Housing Opportunities Commission
OF MONTGOMERY COUNTY

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

EXPANDED AGENDA

June 3, 2015

4:00 p.m.	**I. CONSENT ITEMS**	
Page 4	**A.** Approval of Minutes of May 6, 2015	
4:05 p.m.	**II. INFORMATION EXCHANGE**	
Page 19 21	A. Report of the Executive Director B. Calendar and Follow-up Action C. Correspondence and Printed Matter D. Commissioner Exchange E. Resident Advisory Board F. Community Forum G. Status Report	
4:15 p.m.	**III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**	
 Page 26 44 49 54 60 64 70 74 107 131 146 160 166	**A. Budget, Finance & Audit Committee – *Com. Piñero, Chair*** 1. Acceptance of Third Quarter FY'15 Budget to Actual Statements 2. Approval of FY'15 Third Quarter Budget Amendment 3. Acceptance of CY'14 Tax Credit Audits 4. Authorization to Write-Off Bad Debt Related to Tenant Accounts Receivable 5. Authorization to Write-Off Bad Debt Related to the Former Fannie Mae Closing Cost Program 6. Approval of Loans and Advances to Non-HOC Owned Entities as of December 31, 2014 and as of June 30, 2014 7. Approval to Extend the $60 Million PNC Bank Line of Credit to Finance Montgomery Homes Limited Partnership (MHLP) VII and Fairfax Court Apartments 8. Approval of the Agency FY'16 Budget Amendment **B. Development & Finance Committee – *Com. Simon, Chair*** 1. Approval of Public Purpose & Feasibility and Adoption of a Resolution Authorizing the Issuance of a Tax-Exempt Note for the Acquisition and Renovation of Lakeview House Apartments 2. Approval of Revised Development Plan for Greenhills 3. Approval to Accept County Funding Related to the Permanent Relocation of Residents of Ambassador Apartments 4. Approval to Increase Contract Value for the Holly Hall Sprinkler System 5. Approval to Select Contractor to Complete Sprinkler Installation at Arcola Towers	
4:35 p.m.	**IV. ITEMS REQUIRING DELIBERATION and/or ACTION**	
Page 175	A. Authorization for the Executive Director to Enter into Consulting Contracts with Morrison Avenue Capital Partners and Censeo, Inc. for Developing and Financing Services for Town Center Apartments and Bauer Park	
187	**V. *FUTURE ACTION ITEMS**	
188	**VI. INFORMATION EXCHANGE (continued)** A. Community Forum	
189	**VII. NEW BUSINESS**	

190	VIII. **EXECUTIVE SESSION FINDINGS**	
4:55 p.m.	**ADJOURN**	
	RECESS	
5:00 p.m.	**Development Corporation Annual Meetings and Approval of Amendments to the FY'16 Operating and Capital Budgets**	
194	1. Alexander House Development Corporation	
201	2. Barclay Apartments Development Corporation	
208	3. Chevy Chase Lake Development Corporation	
215	4. Glenmont Crossing Development Corporation	
221	5. Glenmont Westerly Development Corporation	
227	6. Magruder's Discovery Development Corporation	
233	7. The Metropolitan Development Corporation	
240	8. Montgomery Arms Development Corporation	
247	9. The Oaks at Four Corners Development Corporation	
254	10. Paddington Square Development Corporation	
261	11. Pooks Hill Development Corporation	
268	12. RAD 6 Development Corporation	
276	13. Scattered Site One Development Corporation	
282	14. Scattered Site Two Development Corporation	
288	15. Sligo Hills Development Corporation	
295	16. TPM Development Corporation	
303	17. VPC One Development Corporation	
309	18. VPC Two Development Corporation	
316	19. Wheaton Metro Development Corporation	
	Limited Partnership Annual Meetings and Approval of Amendments to the FY'16 Operating and Capital Budgets	
324	1. Brookside Glen Limited Partnership	
330	2. Diamond Square Limited Partnership	
	Development Corporation Annual Meeting	
337	1. Damascus Gardens Development Corporation	
5:10 p.m.	**EXECUTIVE SESSION** A.	

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 Patrice.birdsong@hocmc.org.

