agreements or arrangements related to or entered into directly or indirectly between the Commission and the entity issuing such Credit Facility with respect to the transactions contemplated by such Credit Facility, which documents, agreements or arrangements shall evidence, among other things, the agreement of the provider of such Non-Conforming Liquidity Facility or Self Liquidity to purchase Bank Bonds then held by the Bank on the Mandatory Tender Date;

(3) letters from Moody's evidencing that the replacement of the Credit Facility with the proposed Non-Conforming Liquidity Facility or Self Liquidity will result in the reconfirmation of the then existing rating of the Bonds;

(4) such other documents and opinions as the Commission may reasonably request, including evidence that all amounts due and payable to the Bank providing the then-existing Credit Facility have been paid;

(5) such disclosure document as the Remarketing Agent may reasonably request in connection with remarketing the 2022 Series D Bonds with a Non-Conforming Liquidity Facility or Self Liquidity;

(6) [RESERVED]; and

(7) if required to make the terms of this 2022 Series D Resolution consistent with the terms of such Credit Facility, a supplemental resolution amending this 2022 Series D Resolution.

ARTICLE VI

THE TENDER AGENT; THE REMARKETING AGENT

Section 6.01. ***Appointment of Tender Agent; Acceptance and Successors.*** (a) The Commission hereby appoints The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as Tender Agent. The Tender Agent shall designate to the Trustee its principal office, and signify its acceptance of the duties and obligations imposed on it hereunder by a written instrument of acceptance delivered to the other Notice Parties. One or more additional Tender Agents may be appointed by the Commission to the extent necessary to effectuate the rights of the Holders to tender Bonds for purchase as provided herein. The Tender Agent shall be entitled to compensation from the Commission for its services provided hereunder in accordance with the schedule of fees provided to, and agreed upon by, the Commission.

(b) The Tender Agent may at any time resign and be discharged of the duties and obligations created by this 2022 Series D Resolution by giving at least 60 days' written notice to the other Notice Parties, except that such resignation shall not take effect until the appointment of a successor Tender Agent hereunder and until such successor Tender Agent has accepted in writing its obligations hereunder. The Tender Agent may be removed at any time by the Commission by a written instrument filed with the other Notice Parties. Upon the resignation or removal of the Tender Agent, the Tender Agent shall pay over, deliver and assign any moneys and 2022 Series D Bonds held by it in such capacity to its successor.

(c) If the position of Tender Agent shall become vacant for any reason, or if any bankruptcy, insolvency or similar proceeding shall be commenced by or against the Tender Agent, the Commission shall appoint a successor Tender Agent to fill the vacancy and provide notice of such appointment to the Notice Parties. A written acceptance of office shall be filed by the successor Tender Agent in the manner set forth in subsection (a) above. Any successor Tender Agent shall be a corporation duly organized under the laws of the United States of America or any state or territory thereof, having a combined capital stock, surplus and undivided profits of at least $30,000,000 (or, alternatively, maintains a line of credit with a commercial bank of at least $30,000,000) and authorized by law to perform all of the duties imposed on it by this 2022 Series D Resolution.

(d) No resignation or removal of the Tender Agent shall be effective unless a successor Tender Agent has been appointed and has accepted the duties of Tender Agent hereunder.

Section 6.02. ***General Responsibilities of Tender Agent.*** (a) Prior to the Conversion of any 2022 Series D Bond, the Tender Agent shall perform the duties and obligations set forth in this 2022 Series D Resolution, and in particular:

(1) On each Purchase Date on which Credit Facility Bonds are to be purchased pursuant to the Credit Facility, the Tender Agent shall direct the Bank thereunder pursuant

to Section 6.03 to provide immediately available funds to be used for the purpose of purchasing tendered Credit Facility Bonds that have not been remarketed on such Purchase Date. The Tender Agent shall remit immediately to the Bank such funds that are not so used to purchase tendered 2022 Series D Bonds.

(2) The Tender Agent shall hold all moneys delivered to it pursuant to the Credit Facility, as agent and bailee of, and in escrow for the benefit of the Bondholders, in the Credit Facility Proceeds Subaccount of the 2022 Series D Bond Purchase Account until such moneys (i) if purchasing unremarketed Credit Facility Bonds pursuant to such Credit Facility, have been delivered to or for the account of the tendering Bondholders, or (ii) if remitting to the Bank such funds which are not so used to purchase tendered Credit Facility Bonds, have been so remitted to or for the account of the Bank. Such moneys held by the Tender Agent under this subsection (2) shall be segregated from other funds.

(3) The Tender Agent shall hold all proceeds from the sale of Variable Rate Bonds delivered to it by the Remarketing Agent, as agent and bailee of, and in escrow for the benefit of the Bondholders, in the Remarketing Proceeds Subaccount of the 2022 Series D Bond Purchase Account until such moneys have been delivered to or for the account of the tendering Bondholders. Such moneys held by the Tender Agent under this subsection (3) shall be segregated from other funds.

(b) In performing its duties and obligations hereunder, the Tender Agent shall perform only such duties specifically set forth in this 2022 Series D Resolution and shall be entitled to the protections limitations from liability and indemnities afforded to the Trustee hereunder. The Tender Agent shall not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or negligence.

(c) The Tender Agent may deal in 2022 Series D Bonds and with the Commission to the same extent and with the same effect as provided with respect to the Trustee and any Paying Agent.

(d) The Notice Parties shall each cooperate to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein and in the Credit Facility will be made available for the purchase of 2022 Series D Bonds presented at the principal office of the Tender Agent, and to otherwise enable the Tender Agent to carry out its duties hereunder.

(e) The Tender Agent and the Remarketing Agent shall cooperate to the extent necessary to permit the preparation, execution, issuance, authentication and delivery by the Tender Agent of replacement Bonds in connection with the tender and remarketing of Bonds hereunder.

(f) The Tender Agent hereby waives any rights to, or liens on, any funds or obligations held by or owing to it.

Section 6.03. ***Sources of Funds for the Purchase of Tendered Bonds***. (a) The Tender Agent shall only make such payments called for under this 2022 Series D Resolution from funds transferred to it or directed by it for payment pursuant to this 2022 Series D Resolution and the Credit Facility, which funds are immediately available to the Tender Agent for purposes of making such payments. Under no circumstances shall the Tender Agent be obligated to expend any of its own funds in connection with this 2022 Series D Resolution or the performance of its duties hereunder. The Tender Agent shall have no liability for interest on any moneys received or held by it.

(b) On each Purchase Date, in the event that any Credit Facility Bonds tendered for purchase on such date are unable to be remarketed, the Tender Agent shall, by no later than 10:00 a.m., New York City time or 12:30 p.m., New York City time in the case of Credit Facility Bonds bearing interest at the Daily Rate, give the Bank electronic notice or telecopy notice with receipt confirmed telephonically of the aggregate Purchase Price of the tendered Credit Facility Bonds required to be purchased by the Tender Agent pursuant to the Credit Facility, and the amount of principal and interest, respectively, comprising such Purchase Price. As soon as the Bank makes such funds available to the Tender Agent for purchase of such Credit Facility Bonds, but in any event not later than 2:30 p.m., New York City time, the Tender Agent is required to purchase therewith, for the account of the Bank, that portion of the tendered Credit Facility Bonds for which immediately available funds are not otherwise then available for such purchases under this 2022 Series D Resolution.

(c) In accordance with the Credit Facility, the Remarketing Agent shall deliver notice by not later than 4:00 p.m., New York City time on the Business Day prior to each Purchase Date, or 9:45 p.m., New York City time on each Purchase Date in the case of Credit Facility Bonds bearing interest at the Daily Rate, of the aggregate principal amount of tendered Credit Facility Bonds that it has remarketed on such date. If the Remarketing Agent fails for any reason to deliver notice of the remarketing of the Credit Facility Bonds, then the Tender Agent shall direct the Bank to make available, in immediately available funds, an amount equal to 100% of the aggregate principal amount of all Credit Facility Bonds tendered on such Purchase Date, plus accrued interest to such date. Such moneys shall be held, used for purchase and remitted as necessary in accordance with Section 6.03(b) hereof.

(d) Any Credit Facility Bonds which are purchased by the Bank shall bear interest at the rates, shall be payable at the times and in the amounts and shall be subject to the terms and provisions set forth in the Credit Facility and the related Credit Agreement. Unless the Bank shall otherwise direct, any Credit Facility Bonds purchased by the Bank shall be immediately registered in the name of the Bank as holder (unless held through a securities depository, in which case the Credit Facility Bonds shall be transferred in accordance with the procedures established by the securities depository), and the Bank shall have all the rights of a Holder of 2022 Series D Bonds, except that such 2022 Series D Bonds purchased by the Bank shall bear interest at the rates set forth in the Credit Facility and the related Credit Agreement.

Section 6.04. ***Tender Agent and Trustee***. (a) The Tender Agent shall have those rights, duties, powers and obligations conferred on the Trustee hereunder which are necessary to enable the Tender Agent to effectuate the right of the Holders to tender 2022 Series D Bonds for purchase in accordance with this Article VI and shall be entitled to the protections, limitations from liability and indemnities afforded the Trustee under this 2022 Series D Resolution; provided, however, that the Tender Agent may not require assurances of indemnity or other protections under this 2022 Series D Resolution as a condition to its obligation to draw on the Credit Facility in accordance with Section 6.03 hereof.

(b) The Trustee in conjunction with the Tender Agent shall take all actions necessary to maintain books and records as required under the Bond Resolution. In no event shall the Trustee be liable for any actions or omissions of the Tender Agent.

Section 6.05. ***Appointment of Remarketing Agent; Acceptance and Successors***. (a) The Commission hereby appoints PNC Capital Markets LLC as Remarketing Agent. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed on it hereunder by duly executing and delivering the Remarketing Agreement.

(b) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this 2022 Series D Resolution by giving at least 30 days written notice to the Notice Parties, except that such resignation shall not take effect until the earlier of (i) the appointment of a successor Remarketing Agent hereunder and (ii) the 60th day after such written notice of resignation is given. The Remarketing Agent may be removed at any time by the Commission and if so required by the Credit Facility, at the direction of the Bank, upon at least 30 days written notice filed with such parties, except that the Commission shall not remove the Remarketing Agent until the appointment of a successor Remarketing Agent hereunder. Upon the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, deliver and assign any monies and 2022 Series D Bonds held by it in such capacity to its successor. The Commission shall use commercially reasonable efforts to appoint a successor Remarketing Agent if the Remarketing Agent delivers notice of its resignation.

(c) If the position of Remarketing Agent shall become vacant for any reason, or if any bankruptcy, insolvency or similar proceeding shall be commenced by or against the Remarketing Agent, the Commission shall appoint a successor Remarketing Agent to fill the vacancy and provide notice of such appointment to the Notice Parties. A written acceptance of office shall be filed by the successor Remarketing Agent in the manner set forth in subsection (a) of this Section. Any successor Remarketing Agent shall be a member of the Financial Industry Regulatory Authority having a capitalization of at least $25,000,000 and authorized by law to perform all of the duties imposed on it under this 2022 Series D Resolution.

Section 6.06. ***General Responsibilities of Remarketing Agent***. (a) The Remarketing Agent shall perform the duties and obligations set forth in the Remarketing Agreement and this 2022 Series D Resolution, and in particular shall:

> (1) solicit purchases of 2022 Series D Bonds from investors able to purchase municipal bonds, effectuate and process such purchases, bill and receive payment for 2022 Series D Bonds purchased, and perform related functions in connection with the remarketing of 2022 Series D Bonds hereunder;
>
> (2) provide notice to the Tender Agent that the Remarketing Agent has received notices of tender pursuant to Section 2.13 of this 2022 Series D Resolution, the date of such tenders and the principal amount of Variable Rate Bonds to be tendered;
>
> (3) keep such books and records as shall be consistent with prudent industry practice and which will document its action taken hereunder, and make such books and records available for inspection by the Notice Parties; and

(4) comply at all times with all applicable state and federal securities laws and other statutes, rules and regulations applicable to the offering and sale of the Bonds.

(b) In performing its duties and obligations hereunder, the Remarketing Agent shall use the same degree of care and skill as a prudent person would exercise under the same circumstances in the conduct of his own affairs. The Remarketing Agent shall not be liable in connection with the performance of its duties hereunder except for its own willful misconduct or negligence.

(c) The Remarketing Agent may deal in 2022 Series D Bonds and with the Commission to the same extent and with the same effect as provided with respect to the Trustee and any Paying Agent.

(d) The Notice Parties shall each cooperate to cause the necessary arrangements to be made and thereafter continued whereby 2022 Series D Bonds prepared, executed, authenticated and issued hereunder shall be made available to the Remarketing Agent to the extent necessary for delivery pursuant to Section 2.05 hereof upon any Conversion.

(e) The Remarketing Agent hereby waives any right to, or lien on, any remarketing proceeds held by it and any funds held under the Bond Resolution with respect to any amounts owing to it.