Consent Items

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

Minutes
May 6, 2015

15-05

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, May 6, 2015 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:18 p.m. Those in attendance were:

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

Not Present
Jean Banks, Chair Pro Tem

Also Attending

Stacy Spann, Executive Director
Gina Smith
Kayrine Brown
Vivian Benjamin
Fred Swan
Angela McIntosh-Davis
Cathy Kramer
Bonnie Hodge
Susan Smith
Ugonna Ibebuchi
Raquel Mitchell
Mary Ellen Ewing
Tisha Lockett
Lorie Seals
Marsha Smith

Kelly McLaughlin, General Counsel
Jim Atwell
Gail Willison
Elsie Weinstein
Zachary Marks
Hyunsuk Choi
Ken Goldstraw
Ethan Cohen
Patrick Mattingly
Jennifer Arrington
Jay Shepherd
Ellen Goff
Sheryl Hammond

RAB
Kathleen Flanagan, RAB
Tiffany Green

RAB Cont'd	**Commission Support**
Linda Croom	Patrice Birdsong, Spec. Asst. to Comm.
Yvonne Coffman	**IT Support**
	Nick Monaco
	Dominique Laws

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

I. CONSENT ITEMS

A. **Approval of Minutes of Regular Meeting of April 1, 2015** – The minutes were approved as submitted.

B. **Ratification of (1) Approval to Complete Acquisition of Avondale Street Properties Pursuant to the County's Right of First Refusal Law with Funding From the PNC Bank, N.A. Real Estate Line of Credit and Authorization of Other Related Transactions; and (2) Approval of a Tax-Exempt Draw of Up to $7.5mm by HOC From The PNC Bank, N.A. Real Estate Revolving Line of Credit ($90 Million) to Acquire 4500-02, 450406, 4508-10, and 4527 Avondale Street** - The following resolution was approved.

RESOLUTION: 15-34R **RE: Ratification of (1) Approval to Complete Acquisition of Avondale Street Properties Pursuant to the County's Right of First Refusal Law with Funding From the PNC Bank, N.A. Real Estate Line of Credit and Authorization of Other Related Transactions; and (2) Approval of a Tax-Exempt Draw of Up to $7.25mm by HOC From The PNC Bank, N.A. Real Estate Revolving Line of Credit ($90 Million) to Acquire 4500-02, 450406, 4508-10, and 4527 Avondale Street**

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

WHEREAS, at an Executive Session duly called and held on April 1, 2015, with a quorum being present, the Commission duly adopted two resolutions: Resolution 15-32ES ("Acquisition Approval Resolution") and Resolution 15-33ES ("RELOC Draw Approval Resolution"), each of which authorized a draw on funds from the PNC Bank, N.A. Real Estate Line of Credit (RELOC) for the purpose of financing the acquisition of 25 units located ag 4500-02, 4504-06, 4508-10 and 4527 Avondale Street in Bethesda, Maryland ("Property"); and

WHEREAS, on April 17, 2015, the Commission drew on the RELOC for the purpose of acquiring the Property and took title to the Property; and

WHEREAS, the Commission wishes to ratify and affirm, in an open meeting, the action undertaken by the Commission in adopting the Acquisition Approval Resolution and RELOC Draw Approval Resolution and in executing the transactions contemplated therein.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Acquisition Approval Resolution, the RELOC Draw Approval Resolution and the acquisition of the Property are hereby ratified and affirmed.

C. Authorization to Amend the Amounts of the Executive Director's Contractual Authority for Architectural Services Related to the Renovation of Arcola Towers and Waverly House - The following resolutions were approved.

RESOLUTION: 15-35 **RE: Authorization to Amend the Amounts of the Executive Director's Contractual Authority for Architectural Services Related to the Renovation of Arcola Towers and Waverly House**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") faces growing challenges in its aging multifamily Public Housing structures – most prominently, functional obsolescence and pervasive systems issues as a result of age and constrained federal capital support; and

WHEREAS, HUD's Renal Assistance Demonstration program (the "RAD Program") presents the Commission with an opportunity to convert its multifamily Public Housing assets to Project-based Section 8 subsidy providing for their acquisition, construction, rehabilitation and permanent financing; and