Section 6.07. ***Remarketing and Sale of Tendered Bonds***. (a) On any Purchase Date, the Remarketing Agent shall offer for sale and use its best efforts to sell all such 2022 Series D Bonds tendered or deemed tendered at a rate that results as nearly as practicable in the price being equal to the principal amount thereof plus accrued interest. The 2022 Series D Bonds so sold shall bear interest from the date of sale at the applicable Effective Rate. The Remarketing Agent shall, at the time specified in Section 6.03(c), provide notice to the Tender Agent of the aggregate principal amount of the 2022 Series D Bonds which are Credit Facility Bonds that have been sold; the aggregate principal amount of 2022 Series D Bonds which are Credit Facility Bonds that will be tendered but have not been sold; and that the Remarketing Agent commits to deliver to the Tender Agent the amount specified in such notice as having been sold, by 2:00 p.m. New York City time on the Purchase Date, as described in Section 6.08.

In the event that moneys from the source described in Section 5.01(a) hereof are insufficient to pay the Purchase Price of 2022 Series D Bonds tendered or deemed tendered on a Purchase Date, the Tender Agent shall, by no later than the time specified in Section 6.03(b) hereof, take all action required to cause the Purchase Price of such 2022 Series D Bonds, to the extent not available from the source described in Section 5.01(a) hereof, to be paid from the applicable Credit Facility. In the event the Purchase Price of 2022 Series D Bonds is paid from the Credit Facility as described herein, and the Commission does not reimburse the Bank for such Purchase Price, upon the remarketing of such 2022 Series D Bonds as described in Section 6.07(c) hereof, the Paying Agent shall deliver the proceeds of the remarketing of such 2022 Series D Bonds to the Bank.

Notwithstanding anything to the contrary herein provided, the 2022 Series D Bonds shall not be remarketed unless (i) a Credit Facility satisfying the requirements of Section 5.02 hereof will be in effect following the remarketing of such 2022 Series D Bonds, (ii) no such Credit Facility will be in effect, but at the time of such remarketing, the 2022 Series D Bonds are rated by Moody's or other nationally recognized rating agency and such long-term and/or short-term rating is satisfactory to the Remarketing Agent in its sole discretion, or (iii) no such Credit Facility will be in effect, but following the remarketing of such 2022 Series D Bonds, the 2022 Series D Bonds will bear interest at a Fixed Interest Rate. Notwithstanding anything to the contrary herein provided, the 2022 Series D Bonds shall not be remarketed following a Mandatory Tender Date occurring at the Bank's direction unless and until the Remarketing Agent has received the consent of the Bank to such remarketing.

(b) The Remarketing Agent shall suspend its remarketing efforts with respect to the 2022 Series D Bonds upon the occurrence and continuation of (i) any Event of Default as provided in the Bond Resolution and herein, (ii) any "event of termination" under the Credit Facility and the Bank's determination to accelerate payment of the 2022 Series D Bonds (and notice thereof to the Trustee), all in accordance with the terms of this Series A/B Resolution, (iii) if the Bank breaches any of its obligations under the Credit Facility, including its obligation to purchase tendered 2022 Series D Bonds which are not remarketed, or (iv) if the Remarketing Agent determines, in its sole discretion, that the remarketing of the 2022 Series D Bonds would be unlawful or would be likely to result in the imposition of liability or damages against the Commission, the Remarketing Agent, the Paying Agent, the Trustee or the Bank, if any. The Remarketing Agent may, in its sole discretion, suspend its remarketing efforts immediately upon the occurrence of certain additional events as listed in the Remarketing Agreement, which suspension will continue so long as the situation continues to exist.

(c) Unless the Bank has notified the Remarketing Agent and the Commission that it has elected to hold 2022 Series D Bonds which are Bank Bonds at the Effective Rate, the Remarketing Agent shall offer for sale and use its best efforts to sell all such 2022 Series D Bonds that are held by the Bank pursuant to the Credit Facility at a price equal to the principal amount thereof. The 2022 Series D Bonds so sold shall bear interest from the date of sale at the Effective Rate. The Remarketing Agent shall notify the Bank when it has located a purchaser for some or all of the Bank Bonds then held by the Bank and the proposed Purchase Date for such Bank Bonds; provided that the Remarketing Agent shall not remarket Bank Bonds unless the Credit Facility has been reinstated to cover such remarketed 2022 Series D Bonds.

(d) If a Credit Facility is then in effect, the Remarketing Agent shall not remarket any Bonds to (i) the Commission, (ii) any other Person obligated (as guarantor or otherwise) to make payments on the 2022 Series D Bonds or under the Credit Agreement, or (iii) an "affiliate" of the Commission as defined in Bankruptcy Code § 101(2) (if the Remarketing Agent has actual knowledge that such Person is an "affiliate" at the time of such remarketing), pursuant to this Section prior to the expiration or earlier termination of the Credit Facility unless, prior to such remarketing, the Trustee, the Rating Agency, if any, rating the 2022 Series D Bonds, and the Remarketing Agent shall have received an unqualified counsel's opinion experienced in bankruptcy law matters to the effect that such remarketing would not result in a preferential payment pursuant to the provisions of Section 547 of the Bankruptcy Code recoverable from Holders of the 2022 Series D Bonds pursuant to Section 550 of the Bankruptcy Code in the event of an Act of Bankruptcy, and if a Rating Agency is rating the 2022 Series D Bonds, such Rating Agency has confirmed to the Trustee in writing that its rating will not be withdrawn or reduced as a result of such remarketing. If any of the 2022 Series D Bonds are remarketed to the Commission, any other Person obligated (as guarantor or otherwise) to make payments on the 2022 Series D Bonds or under the Credit Agreement, or an "affiliate" of the Commission, as described above in clauses (i), (ii) and (iii), the appropriate Remarketing Agent shall give notice of such remarketing and the date thereof to the Trustee.

(e) The Remarketing Agent will give any Person to whom 2022 Series D Bonds are proposed to be remarketed written notice of any Mandatory Tender Date, acceleration of maturity of 2022 Series D Bonds or redemption of 2022 Series D Bonds, notice of which has been given to Holders, prior to remarketing 2022 Series D Bonds to such Person.

Section 6.08. ***Application of Proceeds from Sale of Tendered Bonds***. The proceeds of sale of any 2022 Series D Bonds sold by the Remarketing Agent pursuant to this Article VI shall be transferred, by no later than 2:30 p.m., New York City time, on the Purchase Date of such Bonds, at the direction of the Remarketing Agent by wire transfer in immediately available funds to DTC for distribution to the accounts established thereunder for Beneficial Owners of such 2022 Series D Bonds. Transfers of ownership interests in such 2022 Series D Bonds, while such Bonds are book-entry bonds, are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners of the 2022 Series D Bonds.

Section 6.09. ***Determination and Notice of Interest Rate***. The Remarketing Agent shall give immediately notice of the Effective Rate or the Fixed Interest Rate or the Index Adjustment Factor by telephone to the Trustee, and shall promptly thereafter confirm the same in writing to the Notice Parties.

Section 6.10. ***Rule G-34 Documents***. In connection with any amendment, extension, renewal, replacement or termination of any Rule G-34 Documents, (i) the Commission, promptly, but not later than three Business Days after the execution thereof, and (ii) the Trustee, promptly, but not later than three Business Days after its receipt of the execution copy thereof, shall provide copies thereof to the Remarketing Agent by electronic means in a word searchable PDF file (or in such other form as the Remarketing Agent shall reasonably request of the Commission in writing).

ARTICLE VII

DEFAULTS AND REMEDIES (2022 SERIES D BONDS)

Section 7.01. ***Events of Default***. In addition to the Events of Default under the Bond Resolution, the following events shall be an Event of Default:

If a Credit Facility is in effect, the Trustee shall have received a written notice from the Bank that an event of default under the Credit Agreement has occurred and is continuing and a written request from the Bank that the 2022 Series D Bonds be accelerated.

Section 7.02. ***Acceleration and Duty to Draw on Credit Facility in the Event a Credit Facility is Outstanding*****.**

(a) If a Credit Facility is outstanding (and if so directed in writing by the Bank (unless the Bank is in default under such Credit Facility), upon the occurrence of an Event of Default under Section 7.01 hereof, the Trustee shall, with notice to the Commission, the holders, the Bank and the Remarketing Agent, declare the entire unpaid principal of and premium, if any, and interest on the 2022 Series D Bonds immediately due and payable as provided in the Bond Resolution, and, thereupon, the entire unpaid principal of and premium, if any, and interest on the 2022 Series D Bonds shall forthwith become immediately due and payable.

(b) Upon the acceleration of the maturity of the 2022 Series D Bonds, by declaration or otherwise, the Trustee shall immediately draw upon the Credit Facility for the aggregate unpaid principal amount of the 2022 Series D Bonds and all premiums, if any (but only to the extent permitted therefor under the Credit Facility), and interest accrued thereon, and the proceeds of such drawing shall be applied immediately as set forth in Section 7.03 hereof. Notwithstanding any conflict between the provisions of this Section 7.02 and the provisions of Section 9.02 of the Bond Resolution, upon any declaration of an immediate acceleration of the 2022 Series D Bonds upon the occurrence of an Event of Default under Section 7.01 hereof or under Section 9.01 of the Bond Resolution, interest will cease to accrue on the 2022 Series D Bonds.

Section 7.03. ***Disposition of Amounts Drawn on Credit Facility; Assignment of Rights to Contest***.

(a) All amounts drawn on the Credit Facility by the Trustee in accordance with Section 7.02(b) hereof shall be held in the Credit Facility Interest Subaccount or the Credit Facility Principal Subaccount, as applicable, of the 2022 Series D Bonds Revenue Account (and invested in accordance with the written directions of the Commission), and shall be applied immediately to the payment of principal of and premium, if any, and interest accrued on the 2022 Series D Bonds unless, prior to or with the proceeds of the draw on the Credit Facility, the Trustee receives written instructions from the Bank to use such proceeds to purchase all Bonds. If such instructions are received by the Trustee, such draw proceeds shall be immediately applied to the purchase of the 2022 Series D Bonds, the acceleration of the 2022 Series D Bonds shall be cancelled, the 2022 Series D Bonds shall become Bank Bonds and the 2022 Series D Bonds shall be registered in the name of the Bank as the owner of the 2022 Series D Bonds. Thereafter, such 2022 Series D Bonds shall not be remarketed by the Remarketing Agent unless the Credit Facility is reinstated or an Alternate Credit Facility is delivered pursuant to Section 5.03 hereof or the 2022 Series D Bonds are remarketed at a Fixed Rate.

(b) The Trustee hereby assigns to the Bank all its rights to contest or otherwise dispute in the Trustee's name, place and stead and at the Bank's sole election and cost any claim of preferential transfer made by a bankruptcy trustee, debtor-in-possession or other similar official with respect to any amount paid to the Trustee by or on behalf of the Commission to be applied to principal of and premium, if any, or interest on or purchase price of the 2022 Series D Bonds, to the extent of payments made to the Trustee pursuant to a drawing under the Credit Facility. The Trustee shall cooperate with and assist the Bank in any such contest or dispute as the Bank may reasonably request; provided, however, that the Bank shall reimburse the Trustee for its reasonable costs incurred in connection with providing such cooperation and assistance. The Trustee shall give the

Bank prompt notice of any claim of preferential transfer of which the Trustee has knowledge. The foregoing assignment shall not be deemed to confer upon the Bank any right to contest or otherwise dispute any claim of preferential transfer with respect to any amount as to which there has been no drawing under the Credit Facility. The assignment set forth above shall in no event be effective until the Bank shall have first furnished to the Trustee an agreement to indemnify the Trustee and the holders of the 2022 Series D Bonds against any claim, liability or damage which they might suffer by reason of any such contest or dispute.

Section 7.04. ***Bank Deemed Owner***. For all purposes of this Article VII (other than receipt of payments), the Bank shall, so long as the Credit Facility shall be in effect and the Bank shall not have dishonored any draw under the Credit Facility strictly complying with the terms thereof (other than for a reason permitted by the Credit Facility or pursuant to any administrative or judicial order, ruling, finding or decision), be deemed the holder and registered owner of all 2022 Series D Bonds. As such, the Bank may take all actions permitted by this Article VII to be taken by the holders or registered owners of the 2022 Series D Bonds, to the exclusion of the actual holders and registered owners of the 2022 Series D Bonds, the purpose of this Section 7.04 being to permit the Bank to direct the taking of actions and enforcement of remedies permitted by this Article VII so long as the Credit Facility shall be in effect and the Bank shall not have dishonored any draw under the Credit Facility complying with the terms thereof (other than for a reason permitted by the Credit Facility or pursuant to any administrative or judicial order, ruling, rule, finding or decision). The Trustee acknowledges such appointment, delegation and assignment by each Bondholder for the Bank's benefit, and agrees to cooperate with the Bank in taking any action reasonably necessary to appropriate in connection with such appointment, delegation and assignment, provided however, that the Bank shall reimburse the Trustee for its reasonable costs incurred in connection with providing such cooperation and assistance. Remedies granted to the Bondholders shall expressly include mandamus.

Section 7.05. ***Subrogation Rights of the Bank***.

(a) Notwithstanding anything else contained herein, whenever the Trustee shall make any payment to any Bondholder with funds drawn under Credit Facility pursuant hereto, the Trustee shall make such payments as agent for the Bank and not as agent for the Commission, and the Bank and its assigns shall thereafter, to the extent of the amount so paid, be subrogated to the rights thereon of the Bondholders to whom such payment was made, and the Trustee shall, in the event of the payment of principal, keep a written record of such payments. When a Bondholder has been paid the entire principal of and interest on his Bond with funds drawn under the Credit Facility, such 2022 Series D Bond shall be surrendered to the Trustee as agent for the Bank, in lieu of cancellation thereof, and such 2022 Series D Bond shall be transferred and delivered to the Bank or as the Bank shall direct.

(b) In the event the Bank makes any payment with respect to the payment of the principal or purchase price of or interest on any Bond to the Trustee under the Credit Facility, the Bank shall be subrogated to the rights possessed under the Bond Resolution in and to the trust estate thereunder by the Trustee, the Commission and the owners of such 2022 Series D Bonds so paid, and the Bank shall be subrogated to the rights of the

Commission and the Trustee under any other document, instrument or agreement securing repayment of the principal or purchase price of and interest on the 2022 Series D Bonds. For purposes of the Bank's subrogation rights hereunder, (i) any reference in the Bond Resolution to the Bondholders shall include the Bank, which shall be entitled to be treated as if the Bank were a registered owner of 2022 Series D Bonds in the principal amount of any principal payment made by the Bank under the Credit Facility, (ii) any portion of any 2022 Series D Bond as to which the principal or purchase price is paid with money collected pursuant to the Credit Facility shall be deemed to be outstanding under the Bond Resolution and the principal amount of such 2022 Series D Bond, together with interest due and unpaid thereon, which shall have been paid by the Bank pursuant to the Credit Facility shall be deemed to be held by and owing to the Bank, and (iii) the Bank may exercise any and all rights and benefits it would have under the Bond Resolution as a Holder of 2022 Series D Bonds to the extent of the principal amount of 2022 Series D Bonds owned or deemed to be owned by the Bank and any and all interest so due and unpaid thereon; provided that such Bank Bonds (A) shall not be taken into account in determining any deficiency for which a claim or draw is to be made under the Credit Facility, and (B) shall be subordinated in right of payment as of any Interest Payment Date or upon the redemption or acceleration of the 2022 Series D Bonds. Subrogation rights granted to the Bank hereunder are not intended to be exclusive of any other rights or remedies available to the Bank, and such subrogation rights shall be cumulative and shall be in addition to every right or remedy given hereunder or under any other instrument or agreement with respect to reimbursement of money paid by the Bank pursuant to the Credit Facility, and every other right or remedy now or hereafter existing at law or in equity or by statute.

Section 7.06. ***Waivers***. The Trustee may not waive any default or Event of Default until the Trustee has received notice in writing from the Bank that the amount available to be drawn under any Credit Facility then in effect in respect of the principal and Purchase Price of and interest on the 2022 Series D Bonds has been reinstated in full; provided however, that if the Credit Facility terminates due to the occurrence of an event of default under the Credit Agreement, such corresponding Event of Default hereunder cannot be waived unless the Bank revokes or rescinds such declaration of default under the Credit Agreement.

ARTICLE VIII

ADDITIONAL CONDITIONS FOR PAYMENT OF 2022 SERIES D BONDS

Section 8.01. ***Additional Conditions for 2022 Series D Bonds Deemed Paid***. In addition to the provisions of Article VIII of the Bond Resolution, the 2022 Series D Bonds shall be deemed paid when there shall have been irrevocably deposited in the applicable Revenue Account sufficient Eligible Funds for the payment at maturity or redemption or tender dates prior to maturity of the principal thereof and the redemption premium, if any, and interest to accrue thereon at such maturity or redemption or tender dates, as the case may be (assuming that the 2022 Series D Bonds bear interest at the Maximum Rate during any period during which the interest rate on the 2022 Series D Bonds may change).

ARTICLE IX

MISCELLANEOUS

Section 9.01. ***Continuing Disclosure***. The Commission agrees to comply with and carry out the provisions of the Continuing Disclosure Agreement dated as of June __, 2022 by and between the Commission and The Bank of New York Mellon Trust Company, N.A., as dissemination agent, and any other information filings required by federal securities laws.

Section 9.02. ***Unclaimed Moneys***. In the event any 2022 Series D Bond is not presented for payment when the principal of any such Bond becomes due, either at maturity or at the date fixed for redemption of such Bond or otherwise, if amounts sufficient to pay such 2022 Series D Bond have been deposited with the Trustee for the benefit of the owners of such Bond and have remained unclaimed for 5 years after such principal has become due and payable, either at the stated maturity date thereof or by call for earlier redemption, then such amounts shall, at the request of the Commission, be repaid by the Trustee to the Commission, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Commission for the payment of such 2022 Series D Bonds, as the case may be; provided, however, that the Trustee, before being required to make any such payment to the Commission shall, at the expense of the Commission, cause to be published, at least twice, at an interval of not less than 7 days between publications, in Authorized Newspapers, notice that such moneys remain unclaimed and that, after a date specified in such notice, which will not be less than 30 days from the date of such publication, any unclaimed balance of such moneys then remaining will be paid to the Commission. The obligation of the Trustee under this Section to pay any such amounts to the Commission will be subject to any provisions of law applicable to the Trustee or to such amounts providing other requirements for disposition of unclaimed property.

Section 9.03. ***Electronic Means***. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Bond Resolution and this Series Resolution and delivered using Electronic Means; provided, however, that the Commission shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Commission whenever a person is to be added or deleted from the listing. If the Commission elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Commission understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Commission shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Commission and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Commission. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Commission agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Commission; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 9.04. ***Severability***. If any provision of this 2022 Series D Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 9.05. ***Applicable Provisions of Law***. This 2022 Series D Resolution shall be governed by and construed in accordance with the laws of the State of Maryland.

Section 9.06. Qualifications for Tender Agent, Trustee and Paying Agent. Notwithstanding anything herein or in the Bond Resolution to the contrary, any entity serving as Tender Agent, Trustee and/or Paying Agent under the Bond Resolution, among other requirements, must be a bank with trust powers or a trust company.

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

[SEAL]

By: ______________________________
Roy O. Priest
Chairman

ATTEST:

By: ______________________________
Kayrine V. Brown
Acting Secretary-Treasurer

[SIGNATURE PAGE TO 2022 SERIES D RESOLUTION]

EXHIBIT A

FORMS OF 2022 SERIES D BONDS

[FORM OF 2022 SERIES D VARIABLE RATE BOND]

UNITED STATES OF AMERICA
STATE OF MARYLAND
HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

Single Family Mortgage Revenue Bond
2022 Series D

NO. RD-____ $11,000,000

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
VR%	January 1, 2049	June __, 2022	__________

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ________________________________ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the "Commission"), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at a variable rate of interest per annum as described in the Bond Resolution (as defined herein), semiannually on January 1 and July 1 of each year, commencing January 1, 2022 (the "Interest Payment Date"), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption or tender of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear, as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the "Record Date"), on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., as trustee and registrar (the "Trustee"), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. Interest will be calculated on the basis of a 365/366 day year for the number of days actually elapsed. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating the principal amount of such redemption and the date thereon on the Payment Grid attached hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2022 Series D Bonds in the aggregate principal amount of $11,000,000 (the “2022 Series D Bonds”). The 2022 Series D Bonds were issued for the purpose of providing funds for the Commission to carry out its program of making or purchasing qualified mortgage loans (the “Mortgage Loans”) for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2022 Series D Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2022 Series A in the aggregate principal amount of $19,135,000 (the “2022 Series A Bonds”) and its Single Family Mortgage Revenue Bonds, 2022 Series B in the aggregate principal amount of $2,940,000 (the “2022 Series B Bonds”), and its Single Family Mortgage Revenue Bonds, 2022 Series C in the aggregate principal amount of $3,865,000 (the “2022 Series C Bonds,” and together with the 2022 Series A Bonds, the 2022 Series B Bonds and the 2022 Series D Bonds, the “2022 Series Bonds”).

The 2022 Series Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission’s Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2022 Series D Resolution adopted by the Commission as of June 1, 2022 (collectively, the “Bond Resolution”). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2022 Series D Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2022 Series D Bonds and the terms upon which the 2022 Series D Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2022 Series D Bonds are issuable as registered 2022 Series D Bonds without coupons in the minimum denomination of $100,000 or any integral multiple of $5,000 in excess thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2022 Series D Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2022 Series D Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2022 Series D Bonds shall be subject to prior redemption and purchase in lieu of redemption as provided in the Bond Resolution. The 2022 Series D Bonds are also subject to mandatory and optional tender at the times, under the conditions and at the prices set forth in the Bond Resolution.

If any of the 2022 Series D Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2022 Series D Bonds or portions thereof to be redeemed will be given by the Trustee by transmitting a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2022 Series D Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2022 Series D Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County 1974, as amended, known as the Housing Opportunities Act, and a certain Memorandum of Understanding By and Between the Commission and Montgomery County, Maryland, effective as of June 29, 2018, as amended.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. <u>The Commission has no taxing power. The 2022 Series D Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the 2022 Series D Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2022 Series D Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the commissioners of the Commission nor any persons executing the 2022 Series D Bonds shall be liable personally on the 2022 Series D Bonds by reason of the issuance thereof</u>. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2022 Series D Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2022 Series D Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturities thereof, at the principal amount thereof, together with interest accrued thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2022 Series D Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2022 Series D Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2022 Series D Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of the principal of and premium, if any, and interest on this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof.

IN WITNESS WHEREOF, the Housing Opportunities Commission of Montgomery County has caused this Bond to be executed in its name by the facsimile signature of its Chair and its corporate seal to be hereunto impressed or imprinted hereon and attested to by the facsimile signature of its Secretary-Treasurer.

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

(SEAL)

By: ______________________________________
Roy O. Priest
Chairman

Attest:

____
Kayrine V. Brown
Acting Secretary-Treasurer

[If a payment grid is to be added to the Bond, the following is to be inserted after the signature pages:]

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder Signature
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________
______	_________	_________	______________________

[If any of the 2022 Series D Bonds are to be printed, the Commission may place the "IN WITNESS WHEREOF" clause, signatures and seal on the face of such Bonds and insert on the face of such Bonds the following language:]

(optional language to be inserted on face of
any 2022 Series D Bonds to be printed)

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Bond Resolution and is one of the Single Family Mortgage Revenue Bonds, 2022 Series D of the Housing Opportunities Commission of Montgomery County.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., TRUSTEE

By: ______________________________
Authorized Signatory

Date of Authentication: _______________

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ____________________________ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _________________________ to transfer the within-mentioned Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _________________________________

Signature: _______________________ (Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program or similar program (STAMP, SEMP, MSP).)

Please insert social security or other identifying number of assignee: ___________

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

* * * * * * * * * *

EXHIBIT A — MODE CHART FOR VARIABLE RATE BONDS

	DAILY MODE	WEEKLY MODE	MONTHLY MODE	QUARTERLY MODE	SEMIANNUAL MODE
Rate Determination Date	Each Business Day by 10:00 A.M.[1]	For Liquidity Facility Bonds, Effective Rate Date by 10:00 A.M. For R-FLOATS, Effective Rate Date by 10:00 A.M.	First Business Day preceding Effective Rate Date by 4:00 P.M.	First Business Day preceding Effective Rate Date by 4:00 P.M.	First Business Day preceding Effective Rate Date by 4:00 P.M.
Effective Rate Date	Daily	• For Liquidity Facility Bonds, each Wednesday; • For R-FLOATS, each Thursday	First day of each calendar month	January 1, April 1, July 1 and October 1 of each year	January 1 and July 1 of each year
Statement of Effective Rate	Trustee to provide or cause to be provided to Holder monthly statement of Daily Effective Rates for prior month within 7 Business Days of end of each calendar month	Trustee to provide or cause to be provided to Holder monthly statement of Weekly Effective Rates for prior month within 7 Business Days of end of each calendar month	Trustee to provide or cause to be provided to Holder notice of Effective Rate within 7 Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Holder notice of Effective Rate within 7 Business Days following the respective Rate Determination Dates	Trustee to provide or cause to be provided to Holder notice of Effective Rate within 7 Business Days following the respective Rate Determination Dates
For Liquidity Facility Bonds: Irrevocable Notice of Tender by Holder to Remarketing Agent or Tender Agent and Tender and Purchase Date (Within Mode Period)	Notice by Holder to Remarketing Agent or, if unavailable, Tender Agent not later than 11:00 A.M. on any Business Day, which day shall also be the Tender and Purchase Date	Notice by Holder to Remarketing Agent or, if unavailable, Tender Agent not later than 5:00 P.M. on any Business Day at least 7 calendar days prior to the purchase date, which shall be any Business Day and shall be set forth in the Tender Notice	Notice by Holder to Remarketing Agent or, if unavailable, Tender Agent not later than 5:00 P.M. on the Business Day 7 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice	Notice by Holder to Tender Agent not later than 5:00 P.M. on the Business Day 13 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice	Notice by Holder to Tender Agent not later than 5:00 P.M. on the Business Day 15 days prior to next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice

[1] All times referred to in this Mode Chart for Variable Rate Bonds are New York City time.