WHEREAS, on July 30, 2013, the Commission approved participation in the RAD Program and authorized evaluation of a portfolio disposition of its remaining Public Housing assets; and

WHEREAS, on November 6, 2013, the Commission approved performance of feasibility analyses for each property in the Public Housing inventory of the Commission to determine the ultimate scope of work to be conducted in the redevelopment of these properties; and

WHEREAS, on December 18, 2013, HUD awarded a Commitment to Enter a Housing Assistance Payment contract ("CHAP") to both Arcola Towers and Waverly House; and

WHEREAS, on May 7, 2014, the Commission approved preliminary development plans for the rehabilitation, with tenants in place, of Arcola Towers and Waverly House; and

WHEREAS, on May 7, 2014, the Commission approved the selection of Miner Feinstein Architects as the architect of record for the rehabilitation of Arcola Towers and authorized the Executive Director to execute a contract with the aforementioned for its architectural and design services; and

WHEREAS, on May 7, 2014, the Commission approved the selection of Architecture By Design, Inc. as the architect of record for the rehabilitation of Waverly House and authorized the Executive Director to execute a contract with the aforementioned for its architectural and design services; and

WHEREAS, on January 14, 2015, the Commission approved a final development plan for Arcola Towers, including approximately $459,848 in development period expenditures; and

WHEREAS, on January 14, 2015, the Commission approved a final development plan for Waverly House, including approximately $440,802 in development period expenditures; and

WHEREAS, to align with the funding approved on January 14, 2015, and to account for minor changes in the project plan, the Commission wishes to amend the amount of the contractual authority for architectural services related to the renovation of Arcola Towers given to the Executive Director on May 7, 2014; and

WHEREAS, to align with the funding approved on January 14, 2015, and to account for minor changes in the project plan, the Commission wishes to amend the amount of the contractual authority for architectural services related to the renovation of Waverly House given to the Executive Director on May 7, 2014.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director to execute a contract for architectural and related services with Miner Feinstein Architects for $301,723.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director to execute a contract for architectural and related services with Architecture By Design, Inc. for $310,540.

II. INFORMATION EXCHANGE

A. Report of the Executive Director – No additional information was added to the Executive Director's written report.

B. Calendar and Follow-up Action – Chair Roman acknowledged that the Board and staff, through the Strategic Plan Retreat, have made progress in completing all Action items except for one.

Commissioner Piñero announced that he will be unable to attend the May 15th Executive Session due to out-of-town travel. He indicated that there may be a possibility to participate via GoToMeeting call.

C. Commissioner Exchange – Vice Chair Simon shared an invitation from Montgomery Housing Partnership (MHP) to attend their annual dinner meeting. Chair Roman suggested that the meeting be added to the calendar.

Commissioner Piñero thanked Vivian Benjamin, Asst. Director of Mortgage Finance, for allowing him to participate on a panel at the National Association of Local Housing Finance Agencies (NALHFA) in Miami, FL held April 29th-May 2nd. He thanked Nicholas "Nico" Deandreis, Special Assistant to the Executive Director, for his assistance in preparing his presentation for the Conference. He also thanked Nico for his assistance in preparing a presentation for the Bilingual University in Wheaton, MD, The Ana Hendorez University. Commissioner Piñero also announced that he attended the NAACP Annual Freedom Fund Dinner held on April 26th.

Chair Roman thanked staff for attending the Affordable Housing Conference Summit held on May 4th. A special thanks to Executive Director Spann for participating on her panel.

Commissioner Nelson commented on Secretary Perez's speech especially how it relates to the work that HOC is currently doing.

D. Resident Advisory Board (RAB) – Chair Roman acknowledged the RAB Interim Board Members attending the meeting: Linda Croom, Kathleen Flanagan, Tiffany Green, Yvonne Coffman. Chair Roman announced that Commissioner Hatcher will be Acting Chair of the Legislative and Regulatory Committee until the return of Commissioner Banks.

E. Community Forum – None

F. Status Report – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

A. Development and Finance Committee – Commissioner Simon, Chair

1. Approval of the Final Development Plan for Timberlawn Crescent and Pomander Court (the "Properties"), Authorization to Select General Contractors for the Renovation of the Properties, and Authorization of a Loan of Approximately $7.5 million from the Real Estate Line of Credit ($90M) with PNC Bank, N.A. to Fund the Renovation

Zachary Marks, Asst. Director of New Development, and Sheryl Hammond, Planner I, were presenters.