	DAILY MODE	WEEKLY MODE	MONTHLY MODE	QUARTERLY MODE	SEMIANNUAL MODE
R-FLOATS: Irrevocable Notice of Tender by Holder to Remarketing Agent or Tender Agent and Tender and Purchase Date (Within Mode Period)	Notice by Holder to Remarketing Agent not later than 11:00 A.M. on any Business Day, which day shall also be the Tender and Purchase Date	Notice by Holder to Remarketing Agent not later than 3:00 P.M. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice	Notice by Holder to Remarketing Agent not later than 4:00 P.M. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice	Notice by Holder to Tender Agent not later than 4:00 P.M. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice	Notice by Holder to Tender Agent not later than 4:00 P.M. on the first Business Day preceding the next Effective Rate Date, which date is the Tender and Purchase Date and shall be set forth in the Tender Notice
Written Mode Change Notice; Mandatory Tender Notice	• Commission to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date • Trustee to give notice to Holders 15 days prior to Mode Change Date	• Commission to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date • Trustee to give notice to Holders 15 days prior to Mode Change Date	• Commission to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date • Trustee to give notice to Holders 15 days prior to Mode Change Date	• Commission to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date • Trustee to give notice to Holders 15 days prior to Mode Change Date	• Commission to give notice to Notice Parties of Mode Change Date 20 days prior to Mode Change Date • Trustee to give notice to Holders 15 days prior to Mode Change Date

[FORM OF 2022 SERIES D FIXED RATE BOND]

UNITED STATES OF AMERICA
STATE OF MARYLAND
HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

SINGLE FAMILY MORTGAGE REVENUE BOND
2022 SERIES D

No. RD- $11,000,000

Interest Rate	Maturity Date	Conversion Date	CUSIP No.
___%	__________	__________	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the "Commission"), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at the Interest Rate per annum identified above, semiannually on January 1 and July 1 of each year commencing January 1, 2022 (the "Interest Payment Date"), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the "Record Date") on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., Atlanta, Georgia, as trustee and registrar (the "Trustee"), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating the principal amount of such redemption and the date thereon on the Payment Grid attached hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2022 Series D Bonds in the aggregate principal amount of $11,000,000 (the "2022 Series D Bonds") issued for the purpose of making funds available to carry out its program of making or purchasing qualified mortgage loans (the "Mortgage Loans") for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2022 Series D Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2022 Series A in the aggregate principal amount of $19,135,000 (the "2022 Series A Bonds") and its Single Family Mortgage Revenue Bonds, 2022 Series B in the aggregate principal amount of $2,940,000 (the "2022 Series B Bonds"), and its Single Family Mortgage Revenue Bonds, 2022 Series C in the aggregate principal amount of $3,865,000 (the "2022 Series C Bonds," and together with the 2022 Series A Bonds, the 2022 Series B Bonds and the 2022 Series D Bonds, the "2022 Series Bonds").

The 2022 Series D Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission's Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2022 Series D Resolution adopted by the Commission as of June 1, 2022 (collectively, the "Bond Resolution"). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2022 Series D Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2022 Series D Bonds and the terms upon which the 2022 Series D Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2022 Series D Bonds are issuable as registered 2022 Series D Bonds without coupons in the denomination of $5,000, or any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2022 Series D Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2022 Series D Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer during the fifteen day period next preceding an Interest Payment Date or in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2022 Series D Bonds shall be subject to prior redemption and purchase in lieu of redemption as provided in the Bond Resolution. Fixed Rate Bonds resulting from the Conversion of Variable Rate Bonds are redeemable at the option of the Commission, from any source of funds, in whole or in part (and if in part in an Authorized Denomination), on any date on or after the July 1 nearest the end of the No-Call Period described below, at the following redemption prices (expressed as percentages of the principal amount of the 2022 Series D Bond called for redemption) plus accrued interest to the date fixed for redemption:

Term to Maturity	**No-Call Period**	**Redemption Price**
15 years or more	9 years from the Conversion Date	100%
More than five years but less than 15 years	50% of the term from the Conversion Date to Maturity	100%
Five years or less	Term to Maturity	Not subject to optional redemption

Except as provided above, the Commission shall select 2022 Series D Bonds for redemption in accordance with the provisions of the Bond Resolution. If less than all 2022 Series D Bonds, the particular 2022 Series D Bonds to be redeemed shall be selected by the Trustee by lot in accordance with the provisions of the Bond Resolution.

If any of the 2022 Series D Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2022 Series D Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2022 Series D Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2022 Series D Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County, 1974, as amended, known as the Housing Opportunities Act, and a certain Memorandum of Understanding By and Between the Commission and Montgomery County, Maryland.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. The Commission has no taxing power. The 2022 Series D Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the 2022 Series D Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2022 Series D Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the commissioners of the Commission nor any persons executing the 2022 Series D Bonds shall be liable personally on the 2022 Series D Bonds by reason of the issuance thereof. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2022 Series D Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2022 Series D Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturity thereof, at the principal amount thereof, together with interest thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2022 Series D Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2022 Series D Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2022 Series D Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof.

IN WITNESS WHEREOF, the Housing Opportunities Commission of Montgomery County has caused this Bond to be duly executed in its name by the manual or facsimile signature of its Chairman and has caused its corporate seal or a facsimile thereof to be impressed or otherwise printed hereon and attested to by the manual or facsimile signature of its Secretary-Treasurer.

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

(SEAL)

By: ______________________________
Roy O. Priest
Chairman

Attest:

____
Kayrine V. Brown
Acting Secretary-Treasurer

[If a payment grid is to be added to the Bond, the following is to be inserted after the signature pages:]

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder Signature

[If any of the 2022 Series D Bonds are to be printed, the Commission may place the "IN WITNESS WHEREOF" clause, signatures and seal on the face of such Bonds and insert on the face of such Bonds the following language:]

(optional language to be inserted on face of any 2022 Series D Bonds to be printed)

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within-mentioned Bond Resolution.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: ______________________________
Authorized Signature

Date of Authentication:

____

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ______________________________ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____________________________ to transfer the within-mentioned Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _______________

Signature: ____________________________ (Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program or similar program (STAMP, SEMP, MSP))

Please insert social security or other identifying number of assignee: ____________

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

[FORM OF 2022 SERIES D INDEXED RATE BOND]

UNITED STATES OF AMERICA
STATE OF MARYLAND
HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

SINGLE FAMILY MORTGAGE REVENUE BOND
2022 SERIES D

No. RD– $11,000,000

Interest Rate	Maturity Date	Conversion Date	CUSIP No.
Variable	__________	__________	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

KNOW ALL PERSONS BY THESE PRESENTS that the Housing Opportunities Commission of Montgomery County, a public body corporate and politic of the State of Maryland (the "Commission"), for value received, promises to pay from the sources and as hereinafter provided, to the Registered Owner identified above or registered assigns, on the Maturity Date identified above, the Principal Amount identified above, and in like manner to pay interest on said sum from the Dated Date identified above, at the Interest Rate per annum identified above, semiannually on January 1 and July 1 of each year commencing January 1, 2022 (the "Interest Payment Date"), until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption of this Bond before maturity may become applicable hereto. Interest on this Bond is payable by check mailed to the Registered Owner hereof as his or her name and address appear as of the close of business on the 15th day of the month next preceding each Interest Payment Date (the "Record Date") on the registration books of the Commission maintained by The Bank of New York Mellon Trust Company, N.A., Atlanta, Georgia, as trustee and registrar (the "Trustee"), or a successor thereto, or at such other addresses as are furnished to the Trustee in writing by such Registered Owner on or prior to the Record Date or, upon timely written request of a Registered Owner and payment of wire transfer fee, by wire transfer from the Trustee to the Registered Owner. The principal and redemption premium, if any, and interest due at maturity or upon redemption or purchase of this Bond will be payable at the designated corporate trust office of the Trustee in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

In the event of a partial redemption of this Bond, the Registered Owner hereof is authorized to effect a reduction in the face amount of this Bond by making a notation indicating the principal amount of such redemption and the date thereon on the Payment Grid attached hereto, in lieu of surrendering this Bond to the Trustee for cancellation and the issuance of a new Bond or Bonds in the amount of the unredeemed portion hereof. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND MAY BE LESS THAN THE STATED FACE AMOUNT HEREOF AND THE RECORDS OF THE TRUSTEE SHALL BE CONCLUSIVE AS TO THE OUTSTANDING PRINCIPAL AMOUNT HEREOF, NOTWITHSTANDING THE FAILURE OF THE REGISTERED OWNER TO MAKE ANY NOTATION ON SUCH PAYMENT GRID OF THE REDEMPTION OF A PORTION THEREOF, AND SHALL BE BINDING UPON THE REGISTERED OWNER, ANY HEIRS, SUCCESSORS OR ASSIGNS, OR ANY TRANSFEREE OR PURCHASER OF THIS BOND. ANY PURCHASER OR TRANSFEREE OF THIS BOND SHOULD CONTACT THE TRUSTEE TO ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF.

This Bond is one of an authorized issue of 2022 Series D Bonds in the aggregate principal amount of $11,000,000 (the "2022 Series D Bonds") issued for the purpose of providing funds for the Commission to carry out its program of making or purchasing qualified mortgage loans (the "Mortgage Loans") for the acquisition, construction, and rehabilitation of dwelling accommodations for persons of eligible income to facilitate the development of a sufficient supply of single family residential housing in Montgomery County, Maryland for such persons, including providing funds for various reserve funds. Simultaneously with the issuance of the 2022 Series D Bonds, the Commission has issued its Single Family Mortgage Revenue Bonds 2022 Series A in the aggregate principal amount of $19,135,000 (the "2022 Series A Bonds") and its Single Family Mortgage Revenue Bonds, 2022 Series B in the aggregate principal amount of $2,940,000 (the "2022 Series B Bonds"), and its Single Family Mortgage Revenue Bonds, 2022 Series C in the aggregate principal amount of $3,865,000 (the "2022 Series C Bonds," and together with the 2022 Series A Bonds, the 2022 Series B Bonds and the 2022 Series D Bonds, the "2022 Series Bonds").

The 2022 Series Bonds are all issued under and are equally and ratably secured by and entitled to the protection of the Commission's Single Family Mortgage Revenue Bond Resolution No. 79-26, adopted March 28, 1979, as amended, and the 2022 Series D Resolution (the "Series D Resolution") adopted by the Commission as of June 1, 2022 (collectively, the "Bond Resolution"). The Bond Resolution provides that the Commission may hereafter issue additional Bonds from time to time under certain terms and conditions contained in the Bond Resolution and, if issued, such additional Bonds will rank pari passu with this issue of 2022 Series D Bonds and be equally and ratably secured by and entitled to the protection of the Bond Resolution. Reference is hereby made to the Bond Resolution for a description of the property pledged and assigned, the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Commission, the Trustee and the owners of the 2022 Series D Bonds and the terms upon which the 2022 Series D Bonds are issued and secured.

The Commission and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and premium, if any, and interest due hereon and for all other purposes and neither the Commission nor the Trustee shall be affected by any notice to the contrary.

The 2022 Series D Bonds are issuable as registered 2022 Series D Bonds without coupons in the denomination of $100,000 or any integral multiple of $5,000 in excess thereof. Subject to the limitations and upon payment of the charges provided in the Bond Resolution, registered 2022

Series D Bonds, upon surrender thereof at the designated corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner thereof or by his or her attorney duly authorized in writing, may be exchanged, at the option of the Registered Owner thereof, for a like aggregate principal amount of registered 2022 Series D Bonds without coupons of other authorized denominations of the same Series and the same maturity. This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds of the same Series and the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Trustee is not required to make any exchange or transfer in the case of any proposed redemption of Bonds of such Series, after the first publication or the mailing of notice calling such Bonds or portions thereof for redemption has been given as herein provided, or during the fifteen days next preceding the date of the first publication of notice of such redemption.

The 2022 Series D Bond shall bear interest during each Index Accrual Period at the applicable Indexed Rate as set forth in the Bond Resolution, calculated on the basis of a 360-day year for the number of days actually elapsed. "*Index Accrual Period*" means, with respect to any 2022 Series D Bonds bearing interest at an Indexed Rate (i) determined in accordance with Section 2.05(g)(1) or Section 2.05(g)(2) of the Series D Resolution, the period commencing on the Conversion Date of such Bonds to but excluding the day occurring one week thereafter and each one week period thereafter and (ii) determined in accordance with Section 2.05(g)(3) or Section 2.05(g)(4) of the Series D Resolution, the period commencing on each January 1, April 1, July 1 and October 1 to and including the following December 31, March 31, June 30 and September 30 respectively; provided that the initial Index Accrual Period shall be the period commencing on the Conversion Date of such Bonds and ending on the immediately succeeding December 31, March 31, June 30 and September 30. "*Index Adjustment Factor*" means, with respect to any 2022 Series D Bonds bearing interest at an Indexed Rate determined in accordance with Section 2.05(g)(2) or Section 2.05(g)(4) of the Series D Resolution, the per annum spread to the related Index (expressed in basis points) established on the Index Determination Date immediately preceding the Conversion Date for such Bonds in accordance with Section 2.05 of the Series D Resolution. "*Index Determination Date*" means, with respect to any Index Accrual Period, the second Business Day preceding the beginning of such Index Accrual Period. "*Index Percentage*" means, with respect to 2022 Series D Bonds bearing interest at an Indexed Rate determined in accordance with Section 2.05(g)(1) or Section 2.05(g)(3) of the Series D Resolution, the percentage of the related Index established on the Conversion Date for such Bonds in accordance with Section 2.05 of the Series D Resolution. "*Index*" means, with respect to any 2022 Series D Bonds, the interest rate index (SIFMA (formerly BMA)) or, upon receipt of written confirmation from the rating agency then maintaining a rating on the 2022 Series D Bonds that the rating on the 2022 Series D Bonds has not been withdrawn, reduced or suspended, SOFR, specified by the Commission in connection with the Conversion of such Bonds to be used in the Index Rate Determination Method with respect to such Bonds. "*SIFMA*" means, with respect to any Index Accrual Period, the per annum rate equal to the SIFMA Index (formerly the Bond Market Association Municipal Swap Index) in effect on the applicable Index Determination Date; provided, however, that if the SIFMA Index shall become unavailable, SIFMA shall be deemed to be a comparable index selected by the Remarketing Agent prior to the Conversion of 2022 Series D Bonds to an Indexed Rate. "*SIFMA Index*" means the index published by the Securities Industry and Financial Markets Association based upon data compiled by Municipal Market Data concerning taxable or tax-exempt (as applicable) variable rate issues, indices maintained by *The Bond Buyer*, and other publicly available taxable or tax-exempt (as applicable) interest rate indices). "*SOFR*" means the Secured Overnight Financing Rate. "*Index Rate Determination Method*" means, with respect to any 2022 Series D Bonds, the method for determining the Indexed Rate for such Bonds for each Index Accrual Period, as selected by the Commission in accordance with Section 2.05(g) of the Series D Resolution. "*Indexed Rate*" means, with respect to any Index Accrual Period and any 2022 Series D Bonds, a per annum rate determined in accordance with the Index Rate Determination Method specified upon the Conversion of such Bonds; provided that the Indexed Rate for any Index Accrual Period shall not exceed the Maximum Rate.

The 2022 Series D Bonds are subject to prior redemption and purchase in lieu of redemption as provided in the Bond Resolution. The 2022 Series D Bonds are also subject to mandatory and optional tender at the times, under the conditions and at the prices set forth in the Bond Resolution.

Except as provided above, the Commission shall select 2022 Series D Bonds for redemption in accordance with the provisions of the Bond Resolution. If less than all 2022 Series D Bonds, the particular 2022 Series D Bonds to be redeemed shall be selected by the Trustee by lot in accordance with the provisions of the Bond Resolution.

If any of the 2022 Series D Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the 2022 Series D Bonds or portions thereof to be redeemed will be given by the Trustee by mailing a copy of the redemption notice at least twenty (20) days before the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books. All 2022 Series D Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that funds for their redemption are on deposit at the place of payment at that time.

The 2022 Series D Bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Maryland, particularly Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and Chapter 41 of the Laws of Montgomery County, 1974, as amended, known as the Housing Opportunities Act, and a certain Memorandum of Understanding By and Between the Commission and Montgomery County, Maryland, effective as of June 29, 2018.

This Bond and the issue of which it forms a part and the interest thereon are limited obligations of the Commission and are payable solely out of the Revenues and other assets of the Commission pledged therefor pursuant to the Bond Resolution. <u>The Commission has no taxing power. The 2022 Series D Bonds do not constitute a debt of Montgomery County, the State of Maryland or any political subdivision thereof and neither Montgomery County, the State of Maryland nor any political subdivision thereof shall be liable thereon, nor in any event shall the 2022 Series D Bonds be payable out of any funds or properties of the Commission other than those pledged therefor. The 2022 Series D Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the commissioners of the Commission nor any persons executing the 2022 Series D Bonds shall be liable personally on the 2022 Series D Bonds by reason of the issuance thereof</u>. Payments sufficient for the prompt payment, when due, of the principal of, premium, if any, and interest on the 2022 Series D Bonds are to be paid to the Trustee for the account of the Commission, which payments have been duly pledged and assigned for that purpose.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Bond Resolution or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Resolution, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Bond Resolution. In certain events, on the conditions, in the manner and with the effect set forth in the Bond Resolution, the principal of all the 2022 Series D Bonds issued under the Bond Resolution and then outstanding may become or may be declared due and payable before the stated maturity thereof, at the principal amount thereof, together with interest thereon to the date of acceleration.

The Bond Resolution permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Commission and the rights of the owners of the 2022 Series D Bonds at any time by the Commission with the consent of the owners of two-thirds in Aggregate Principal Amount of the 2022 Series D Bonds at the time outstanding, as defined in the Bond Resolution. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any 2022 Series D Bond issued in replacement thereof whether or not notation of such consent or waiver is made upon this Bond. The Bond Resolution also contains provisions permitting the Trustee to waive certain defaults under the Bond Resolution and their consequences.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Bond Resolution and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the issue of which it forms a part, together with all other obligations of the Commission, does not exceed or violate any constitutional or statutory limitation; and that the amounts pledged to the payment of this Bond and the issue of which it forms a part, as the same become due, are expected to be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Trustee or an authorized signatory thereof.

IN WITNESS WHEREOF, the Housing Opportunities Commission of Montgomery County has caused this Bond to be duly executed in its name by the manual or facsimile signature of its Chairman and has caused its corporate seal or a facsimile thereof to be impressed or otherwise printed hereon and attested to by the manual or facsimile signature of its Secretary-Treasurer.

HOUSING OPPORTUNITIES COMMISSION
OF MONTGOMERY COUNTY

(SEAL)

By: ______________________________
Roy O. Priest
Chairman

Attest:

____
Kayrine V. Brown
Acting Secretary-Treasurer

[If a payment grid is to be added to the Bond, the following is to be inserted after the signature pages:]

PAYMENT GRID

Date of Payment	Principal Amount Paid	Principal Amount Outstanding	Holder Signature
______	_________	_________	_________________
______	_________	_________	_________________
______	_________	_________	_________________
______	_________	_________	_________________
______	_________	_________	_________________
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______	_________	_________	_________________
______	_________	_________	_________________
______	_________	_________	_________________
______	_________	_________	_________________
______	_________	_________	_________________

[If any of the 2022 Series D Bonds are to be printed, the Commission may place the "IN WITNESS WHEREOF" clause, signatures and seal on the face of such Bonds and insert on the face of such Bonds the following language:]

(optional language to be inserted on face of
any 2022 Series D Bonds to be printed)

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is one of the Bonds described in the within-mentioned Bond Resolution.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., TRUSTEE

By: ________________________________
Authorized Signature

Date of Authentication:

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ______________________________ the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____________________________ to transfer the within-mentioned Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _______________

Signature: ____________________________ (Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program or similar program (STAMP, SEMP, MSP))

Please insert social security or other identifying number of assignee: ____________

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

<u>EXHIBIT B</u>

Flow of Funds Memorandum

See Tab 47

FINANCIAL ADVISOR CONTRACT: APPROVAL OF FIRM TO SERVE THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY, AS FINANCIAL ADVISOR, IN ACCORDANCE WITH REQUEST FOR PROPOSAL #2318

June 8, 2022

- The current Financial Advisor contract with Caine Mitter & Associates Incorporated ("CMA" or "Caine Mitter") expires on June 30, 2022.
- A Request for Proposal ("RFP") #2318 was published on the Housing Opportunities Commission of Montgomery County's ("HOC" or "Commission") website and electronically mailed to 24 firms that provide financial advisory services to issuers of municipal bonds for housing finance programs. On April 18, 2022, the RFP response date, one proposal was received from Caine Mitter.
- Given that Caine Mitter was the sole respondent, it was determined that neither scoring nor an interview was necessary; nevertheless, Caine Mitter's proposal was reviewed and it was found that it met the minimum qualifications. It was further evaluated based upon all scoring criteria set forth in the RFP.
- Staff has completed its review of the proposal, and Caine Mitter is suitable and qualified to serve as Financial Advisor to the Commission.
- Staff recommends that the Commission accept its recommendation, which is supported by the Development and Finance Committee, having considered this item at its meeting on May 27, 2022, and award Caine Mitter & Associates Incorporated with a new contract, as Financial Advisor to the Housing Opportunities Commission of Montgomery County, in accordance with RFP #2318 and the Procurement Policy. The new initial term will be four (4) years with two (2) optional one-year renewals.
- Staff further recommends, which is also supported by the Development and Finance Committee, that the Commission authorize the Acting Executive Director or Executive Director to negotiate and execute a new contract with Caine Mitter & Associates Incorporated for an annual amount of up to $500,000.

M E M O R A N D U M

TO: Housing Opportunities Commission, Development & Finance Committee

VIA: Kayrine V. Brown, Acting Executive Director

FROM: Staff: Jennifer H. Arrington Division: Mortgage Finance Ext. 9760

RE: **Financial Advisor Contract**: Approval of Firm to Serve the Housing Opportunities Commission of Montgomery County, as its Financial Advisor, in Accordance with Request for Proposal #2318

Date: June 8, 2022

STATUS: Committee Report: Deliberation __X___

OVERALL GOAL & OBJECTIVE:
To recommend a qualified firm to provide financial advisory services to the Housing Opportunities Commission of Montgomery County (the "Commission", "HOC', "Agency") that will enable it to continue to operate its single family and multifamily housing bond programs (the "Programs") in pursuit of its affordable housing goals.

BACKGROUND:
On June 7, 2017, the Commission approved the selection of Caine Mitter & Associates Incorporated ("Caine Mitter" or "CMA") to serve as financial advisor for a new contract term, initially for two (2) years with three (3) optional one-year renewals for a maximum contract term of five (5) years. Renewals must be approved by the Commission in accordance with the current Procurement Policy. The contract term commenced on July 1, 2017, and the initial two-year term ended June 30, 2019. The subsequent one-year renewals were approved by the Commission on May 8, 2019, February 5, 2020, and April 7, 2021. With the existing contract's third and final renewal period set to expire on June 30, 2022, a Request for Proposal ("RFP") #2318 for firms to provide financial advisory services to the Commission was published on HOC's website and electronically mailed to 24 firms on March 28, 2022. Only one (1) offeror responded – Caine Mitter.

<u>The Financial Advisor</u>
As the principal regulator in the municipal securities market, the Municipal Securities Rulemaking Board ("MSRB") develops rules for financial professionals designed to ensure a fair and efficient market by preventing fraud and other unfair practices, establishing professional qualifications, supporting market transparency, and applying uniform practices to the industry. Among these rules are those that regulate the activities of municipal advisors and clarify their obligations to the state and local governments and other municipal entities that engage their services. All municipal financial advisors must be registered with the MSRB, and any of the advisor's staff that provides financial advisory services must have passed the Series 50 examination.

An effective Financial Advisor to the Commission is expected to perform the following functions:

- Provide advice for the structuring and management of its municipal Programs to optimize the Commission's resources. At the transaction level, it structures bond issuances, prepares quantitative cash flow analyses for each transaction, and provides annual analysis for its parity indentures under which single family and multifamily housing bonds are issued. This ensures that rating-agency-required cash flow stress runs are successful and that the issued securities are yield compliant within the meaning of the Internal Revenue Code ("IRC"). If cash flow services and program structuring are not provided by the Financial Advisor, they would need to be contracted out, as HOC has not built the capability into its operations, preferring instead a contract approach. Though not required, CMA also assumes responsibility for drafting an official statement (equivalent to a prospectus) for each HOC bond issue.
- Coordinate the team that is responsible for various aspects of the bond issuance process such as underwriters, bond counsel, trustees, rating agency, Commission staff, and other professionals as needed. The Financial Advisor necessarily interacts with key housing finance industry participants and has direct access to changes in the industry; therefore, the Commission is provided with current and accurate information about the municipal bond markets and general financial market conditions that may affect the management of its Programs, including investment strategies, regulatory and statutory compliance, housing finance products, and market trends. This is a critical function as the municipal market is dynamic and evolving.
- Assist with Internal Revenue Service ("IRS") audits, Securities & Exchange Commission ("SEC") reviews, MSRB inquiries, continuing disclosure matters, and rating agency reporting and reviews.
- Conduct market surveillance and interact with Federal, State, and local housing participants to recommend the best execution, one that enables HOC to deliver affordable housing efficiently and at the lowest cost.
- Generally inform the Commission of current market conditions and financing techniques being employed to optimize these conditions.

Current Financial Advisor Relationship

In 2017, Caine Mitter was awarded a new contract term (two (2) years, initially, with three (3) additional on-year extensions), as financial advisor to the Commission. It has been providing financial advisory services to the Commission since 1979, which has enabled the Commission to sell or remarket approximately $5.8 billion of bonds to fund and maintain its single family and multifamily housing programs. Since January 2017, the Commission has issued approximately $548.6 million in bonds, which consist of short-term and long-term bonds, draw down bonds, tax-exempt and taxable bonds, and fixed- and floating-rate bonds.