Chair Roman commented on the number of public purpose units reduced at Timberlawn and inquired as to the possibility of keeping the original number. Commissioner Nelson responded indicating that the issue was discussed in Committee and, in total, there was not a reduction but the focus on affordable units was very low for that particular piece of the project. He explained that staff assured that they would look at ways to increase the public purpose units on the project.

Commissioner Piñero asked as to why there were two contractors selected rather than one. Vice Chair Simon responded that the work of the two contractors balanced out the work that is required for the project. Staff explained that CBP was not selected as a subcontractor of Hamel. Hamel was selected as the only contractor for the RAD 6. Commissioner Piñero had questions concerning work performed by Folger-Pratt. Executive Director Spann explained that Folger-Pratt decided that unless they were the owner they were not extending their construction resources. Commissioner Piñero made a motion that the Board approve Hamel as the contractor for this project. Commissioner McFarland indicated that she was fine with the two recommended firms, Hamel Builders, Inc. and CBP Construction, LLC. Hearing no second the motion died.

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

RESOLUTION: 15-36a **RE: Approval of Final Development Plan, General Contractor Selection, and Interim Renovation Financing for Timberlawn Crescent and Pomander Court Apartments**

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, is authorized thereby to effectuate the purpose of providing affordable housing, including providing for the construction, rehabilitation and/or financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, the Commission entered into an Agreement with Montgomery County, Maryland (the "County"), effective July 1, 2014, as amended (together, the "Act"), and is authorized thereby to issue its notes and bonds from time to time to fulfill its corporate and public purposes; and

WHEREAS, to fulfill its mission, the Commission engages in activities to ensure the proper maintenance of its properties; and

WHEREAS, Timberlawn Crescent, a 107-unit development located in North Bethesda and Pomander Court, a 24-unit clustered townhome community located in Silver Spring (together, the "Projects") are two properties owned by TPM Development Corporation ("TPM"), a wholly controlled corporate instrumentality of the Commission, and are in need of renovation and rehabilitation; and

WHEREAS, on July 17, 2013, the Commission approved preliminary renovation and rehabilitation plans for the Projects, including exterior renovation at Timberlawn Crescent which was funded from an interim loan from the County Revolving Fund; and

WHEREAS, the Commission has been presented with a final development plan that represents Phase II of the development of the development plan, which includes the interior renovation at Timberlawn Crescent and full renovation of Pomander Court and the selection of the general contractors; and

WHEREAS, the proposed public purpose includes 58 units (44%) to be available to households with incomes at or below 60% of the area median income (AMI), within which nine (9) will be at or below 30% of the AMI, four (4) will be at or below 50% of the AMI, and 45 will be at or below 60% of the AMI; and

WHEREAS, to complete the proposed renovations, staff has solicited the services of general contractors for Timberlawn Crescent and Pomander Court and recommends two contractors, Hamel Builders, Inc. for Timberlawn Crescent and CBP Constructors, LLC. for Pomander Court; and

WHEREAS, a permanent financing plan is not proposed at this time, however, it is necessary to access interim funding to hire the general contractors to complete the renovations and the Commission and TPM desire to fund the final development plan's renovation work and tenant relocation expenses by drawing on the RELOC; and

WHEREAS, the Commission would advance the funds drawn from the RELOC to TPM, to be repaid by TPM upon TPM's future refinancing of the Projects.

WHEREAS, staff recommends a tax-exempt draw on the RELOC in an amount not to exceed $7.5 Million until the permanent financing plan for the Projects can be implemented at the completion of the renovations, which completion is expected to occur in or around year 2016.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of TPM Development Corporation, that:

1. The Commission approves the final development plan for the renovation of Timberlawn Crescent and Pomander Court.

2. The Commission approves the selection of general contractors Hamel Builders, Inc. and CBP Constructors, LLC. for the renovation of Timberlawn Crescent and Pomander Court, respectively.