During the contract term, items of note include Caine Mitter successfully implementing structuring techniques, including recyclings, which allowed the Commission to recycle existing private activity bond proceeds without using annual allocated volume cap. For three (3) years (2019 to 2021) the single family program has utilized this strategy in order to remain constant in the market. This same technique was used in 2020 for the multifamily program, whereby the Commission was able to refund $100 million of Maryland Housing and Community Development maturing private activity bonds and recycle the proceeds to finance The Laureate (formerly, West Side Shady Grove).

CMA was also instrumental in the development of a new General Trust Indenture (hereinafter the "2019 Indenture") that issues Program Revenue Bonds, which may be private activity bonds or governmental bonds. The 2019 Indenture allows for the issuance of bonds to reimburse the Commission for certain capital expenditures it has incurred, and through the reimbursement, funds are made available for HOC to fund its Programs. The single family program was the first to utilize the 2019 Indenture. Its creation solved for a $30 million shortfall in volume cap that would have been necessary for a typical tax-exempt, private activity single family bond issuance.

Further, CMA has applied its creativity in the development of the Montgomery County funded $50 million Housing Production Fund ("HPF"), which was approved by the Commission in May 2021. This fund will provide revolving, low-cost, construction-period financing to HOC's developments. To fund the HPF and subject to annual appropriation, the County will make annual principal and interest payments of no more than $3.4 million. This pledge in a Funding Agreement, which funded a bond issuance of $50 million of HOC-issued bonds. The bonds will be repaid over twenty years, after which the fund will continue to revolve at no additional cost to the County. At $50 million, the HPF will fund the construction of approximately 3,500 affordable multifamily units over the 20-year life of the bonds.

However, to bring into sharper focus the specialty that Caine Mitter brings to the Commission, it is important to understand the history of three successful firms in housing finance. CMA's predecessor firms include Caine & Midgley Incorporated (1978-1981), Caine Gressel, Midgley Slater Incorporated (1981-1991), and CGMS Incorporated (1991-1998). Its main and closest competitors in terms of housing finance advisory are CSG Advisors Incorporated and CFX Incorporate, which are both spin offs from CGMS.

Additionally, over the years, as the capital markets have changed in response to financial crises and their aftermath, requiring Housing Finance Agencies ("HFAs") to respond by using a variety of sophisticated financing techniques. Caine Mitter has worked hard to provide the level of financial advisory services needed by these HFAs. Since the financial crisis in 2008, Caine Mitter has not lost any clients to its closest competitors and during that same period, Caine Mitter has added 19 HFAs to its client base , some from its closest competitors and some of CMA's competitor's clients have added Caine Mitter to provide a higher level service.

Procurement

The Commission's current procurement policy provides for the selection of a financial advisor for an initial four-year term and two (2) additional one-year terms.

On March 28, 2022, RFP #2318 for firms to provide financial advisory services to the Commission was published on HOC's website and electronically mailed to 24 financial advisory firms. On April 18, 2022, staff received one (1) response from Caine Mitter. Based upon the lack of response from other qualified financial advisory firms, it is surmised that the market is well aware of the long standing relationship the Agency has had with Caine Mitter and chose not to compete.

Upon review of CMA's proposal it was determined that it met the minimum qualifications, as noted in RFP #2318, which are listed below.

Minimum Qualifications	*Requirement*
Prior Experience	Fifteen (15) years of continuous experience in providing financial advisory service to Housing Finance Agencies ("HFAs"); 15 years of continuous experience with at least five (5) local and/or state HFAs; and, experience during the past five (5) years working with HFA programs that involved a

Minimum Qualifications	Requirement
	variety of single family and multifamily housing bonds issued in stand-alone or under parity indentures and secondary market financings (such as TBA), involving typical and innovative structures.
Insurance Requirements	Ability to meet HOC's insurance requirements for commercial general liability, umbrella liability, professional/management liability, automobile liability, fidelity bond or crime, worker's compensation, and cyber insurance.
Capacity	Demonstrate capacity of performing the potential volume and type of services, as required by HOC, and must be available at all times to render services required under the contract.
Registered Municipal Advisor	Be a registered Municipal Advisor pursuant to requirements of the Municipal Securitized Rulemaking Board, and at least one (1) member of the team must have passed the MSRB's Municipal Advisor Representative Qualification Examination (Series 50).
Technology	Demonstrate sufficient capacity to produce bond cash flows for housing finance programs for rating agencies, and must also demonstrate its capabilities for managing secondary market trades, as well as, analyzing and providing advice on derivative products for the Commission.

Evaluation Consideration

The evaluation criteria outlined in RFP #2318 are summarized below. Given that CMA was the sole respondent, it was determined that neither scoring nor an interview was necessary; nevertheless, CMA's proposal was evaluated based upon the required criteria.

Financial Advisory Team (40%)	An evaluation of the qualifications, expertise, general reputation and ability to work with HOC of those individuals who will be responsible for the performance of the services; the financial advisory team's expertise in the fields of municipal finance in general, and housing financing in particular; and, the financial advisory team's availability for consultation with or advice to HOC during the contract period. Must also demonstrate knowledge of HOC's programs and financing methods.
Prior Experience in Public Finance and Related Areas (20%)	An evaluation of the quality and quantity of the financial advisor's significant experience and expertise in the area of public finance and related areas with emphasis on: (1) quality and relevance of prior experience in the field of housing finance, particularly with state and local HFAs; (2) quality and relevance of prior experience in or knowledge of public finance and the syndication and sale of bonds; and, (3) quality and relevance of knowledge of the programs and financing of the Commission.
Minority/Female/Disabled Participation (5%)	An evaluation of the extent and quality of the proposed participation by minority owned firms and minority persons in non-minority owned firms.
Presentation (10%)	An evaluation of the clarity, completeness, and responsiveness of the financial advisor's written proposal and, if determined, oral presentation.
Location of Office (5%)	The location of an office in Montgomery County or elsewhere in the Baltimore, MD and Washington, DC metropolitan area.
Price (20%)	The reasonableness of offeror's rate and fee proposal.

A full summary of the proposal is included as Exhibit 1.

The Proposal

Staff has completed its review of the proposal, and Caine Mitter is suitable to serve as Financial Advisor to the Commission. Headquartered in New York, New York, CMA's team has a collective 130 years of combined relevant financial advisory experience in municipal housing finance, investment banking, bond trading, derivative products, and software development, and has worked with HFAs in 32 states. Its team has advised state and local HFAs on over 2,120 single family and multifamily bond issues, totaling almost $92 billion and on almost $25 billion of Mortgage Backed Securities ("MBS") transactions. These bond issuances have financed multifamily housing, single family housing, and public infrastructure, and have involved the sale of bonds through competitive sale, negotiated sale, and private placement and have included both tax-exempt and taxable bonds. Over the past five (5) years, CMA has advised on 540 single family and multifamily financings combined, totaling almost $32 billion.

CMA has significant cash flow preparation experience, completes stress runs for all the major rating agencies, and advises on the timing and selection of bonds being redeemed or refunded in order to optimize current and future cash flows and income to the HFA. It is also a leading swap advisor to HFAs, having advised on 171 swap transactions with a total notional amount of over $3.8 billion. CMA has extensive experience working with and is in constant contact with all three (3) major municipal bond rating agencies. Furthermore, it has consulted with over 20 bond counsel firms to ensure compliance with federal and state tax laws.

The firm's staff of 15 professionals, managers and officers is made of 10 men of which three (3) are people of color (African American, Hispanic, Asian), and five (5) women of which two (2) are Asian and one (1) is African American.

Caine Mitter submitted all required information, and responded satisfactorily to questions concerning knowledge, skills, and abilities.

Fees

The fee proposal submitted by CMA was evaluated in five (5) categories: (1) Financial Advisory Services; (2) Cash Flow Analysis, Yield Calculations, Computer Charges; (3) Other Services; (4) Hourly Fees; and, (5) Expense Reimbursements. With Financial Advisory Services, based upon issuance size, making up the bulk of the financial advisor's fee, the fees proposed represent a 20% increase (or on average $7,400 more per bond issuance) since the last procurement in 2017, as fees did not increase during the existing contract term between 2017 - 2022. The cumulative rate of inflation over the course of the last five (5) years is 23%, according to the U.S. Inflation Calculator. Staff reviewed the 2017-2022 financial advisory fees, and applied the appropriate annual inflation rate to the related annual fees, and the total increase in payment that CMA would have received, if the annual inflationary rate was applied during the 2017-2022 contract period, would have equated to 3.4% over the course of the contract term. Please note that the proposed fees do not include an annual increase during a new contract term. Fees for the remaining categories increased on average by 23%, while Expense Reimbursements remain at cost for travel and lodging.

Conclusion

Staff proposes that Caine Mitter is approved as the Commission's financial advisor for a new contract term. Staff further proposes that the Commission authorize the Executive Director to negotiate and execute a contract fee not to exceed $500,000 annually.

ISSUES FOR CONSIDERATION:

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to: (1) select Caine Mitter & Associates Incorporated, as its financial advisor, for a new contract term in accordance with RFP #2318; and, (2) authorize the Executive Director to negotiate and execute a contract with Caine Mitter and Associates Incorporated for an annual amount of up to $500,000 annually at the discretion of the Commission?

PRINCIPALS:

Housing Opportunities Commission
Caine Mitter & Associates Incorporated

BUDGET IMPACT:

There is no impact to the Commission's operating budget, in general. The Financial Advisor is paid from revenues in the Single Family Indenture and from proceeds of each multifamily financing. Fees paid to the Financial Advisor are included in the cost of issuance budget for each transaction and approved by the Commission.

TIME FRAME:

For formal action at the June 8, 2022 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve Caine Mitter and Associates Incorporated to serve as Financial Advisor to the Housing Opportunities Commission for a new contract term in accordance with the Procurement Policy for an initial term of four (4) years with two (2) one-year renewals in accordance with RFP #2318, and provided that each renewal shall be subject to the Commission's approval.

Staff further recommends that the Commission authorize the Executive Director or Acting Executive Director to negotiate and execute a contract with Caine Mitter and Associates Incorporated for an annual amount of up to $500,000 annually.

Caine Mitter

Proposal Response Summary

RFP #2318 - Financial Advisor, Caine Mitter (CM)

Locations: NY, MA

		Information Submitted? Yes	No	Details	Requirement Met? Yes	No	Scorecard Reviewer Comments
MINIMUM QUALIFICATIONS							
1.	Prior Experience						
	The offeror must have at least 15 years of continuous experience in providing financial advisory service to housing finance agencies, 15 years of continuous experience with at least five (5) local and/or state housing finance agencies, and experience during the past five (5) years working with housing finance agency programs that involved a variety of single family and multifamily housing bonds issued in stand-alone or under parity indentures and secondary market financings (such as TBA), involving typical and innovative structures.	✓		Since 1978, Caine Mitter (CMA) served as financial advisor (FA) to: - 32 state and local HFAs - One state debt management division. - 5 HFAs continuously in the past 15 years - 29 HFA within past 5 years	✓		
2.	Insurance Requirement						
	The offeror shall provide documentary evidence of professional liability insurance including for malpractice in the structuring of financing that are sensitive to both the Securities and Exchange Commission ("SEC") and the Internal Revenue Service ("IRS") regulatory authority, detailing coverage and deductible amounts.	✓		Caine Mitter has professional liability insurance including for malpractice in the structuring of financings that is sensitive to SEC and IRS regulatory guidelines.	✓		Insurance certificate provided.
3.	Offeror's Capacity						
	Each offeror must demonstrate the capacity of performing the potential volume and type of services as required by HOC described in Part 3 (Scope of Services Required) below must be available at all times to render services required under the contract.	✓		Throughout our 44 year history of working with HOC, CMA has consistently proven our capacity to advise HOC on their evolving needs in terms of volume and types of services, year after year.	✓		2,120 bond issuances totaling $92BN and $25BN MBS transactions since 1978 540 bond issuance for $32BN over 5 years 1,620 cash flow projections totaling $62.1BN Innovative techniques in structuring housing financings 171 swaps for $3.8BN at 9 HFAs and 2 private developers Since 2019 advised on $1.7BN of liquidity facilities and SBPAs in 63 bond series and 13 providers Proposed team with 130 years of combined experience
4.	Registered Municipal Advisor						
	The firm must be a registered Municipal Advisor pursuant to requirements of the Municipal Securitized Rulemaking Board and at least one member of the team must have passed the MSRB's Municipal Advisor Representative Qualification Examination (Series 50).	✓		CMA is a registered Municipal Advisor pursuant to the requirements of the Municipal Securities Rulemaking Board. CMA's MSRB ID is K0184. Eleven (11) of CMA's professionals have passed the MSRB's Municipal Advisor Representative Qualification Examination, including five (5) who are assigned HOC's account.	✓		
5.	Technology						
	Each offeror must demonstrate sufficient capacity to produce bond cash flows for housing finance programs for rating agency and must also demonstrate its capabilities for managing secondary market trades as well as analyzing and providing advice on derivative products for the Commission. Offeror must be able to produce and distribute documents efficiently and in appropriate formats, including multiple draft official statements and other disclosure and legal documents. Consequently, offeror must describe its investment in the relevant technology to perform the required services and to complete any related financial analysis that may be requested by the Commission.	✓		**Capacity to Produce Parity Indenture Cash Flows**--Caine Mitter uses its own proprietary cash flow software, *"Flow"*, for modeling all rating agency cash flows for our HFA clients. **Capacity to Manage Secondary Market Trades--**CM has developed complex in-house pipeline risk management execution tools that consider all the resources available to HFAs. **Capacity to Advise on Pricing of Bonds, MBSs, and Swaps--**CM has access to Bloomberg, TM3, Tradeweb, Thomson Reuters Eikon, What's Best!, and Briefing. **Capacity to Produce and Distribute Documents--**Drafts final official statements for 4 HFAs. **Investment in Software Development.** **Data Integrity--**CM operates on a network-attached storage (NAS) system which is a key security advantage over other firms	✓		Proprietary software developed and owned by CMA.