3. The Executive Director of the Commission is authorized to execute the appropriate documents to negotiate renovation and rehabilitation contracts not to exceed $5,345,000 with Hamel Builders, Inc. for Timberlawn Crescent and not to exceed $2,155,000 with CBP Constructors, LLC. for Pomander Court.

4. The Commission approves the proposed draw under the PNC Bank, N.A. $90 Million Real Estate Line of Credit as the interim funding source for the renovation of Timberlawn Crescent and Pomander Court for a combined amount not to exceed $7,500,000 via a tax-exempt draw on the facility.

5. 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).

6. Affirms that it is the intention of the Commission to issue tax-exempt obligations in the maximum principal amount of approximately $19,000,000 as part of the Project's projected permanent financing for the purpose of repaying any and all outstanding amounts drawn from the RELOC, repaying the County Revolving Fund, reimbursing capital expenditures and other financing costs incurred with respect to the Projects, and paying future capital expenditures incurred with regard to the Projects.

7. 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.

8. All prior resolutions of the Commission, or parts of resolutions, inconsistent with this Resolution are hereby repealed to the *extent* of such inconsistency.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of TPM Development Corporation, that the Executive Director is authorized, 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.

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

RESOLUTION: 15-36b **RE: Approval of Tax-Exempt Draw of up to $7,500,000 by the Commission from the PNC Bank, N.A. Real Estate Line of Credit ($90 Million), the Commission's Advance of Such Funds to TPM Development Corporation ("TPM"), and TPM's Acceptance of Such Funds as Interim Financing for the Renovation of Timberlawn Crescent and Pomander Court**

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, is authorized thereby to effectuate the purpose of providing affordable housing, including providing for the construction, rehabilitation and/or financing or refinancing (or a plan of financing) of rental housing properties which provide a public purpose; and

WHEREAS, the Commission entered into an Agreement with Montgomery County, Maryland (the "County"), effective July 1, 2014, as amended (together, the "Act"), and is authorized thereby to issue its notes and bonds from time to time to fulfill its corporate and public purposes; and

WHEREAS, Timberlawn Crescent, a 107-unit development located in North Bethesda and Pomander Court, a 24-unit clustered townhome community located in Silver Spring (together, the "Projects") are two properties owned by TPM Development Corporation ("TPM"), a wholly controlled corporate instrumentality of the Commission, and are in need of renovation and rehabilitation; and

WHEREAS, on July 17, 2013, the Commission approved a preliminary renovation and rehabilitation plan for the Projects, including exterior renovation at Timberlawn Crescent which was funded from an interim loan from the County Revolving Fund; and

WHEREAS, concurrently herewith, the Commission has approved a final development plan that represents Phase II of the development plan, which includes the interior renovation at Timberlawn Crescent and full renovation of Pomander Court and the selection of the general contractors; and

WHEREAS, the Commission negotiated a Real Estate Revolving Line of Credit (RELOC) with PNC Bank, N.A. (PNC) and may use the RELOC to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, the Commission has the option to draw funds on a tax-exempt basis with an interest rate at an optional 30-day, 60-day, or 90-day London Interbank Offered Rate (LIBOR); and

WHEREAS, a permanent financing plan is not proposed at this time, however, it is necessary to access interim funding to hire the general contractors to complete the renovations and the Commission and TPM desire to fund the final development plan's renovation work and tenant relocation expenses by drawing on the RELOC which has an unobligated balance of $49,375,813.48; and

WHEREAS, the Commission would advance the funds drawn from the RELOC to TPM, to be repaid by TPM upon TPM's future refinancing of the Projects; and

WHEREAS, staff recommends a tax-exempt draw on the RELOC in an amount not to exceed $7.5 Million until the permanent financing plan for the Projects can be implemented at the completion of the renovations, which completion is expected to occur in or around year 2016.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of TPM Development Corporation, that it approves a tax-exempt draw on the RELOC for an amount up to $7,500,000 (the "Loan") and the subsequent advance of such Loan funds to TPM for the purpose of implementing final development plan for the Projects for a maximum term of 24 months.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of TPM Development Corporation, that TPM Development Corporation is authorized and directed to accept the advance of the Commission's Loan funds and apply such funds for rehabilitation and relocation expenses in accordance with the final development plan.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of TPM Development Corporation, that the Executive Director is authorized, 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.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of TPM Development Corporation, that it affirms 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 thereof, the same are hereby in all respects ratified, approved and confirmed

2. Approval to Increase the Permanent Loan for Tanglewood & Sligo LP

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

The following resolution was adopted upon a motion by Vice Chair Simon and seconded by Commissioner McFarland. Kelly McLaughlin, General Counsel made a recommendation for the record that the resolution be approved as amended with minor corrections that were not included in the document. Motion made by Chair Simon and seconded by Commissioner McFarland who recommended that the motion be made based on "technical corrections to the resolution and not amended". Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, McFarland, Nelson and Piñero. Commissioner Banks was necessarily absent and did not participate in the vote.

RESOLUTION: 15-37 **Re: Approval to Increase the Permanent Loan for Tanglewood and Sligo LP**

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

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

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

WHEREAS, the Commission's staff has determined that the Project can support a higher loan amount than the amount approved by the Commission in September 2014, and wishes to increase the Permanent Loan amount to such higher amount as the Tax Credit Investor will approve, but not to exceed $13,000,000.

NOW, THEREFOR, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for the Company in its own capacity and as the general partner of and on behalf of the Partnership, that the Partnership is authorized to increase the amount of the Permanent Loan from AGM Financial, or its assignee, to such amount as the Tax Credit Investor will approve, but not to exceed $13,000,000.

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

3. <u>Authorization to Extend the Current Financial Advisor Contract with Caine Mitter & Associates Incorporated for Two Years</u>

Kayrine Brown, Chief Investment & Real Estate Officer, was the presenter.

Commissioner McFarland complemented the staff on maintaining a long term relationship with the firm but indicated that it could be a downside. Her recommendation is that she strongly urges staff to create a process that has a view with other firms. Commissioner Nelson also agreed with her recommendation.

Commissioner Hatcher questioned the competitiveness of the rates. Kayrine responded that the pricing was based on the procurement done in year 2011. There was another firm that responded to the solicitation and, at that time, Caine Mitter's pricing was less. As a result, they are billing based on procurement at that time.

Commissioner Piñero confirmed that Caine Mitter has been an excellent firm over the years.

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

A motion was also made by Commissioner McFarland to have staff, sometime within the next year, explore options on how to proceed in solicitation of a second firm. Commissioner Simon seconded. Affirmative votes were cast by Commissioners Roman, Simon, Hatcher, McFarland, Nelson and Piñero. Commissioner Banks was necessarily absent and did not participate in the vote.

Resolution: 15-38 **Re: Authorization to Extend the Current Financial Advisor Contract with Caine Mitter & Associates Incorporated for Two Years**

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law, and the Agreement by and between the Housing Opportunities Commission of Montgomery County and Montgomery County, Maryland (the "County"), effective July 1, 2014, as amended (together, the "Act"), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, to continue its mission and operate a successful bond financing program, the Commission engages the services of a number of industry professionals, one of which is the Financial Advisor; and

WHEREAS, Caine Mitter and Associates Incorporated (CMA) has successfully served the Commission since 1979 as its financial advisor and continues to provide a high level of professionalism; and

WHEREAS, the existing procurement policy allows for the selection of a financial advisor to serve for an initial four-year term plus two additional two-year extensions for a maximum contract term of eight years; and

WHEREAS, CMA's contract, which has been in place since July 1, 2001, expires on June 30, 2015 completing the initial four year term; and

WHEREAS, given the high level of performance of CMA over many years, staff is satisfied with the services provided by the Commission's Financial Advisor.

NOW THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Caine Mitter and Associates Incorporated is approved to serve the Commission as Financial Advisor for an extended two-year term.

BE IT FURTHER RESOLVED that the Commission approved an annual contract amount of $500,000 or an aggregate of $1 million for the extended term ending on July 1, 2017.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION

None

V. FUTURE ACTION ITEMS

None

VI. INFORMATION EXCHANGE (CONT'D)
None

VII. NEW BUSINESS
None

VIII. EXECUTIVE SESSION FINDINGS
None

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

The meeting adjourned at 5:07 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Information Exchange

Report of the Executive Director
Stacy L. Spann
June 3, 2015

Resident Services

FSS Family Fun Day

On Saturday, May 9th, HOC once again held Family Fun Day for FSS participants. The event was held at Wheaton Regional Park and featured, games, crafts and fun for all.