Caine Mitter

Proposal Response Summary

RFP #2318 - Financial Advisor, Caine Mitter (CM)

Locations: NY, MA

			Information Submitted?			Requirement Met?		
		REQUIRED INFORMATION	Yes	No	Details	Yes	No	**Scorecard Reviewer Comments**
A.	**Offeror Prior Experience**							
	1.	Experience in Municipal Finance, Particularly Housing Finance						
		Describe the offeror's experience in the field of municipal finance during the last five years, with emphasis on single family and, multifamily bond issues, including number of issuances, dollar amount, name of client, whether transactions were competitive or negotiated sales, issued under parity or stand-alone indentures, and include post sale analysis. The information should also include type structure and any innovative techniques or combinations of techniques, if any. For multifamily, the information should also include the type of ownership of the development (e.g., private, governmental, non-profit) and the use of public private partnerships. For single family, it should include strategies used to navigate adverse bond market conditions.	✓		Caine Mitter has advised State and local HFAs on 2,120 SF and MF bond issues, totaling almost $92 billion and almost $25 billion of MBS transactions. The past five years, advised on 540 SF and MF financings, totaling almost $32 billion	✓		
	2.	Experience in the Design, Development and Analysis of Bond Cash Flows						
		Describe in detail, the offeror's knowledge and skills in the design and preparation of cash flow analysis and the software or other technology used in the preparation. Please include discussion of rating agency cash flows as well as cash flow analysis completed annually for state and local issuers.	✓		CMA advises HFAs on timing and selection of bonds being redeemed with the structure aimed at optimizing current and future cash flows. **1,620** cash flow projections totaling **$62.1BN** Innovative techniques in structuring housing financings In **2021,** CMA prepared consolidated cash flows for 26 single family indentures ($8.7BN) and 17 multifamily indenture cash flows ($7.7BN), and deal cash flow of $4.5BN.	✓		Prepares preliminary bond cash flows Manages information requests and rating agency questions Assists rating agencies in their review Prepares consolidated cash flows in accordance with rating agency standards Prepares and provide all cash flows scenarios (stressed)
	3.	Innovative Techniques Developed by the Offeror						
		Describe the firm's involvement with any creative or innovative techniques or solutions for financing activities related to affordable housing in the last five years. Each offeror should include at least one example of a creative innovative technique or solution in a financing, and a brief description of the offeror's involvement.	✓		Recent Innovative Projects and Successes-- 1) **Program-level market intelligence.** Provide weekly full spread mortgage rates for SF and MF programs on a variety of structures and blending strategies and daily TBA rate sheets for HFA TBA programs, which provides clients a sense of the market for specific program and cost of funds. Provides over 200 tailored sull spread, weekly SF and MF rate indications to 16 HFAs and daily TBA rate sheets to 11 HFAs. 2) **Recycling and extending volume cap.** Allows HFA to recycle private activity bond proceeds without using additional volume cap.	✓		1) HOC benefits from the program-level market intelligence 2) Most notably CMA developed strategy that allowed HOC to refund MD DHCD private activity bonds and recycle the proceeds to finance The Laureate (fka Westside Shady Grove). HOC's SF program also utilizes replacement refundings/recycling of cap.
	4.	Experience in the Field of Derivate Products for Housing Finance						
		Describe advice recently provided by the offeror that has enabled its clients to execute multifamily or single family transactions using derivative products. The offeror must provide information about the role it played in each transactions, including the dollar amount, features of the transactions, documents prepared and negotiated, the financial analysis involved, and how the client achieved the best pricing to execute its financing transaction. Describe the firm's structure that enables it to advise its clients on secondary market participation pricing. Also describe how the offeror provides routine advice to its clients on existing derivative products.	✓		Caine Mitter is a leading swap advisor to HFAs-- 1) Advise on the appropriateness of a swap and analyze the benefits, risk, and costs by reviewing the terms of the proposed transaction and its impact on the current bond issue, outstanding bond issues, and future bond financings. 2) Performs Best execution analysis and updates weekly to assist HFAs to determine best execution for each loan product including: Full Spread Bond issue, MBS/TBA Sale, Traditional MRB, Pass-through MRB, MRB/PAC/Swap.	✓		

Caine Mitter

Proposal Response Summary

RFP #2318 - Financial Advisor, Caine Mitter (CM)

Locations: NY, MA

			Information Submitted?			Requirement Met?		
B.	**Financial Soundness**							
		All firms must submit financial statements consisting of a balance sheet and income statement for their most two operating cycles.	✓		As a privately-owned firm, CM does not prepare audited financial statements. Caine Mitter's unaudited balance sheet and income statement for the years ending on Dec 31st 202 and 2019 are in Appendix VIII	✓		Total Assets / Retained Earnings / Operating income (Loss): CY 19: $2,197,530 / $1,714,084 / $N/A CY 20: $2,611,727 / $2,047,811 / $493,035
C.	**Financial Advisory Team (Specific Individuals Responsible for Performance of Contract):**							
	1.	Identify the individuals forming the financial advisory team, specify, the availability of such individuals during the next four years (note—HOC will not permit substitutions of the financial advisory team without its prior written consent), the percentage of their time allocated to the contract (the total contract time spent by each individual should equal 100%), and the extent to which each participated in the transactions described in subparagraph 4.3.A above.	✓		Thomas Caine (25%): President, 50+ yrs experience in housing related public finance Ansel Caine (10%): 16 yrs experience in public finance, expert in mortgage revenue bond, TBA and derivative markets. Bronson Martin (10%): 18 yrs experience in affordable housing finance, specializing in quantitative analysis; expert in structuring single family bond issues and provides strategic planning and capital adequacy analysis for HFAs. Patricia Ho (35%): 11 yrs experience in housing related public finance, expert in management of TBA programs, structures MBS. Jennifer Shing (10%): 8 yrs public finance experience, general financial advisory and quantitative services, performs consolidated cash flow analysis and wide range of indenture management services. Sam Rees (35%): 17+ years exerpeince in fixed income capital markets, oversees data management, performs operations under TBA program, conducts weekly market, structuring and best execution analysis. Henry Capants (5%): joined CMA in 2019, expert in management of TBA programs, structuring MBS and the execution of MBS sale in secondary market. Kevin Hudson (5%): joined CMA in 2021	✓		Staff of 15 distributed across two offices that are electronically and structurally integrated to seamlessly perform tasks together. All member of the HOC team are expected to be available for the duration of the contract.
	2.	Identify which MSRB, SEC or State securities law licenses that the specific individual and firm hold. Other licenses, accreditations, and professional association memberships should be identified as well.	✓		Caine Mitter is a registered municipal advisor pursuant to the rules of the MSRB as well as the Securities Industry and Financial Markets Association, and the Securities and Exchange Commission. Eleven (11) passed MSRB Series 50 exam (5 assigned to HOC account)	✓		Member of NCSHA, NALHFA, NAHRO Registered Municipal Advisor
	3.	Identify any possible conflicts of interest in connection with the representation of existing clients which may arise if selected to serve as HOC financial advisor and how they would be resolved.	✓		Caine Mitter has a fiduciary responsibility to its clients, acting at all times for their sole benefit and interest. At some point, a potential conflict of interest could arise in connection with our representation of MD DHCD. If such a potential conflict should arise, we would inform HOC and MD DHCD and take any steps necessary to come to a resolution. CM has served as financial advisor to both HOC and MD DHCD for over 30 years without any problems arising.	✓		
	4.	If not performed by your firm, identify other personnel or firms with responsibility for the preparation and analyses of cash flows or any other part of the contract.	✓		No other personnel or firms would be needed to provide the preparation and analyses of cash flows, or any other part of the contract.	✓		
	5.	Knowledge, Skills, and Abilities questions:	✓			✓		
	a.	Please describe your experience with assisting your clients to obtain or renegotiate liquidity support in the past three years, including type, term and aggregate dollar of transactions supported.	✓		**Liquidity**--CMA assists in procuring liquidity facilities and negotiating standby bond purchase agreements, advised on nearly **$1.7BN** of agreements for **63** bond series with **13** different providers since 2019.	✓		
	b.	What strategies do you propose for managing rating agencies, investors, liquidity providers, credit enhancers, annual state volume cap allocation?	✓		**Management Strategies**--CMA is in constant contact with all three major municipal bond rating agencies. CMA has excellent relationships with the housing staff at each firm and are well versed in each agency's current standards and criteria.	✓		
	c.	How would your firm conduct market surveillance to provide timely and accurate market information to ensure that the Commission achieves the best market price in negotiated underwritings?	✓		**Market Surveillance--**CMA's most import functions as a financial advisor would be devising unique strategies to keep HOC ahead of the curve. Feedback on Market Conditions--keep clients well informed providing weekly reports on mortgage rates, housing bond structures and yields. Unique Insight into intitiatives of other FHAs--involvement with a large number of housing bond issues and strong industry contacts mean CMA is among first to acquire key information are shared. Marketing of bonds--CMA participates on all pricing calls and analyze bond structures during the marketing of bonds to monitor actual benefits and costs.	✓		

Caine Mitter

Proposal Response Summary

RFP #2318 - Financial Advisor, Caine Mitter (CM)

Locations: NY, MA

					Information Submitted?			Requirement Met?		
	d.			What is the firm's or team members' experience with derivative products that enable the Commission to manage its interest rate risks.	✓		Caine Mitter is a leading swap advisor to HFAs and advises on the appropriateness of a swap and analyze the benefits, risk, and costs by reviewing the terms of the proposed transaction and its impact on the current bond issue, outstanding bond issues, and future bond financings; experience with various structures, including floating-to-fixed interest rate swaps, interest rate caps, and total return swaps, usually involving par termination options of a varying complexity.	✓		171 swaps for $3.8BN at 9 HFAs Advised on $1.7BN of liquidity facilities and SBPAs in 63 bond series and 13 providers, since 2019 Proposed team with 130 years of combined experience in municipal finance
	e.			How can the Commission enhance or differentiate its single family product in the secondary market?	✓		CMA provides pipeline management and TBA hedge execution services to 7 HFA clients. 1) **Integrative TBA and MRB bond program** best execution 2) **Single Family program advice** that funds mortgages with both MRBs and TBS allowing HFA to take advantage of best execution, 3) **Downpayment Assistance** whereby DPA loans are funded from a variety of sources allowing HOC to develop best execution loan structures.	✓		Actively managing over $2.6 billion in loans in 2021. Since 2012, have advised on nearly $25 billion of MBS. Have trading relationship with 30 firms
D.	Other--Any other information which the offeror considers relevant to a fair evaluation of its experience and capabilities.				✓		Unparalleled network in municipal finance which puts firm in ideal position to negotiate best structures and lowest rates for its clients. Strong rating Agency relationships with all three agencies. Member and panelist at state and local finance trade associations Performed credit quality and structuring analysis for Fannie Mae, Freddie Mac, and US Treasury.	✓		
E.	Rates and Fees:									
	1.	The offeror must submit in the proposal:								
		a.		The method proposed for determining its fee (i.e., hourly charges or per bond fee). Whichever method is proposed:	✓		Cost proposal per transaction or hourly.	✓		
			i.	The type of services amount to be charged for professional fees under the method designated.			See detailed fee schedule.			
			ii.	Any other charges the offeror would make and expenses for which reimbursement would be sought, including the method for determining the charge.			Out of pocket expenses reimbursed at cost.			
			iii.	Regardless of which method of compensation is proposed, the offeror should indicate whether it would accept the other method. If the other is unacceptable, the offeror should state the reasons.			Either per transaction or hourly fee arrangement is acceptable.			
		b.		Any other method of compensation acceptable to the offeror.	✓		None.	✓		
		c.		Pricing schedule: Offeror is required to complete Exhibit B – Proposed Fee Schedule and is requested to add additional services it proposes to that are not listed.	✓		Detailed Exhibit included.	✓		

Resolution No.: 22-53

Re: Approval of Firm to Serve the Housing Opportunities Commission of Montgomery County, as its Financial Advisor, in Accordance with Request for Proposal #2318

WHEREAS, to advance its mission and operate a successful bond financing program, the Housing Opportunities Commission of Montgomery County (the "Commission" or "HOC") engages the services of a number of industry professionals, including a Financial Advisor; and

WHEREAS, Caine Mitter & Associates Incorporated ("Caine Mitter") has successfully served the Commission since 1979 and continues to provide a high level of service and professionalism; and

WHEREAS, on June 7, 2017, the Commission approved the selection of Caine Mitter to serve as financial advisor for a term of five (5) years and the final renewal expires on June 30, 2022; and

WHEREAS, on March 28, 2022, a Request for Proposal ("RFP") #2318 for firms to provide financial advisory services was published on HOC's website and electronically mailed to 24 firms; and

WHEREAS, one qualified firm, Caine Mitter, responded to the RFP; and

WHEREAS, while it was determined that neither scoring nor an interview was necessary since only one proposal was received, Caine Mitter's proposal, including its qualifications, responses to the evaluation criteria, and its respective fee structures, was found to be qualified.