Councilmember Hans Riemer attended and presented a Council proclamation honoring the event and the FSS program. The event was another successful celebration of our families' progress towards financial self-sufficiency.

Interim RAB Installed

A new, interim Resident Advisory Board was installed this month. Incumbent RAB members Linda Croom, LaKeyia Thompson and Kathleen Flanagan will continue to serve on the Board during the transition to the new Board structure. Six new members have been added to the interim board and represent a broad cross section of HOC's clientele.

The interim Board will serve initial staggered terms after which the Board will convert to nine permanent seats with three year terms for each.

Legislative and Public Affairs

MARC-NAHRO / MAHRA Spring Conference

The Office of Legislative and Public Affairs, with significant assistance from IT and Facilities staged a very successful 2015 MARC-NAHRO and MAHRA Spring Conference. The Conference, which was also attended by Commissioners Roman and Simon, was held May 19-22 at the Clarion Fontainebleau Hotel in Ocean City.

From fundraising, to programs, nametags and technical equipment, HOC led the production of the event and I have received several compliments from my colleagues around the state and region expressing praise and enthusiasm for what was a very polished event.

Leadership Tomorrow Honored

While at the MARC-NAHRO and MAHRA Spring Conference, HOC was honored with a 2015 MARC-NAHRO Award of Excellence for the Leadership Tomorrow program as an administrative innovation.

The Leadership Tomorrow program is now in its second year. The Alpha class, expected to graduate at the end of this calendar year is pursuing professional certifications and mentoring the Beta class. The Beta class is currently completing required readings and program coursework. Both classes are collaborating on several ambitious projects that you will be hearing more about very soon.

Town Hall Meeting - Monday, May 11th

On Monday, May 11th, HOC staged a Town Hall Meeting in the Seneca Valley High School Cafeteria. More than 30 people attended the meeting to hear presentations on the inspections program and HOC Academy opportunities.

Mortgage Finance

Interest Rate Set for Tanglewood Loan

On Friday, May 8th, HOC executed an agreement with the permanent lender for the Tanglewood transaction, Wells-Fargo Bank, setting the interest rate at 3.22% for the next 35 years.

Frankly, this is an extraordinary rate which will save HOC a great deal of money over the life of the loan.

Vivian Benjamin worked closely with Kelly McLaughin, Richard Hanks and the rest of the Mortgage Finance team to finalize this transaction.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

June 2015

3	HOC Regular Meeting *(All)*	4:00 p.m.
10	HOC Day of Service *(HOC Offices Closed)*	
11	Staff Appreciation Day *(All)* (Smokey Glen Farm, 16407 Riffleford Road, Gaithersburg, MD 20878)	11:00 a.m.
15	Resident Advisory Board *(Banks)*	7:00 p.m.
18	Tony Davis Scholarship Committee Meeting *(Simon)*	11:00 a.m.
19	Development and Finance Committee Meeting *(McFarland, Nelson, Simon)*	9:30 a.m.
19	Public Hearing – re: Changes to HOC Administrative Plan and Admissions and Continued Occupancy Policy (ACOP) *(Simon)*	11:30 a.m.
19	Executive Session *(All)*	12:00 p.m.
22	Agenda Formulation *(Roman, McFarland)*	12:00 p.m.
23	HAND 2015 Annual Meeting & Housing Expo *(All)* (Omni Shoreham Hotel, 2500 Calvert St., NW, Washington, DC)	8 a.m. – 3 p.m.
23	Montgomery Housing Partnership (MHP) & HOC Social Gathering *(All)* – El Golfo Restaurant, 8739 Flower Ave., Silver Spring, MD 20901	6:30 p.m.