NOW THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Caine Mitter is approved to serve the Commission as Financial Advisor for a new four (4) year contract term with two (2) optional one-year renewals; provided, that each renewal shall be subject to Commission approval.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director (including the Acting Executive Director), or their designee, is authorized to negotiate and execute an initial four (4) year contract with Caine Mitter with two (2) one-year renewals on the terms and conditions outlined in RFP #2318 in an amount of up to $500,000 annually.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes and directs the Executive Director (including the Acting Executive Director), or their designee, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein, including the execution of any and all documents.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 8, 2022.

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Patrice Birdsong
Special Assistant to the Commission

AUTHORIZATION TO ENTER INTO INTEREST RATE HEDGES AND/OR NOVATIONS IN CONNECTION WITH CERTAIN SINGLE FAMILY MORTGAGE REVENUE BONDS AND MULTIFAMILY HOUSING DEVELOPMENT BONDS AND TO EXECUTE AND DELIVER DOCUMENTS IN CONNECTION THEREWITH

June 8, 2022

- Currently, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") has three (3) swaps transactions outstanding with Merrill Lynch Capital Services ("MLCS") under two (2) International Swaps and Derivatives Association Master Agreements (hereinafter "Swap Contracts"). The outstanding swaps were issued in connection with the variable rate bonds under (a) Single Family Mortgage Revenue Bonds, 2018 Series B (the "2018 Series B Bonds) to finance mortgage loans; and, (b) Multifamily Housing Development Bonds, 2011 Series A and Multifamily Housing Development Bonds, 2011 Series B (together, the "Multifamily Bonds") to finance the MetroPointe housing community.

- Bank of America Merrill Lynch desires to consolidate all its swaps under Bank of America, N.A. ("BANA"), which requires the Commission to approve a novation of the existing Swap Contracts with substantially the same terms other than dates and identification of BANA, as the new counterparty (collectively, the "Novations").

- The Novations will benefit the Commission due to BANA being a stronger Moody's rated entity than MLCS, and all legal and advisory costs, related to the Novations, will be incurred by BANA.

- Further, on May 5, 2021, by way of Resolution 2021-45, the Commission (a) approved the issuance of Single Family Mortgage Revenue Bonds, 2021 Series C (the "2021 Series C Bonds"), which were also variable rate bonds, and (b) authorized entering into a swap with a qualified counterparty to mitigate against a rise in interest rates.

- Staff has identified BANA, as the qualified swap counterparty for the 2021 Series C Bonds.

- Staff recommends that the Commission accept its recommendation, which is supported by the Development and Finance Committee, having considered this item after a verbal presentation by staff at its meeting on May 27, 2022, and authorize the Novations for the 2018 Series B Bonds and the Multifamily Bonds, and entering into a swap with BANA in connection with the 2021 Series C Bonds.

M E M O R A N D U M

TO:	Housing Opportunities Commission, Development & Finance Committee
VIA:	Kayrine V. Brown, Acting Executive Director
FROM:	Staff: Jennifer H. Arrington Division: Mortgage Finance Ext. 9760
RE:	**Mortgage Finance**: Authorization to Enter into Interest Rate Hedges and/or Novations in Connection with Certain Single Family Mortgage Revenue Bonds and Multifamily Housing Development Bonds and to Execute and Deliver Documents in Connection Therewith
Date:	June 8, 2022

STATUS: Committee Report: Deliberation __X

OVERALL GOAL & OBJECTIVE:

To obtain authorization by the Housing Opportunities Commission of Montgomery County (the "Commission", "HOC', "Agency") to enter into swaps and/or novations of swaps in connection with certain variable rate bonds issued under the Commission's Single Family and Multifamily bond programs.

BACKGROUND:

An interest rate hedge agreement or swap is a mechanism used in variable rate bond transactions to hedge against the rise in interest rates and obtain a fixed rate that is lower than that available in the market. The swap contract is an agreement between two parties that agree to swap interest rates. The parties are the issuer (the Commission) and a Counterparty (generally, a bank). The Commission would issue variable rate bonds and would have an obligation to pay its investors at a floating interest rate. To protect itself against the possibility of the interest rate on those bonds rising, the Commission would agree to pay the Counterparty a fixed rate. The Counterparty, in turn, would pay a variable rate to the Commission. Thus, the Commission has swapped rates with the Counterparty and now has a fixed rate obligation instead of a variable rate obligation. There are various risks associated with a swap, including the risk that the variable rate payment received from the Counterparty will not be the same as the variable rate paid to investors by the Commission.

Currently, the Commission has three (3) swaps outstanding with Merrill Lynch Capital Services ("MLCS") under two (2) International Swaps and Derivatives Association Master Agreements (hereinafter "Swap Contracts"). The outstanding swaps were issued in connection with the variable rate bonds under (a) Single Family Mortgage Revenue Bonds, 2018 Series B (the "2018 Series B Bonds) to finance mortgage loans; and, (b) Multifamily Housing Development Bonds, 2011 Series A and Multifamily Housing Development Bonds, 2011 Series B (together, the "Multifamily Bonds") to finance the MetroPointe housing community.

Bank of America Merrill Lynch desires to consolidate all its swaps under Bank of America, N.A. ("BANA"), which requires the Commission to approve a novation of the existing Swap Contracts with substantially the same terms other than dates and identification of BANA, as the new counterparty (collectively, the "Novations").

The Novations will benefit the Commission due to BANA (rated Aa2) being a stronger Moody's rated entity than MLCS (rated A2), and all legal and advisory costs, approximately $85,000, related to the Novations, will be incurred by BANA.

Further, on May 5, 2021, by way of Resolution 2021-45, the Commission (a) approved the issuance of Single Family Mortgage Revenue Bonds, 2021 Series C (the "2021 Series C Bonds"), which were also variable rate bonds, and (b) authorized entering into a swap with a qualified counterparty to mitigate against a rise in interest rates.

Staff has identified BANA, as the qualified swap counterparty for the 2021 Series C Bonds. In order to execute a swap for the 2021 Series C bonds with Bank of America, the Commission will need to be execute them under a new Swap Contract with BANA or under the novated Swap Contract for the Single Family Mortgage Revenue Bonds.

ISSUES FOR CONSIDERATION:
Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee, and authorize (a) the novation of Swap Contracts, replacing Merrill Lynch Capital Services with Bank of America, N.A., as swap counterparty, in connection with the variable rate bonds under the Single Family Mortgage Revenue Bonds, 2018 Series B; the Multifamily Housing Development Bonds, 2011 Series A; and, the Multifamily Housing Development Bonds, 2011 Series B; and, (b) entering into a new swap transaction in connection with the variable rate bonds under the Single Family Mortgage Revenue Bonds, 2021 Series C under a new Swap Contract or a novated Swap Contract with Bank of America, N.A., as swap counterparty?

PRINCIPALS:
Housing Opportunities Commission
Bank of America, N.A.
Merrill Lynch Capital Services (successor to Merrill Lynch Derivatives Products AG)
Caine Mitter & Associates Incorporated

BUDGET IMPACT:
None.

TIME FRAME:
For formal action at the June 8, 2022 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Commission accept its recommendation, which is supported by the Development and Finance Committee, having considered this item at its meeting on May 27, 2022, and authorize (a) the novation of Swap Contracts, replacing Merrill Lynch Capital Services with Bank of America, N.A., as swap counterparty, in connection with the variable rate bonds under the Single Family Mortgage Revenue Bonds, 2018 Series B; the Multifamily Housing Development Bonds, 2011 Series A; and, the Multifamily Housing Development Bonds, 2011 Series B; and, (b) entering into a new swap transaction in connection with the variable rate bonds under the Single Family Mortgage Revenue Bonds, 2021 Series C under a new Swap Contract or a novated Swap Contract with Bank of America, N.A., as swap counterparty.

RESOLUTION: 22-54

RE: Authorization to Enter Into Interest Rate Hedges and/or Novations in Connection with Certain Single Family Mortgage Revenue Bonds and Multifamily Housing Development Bonds and to Execute and Deliver Documents in Connection Therewith

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 effectuate the purpose of providing affordable housing, including, without limitation, by the issuance of bonds (as defined in the Act) to finance housing projects (as defined in the Act), make mortgage loans to or for the benefit of persons of eligible income, or for any of its corporate purposes;

WHEREAS, the Commission previously issued its (a) Single Family Mortgage Revenue Bonds, 2021 Series C (the "2021 Series C Bonds") and Single Family Mortgage Revenue Bonds, 2018 Series B (the "2018 Series B Bonds," and together with the 2021 Series C Bonds, the "Single Family Bonds") to finance mortgage loans for the benefit of persons of eligible income; and (b) Multifamily Housing Development Bonds, 2011 Series A and Multifamily Housing Development Bonds, 2011 Series B (together, the "Multifamily Bonds") to finance the MetroPointe housing project; and

WHEREAS, the Single Family Bonds and the Multifamily Bonds were issued, respectively, as variable rate demand obligations; and

WHEREAS, to mitigate the risk of potential increases in variable interest rates, the Commission previously entered interest rate hedge agreements (the "Prior Interest Rate Hedges") relating, respectively, to the 2018 Series B Bonds and Multifamily Bonds; and

WHEREAS, Merrill Lynch Capital Services, Inc., counterparty under the Prior Interest Rate Hedges, has informed the Commission of its intention to consolidate the Prior Interest Rate Hedges with its affiliate, Bank of America, N.A. ("BANA"), under one or more new International Swaps and Derivatives Association Master Agreements, with substantially the same terms of the Prior Interest Rate Hedges other than dates and identification of BANA as the new counterparty (collectively, the "Novations"); and

WHEREAS, the Commission has determined (a) to enter into an interest rate hedge with BANA, or such other qualified counterparty acceptable to the Commission, relating to the 2021 Series C Bonds (the "Interest Rate Hedge"), in order to reduce costs relating to, and provide better credit protection for, the 2021 Series C Bonds, in light of rising variable interest rates and (b) to enter into the Novations;

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

1. ***Authorization to Enter into the Interest Rate Hedge and the Novations***. The Commission is hereby authorized to enter into the Interest Rate Hedge and the Novations, with any scheduled or termination payment owed by the Commission being from the Commission's legally available funds, subject to agreements now or hereafter made with holders of the Commission's notes and bonds, pledging particular revenues, assets or moneys for the payment thereof, and subject to agreements with governmental agencies or other parties providing funds to the Commission and restricting the uses to which such funds may be applied. The Executive Director (including the Acting Executive Director) is hereby authorized to approve the provisions of the Interest Rate Hedge and the Novations.

2. ***Commission Documents.*** The Chair, the Vice-Chair, the Chair Pro Tem and the Executive Director (including the Acting Executive Director) of the Commission are each hereby authorized and directed to execute and deliver the Interest Rate Hedge, the Novations and any such other documents and agreements to be prepared in connection with the execution and delivery of the Interest Rate Hedges and the Novations (collectively, the "Commission Documents") in such forms as shall be approved by the Chair, the Vice Chair, the Chair Pro Tem or the Executive Director (including the Acting 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 Representative (defined below), is hereby authorized and directed to affix the seal of the Commission to the Commission Documents, where applicable, and to attest the same.

3. ***Authorizing Ongoing Determinations under Commission Documents.*** The Executive Director (including the Acting 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, including, but not limited to, the determination of other terms to be in effect with respect to the Interest Rate Hedge and the Novations as shall be set forth in the Commission Documents.

4. ***Other Action.*** The Chair or Vice Chair or Chair Pro Tem and the Executive Director (including the Acting Executive Director) of the Commission or a person designated by the Executive Director (including the Acting Executive Director) to act on his behalf (the "Authorized Representative") are each hereby authorized and directed to undertake any other actions necessary (i) for the execution and delivery of the Interest Rate Hedge and the Novations, (ii) for the performance of any and all actions required or contemplated under the Commission Documents, and (iii) for the entire period during which the Interest Rate Hedge and the Novations shall remain in effect.

5. ***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 Interest Rate Hedge and the Novations.

6. ***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 Interest Hedge and the Novations, and the execution, delivery and performance of the Commission Documents authorized hereby are in all respects approved and confirmed.

7. ***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.

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 8, 2022.

[SEAL] By:___________________________________

Patrice Birdsong
Special Assistant