July 2015

3	Independence Day *(Observed)(HOC Offices Closed)*	
8	HOC Regular Meeting	4:00 p.m.
13	Town Hall Meeting *(All)(Beall Elementry School, 451 Beall Ave., Rockville, MD 20850)*	6:00 p.m.
20	Resident Advisory Board *(Banks)*	7:00 p.m.
21	Legislative and Regulatory Committee Meeting *(Banks, Hatcher, Simon)*	2:00 p.m.
24	Development and Finance Committee Meeting *(McFarland, Nelson, Simon)*	9:30 a.m.
24	Executive Session *(All)*	11:30 a.m.
27	Agenda Formulation *(Roman, McFarland)*	12:00 p.m.
30-Aug. 1	NAHRO Summer Conference (Austin, TX)	

August 2015

5	Tony Davis Scholarship Award Reception *(All) (Award Presentation 4:00 p.m.)*	3:00 p.m.
5	HOC Regular Meeting *(All)*	4:30 p.m.
11	Budget, Finance and Audit Committee Meeting *(Roman, Piñero, Nelson)*	10:00 a.m.
21	Development and Finance Committee Meeting *(McFarland, Nelson, Simon)*	9:30 a.m.
21	Executive Session *(All)*	11:30 a.m.
24	Agenda Formulation *(Roman, Nelson)*	12:00 p.m.

September 2015

2	HOC Regular Meeting *(All)*	4:00 p.m.
14	Town Hall Meeting	6:00 p.m.
15	Legislative and Regulatory Committee Meeting *(Banks, Hatcher, Simon)*	2:00 p.m.
18	Development and Finance Committee Meeting *(McFarland, Nelson, Simon)*	9:30 a.m.
18	Executive Session *(All)*	11:30 a.m.
21	Resident Advisory Board *(Banks)*	7:00 p.m.

22	Budget, Finance and Audit Committee Meeting *(Roman, Piñero, Nelson)*	10:00 a.m.
28	Agenda Formulation *(Roman, Nelson)*	12:00 p.m.

October 2015

7	HOC Regular Meeting *(All)*	4:00 p.m.
13	Budget, Finance and Audit Committee Meeting *(Roman, Piñero, Nelson)*	10:00 a.m.
19	Resident Advisory Board *(Banks)*	7:00 p.m.
21	Town Center Board Meeting *(Simon)*	2:30 p.m.
23	Development and Finance Committee Meeting *(McFarland, Nelson, Simon)*	9:30 a.m.
23	Executive Session (All)	11:30 a.m.
26	Agenda Formulation *(Roman, Hatcher)*	12:00 noon

Activities of Interest | Hearing Board

TBD	Joint Meeting with Commission on People with Disabilities
TBD	Property Tour III

TO DO / ACTION

Ref. #	DUE DATE	ACTION	STAFF	STATUS
TD-14-07	Spring/Summer 2015	Procurement Policy & Personnel Policy	KM-BA/PM	

Committee Reports and Recommendations for Action

Budget Finance and Audit Committee

ACCEPTANCE OF THIRD QUARTER FY'15 BUDGET TO ACTUAL STATEMENTS

June 3, 2015

- **The Agency ended the third quarter with a net cash surplus of $4,077,786 which was $27,748 more than anticipated.**

- **The General Fund experienced savings in expenses through the third quarter which were partially offset by lower than anticipated income.**

- **At the end of the third quarter, several of the unrestricted properties in the Opportunity Housing Fund exceeded budget expectations; however, the recognizable cash flow to the Agency did not meet budget due to shortfalls in the majority of the unrestricted properties.**

- **The Public Housing Program ended the quarter with a surplus as a result of higher than anticipated subsidy and the inclusion of properties that were slated to move to Opportunity Housing in the second quarter. The surplus will be restricted to the program.**

- **The Housing Choice Voucher (HCV) Program experienced higher administrative fees coupled with savings in expenses which resulted in an administrative surplus through March 31, 2015. Any surplus at year-end will be restricted to cover future administrative deficits that may occur in the program.**

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gail Willison Division: Finance Ext. 9480
Terri Fowler Ext. 9507

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

DATE: June 3, 2015

STATUS: Committee Report: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
To assess the Agency's financial performance for FY'15.

BACKGROUND:
In accordance with the Commission's budget policy, the Executive Director will present budget to actual statements and amendments to the Budget, Finance and Audit Committee on a quarterly basis. The Budget, Finance and Audit Committee will review any proposed budget amendments and make a recommendation to the full Commission.

ISSUES FOR CONSIDERATION:
To assess the financial performance of the Agency for the third quarter of FY'15.

BUDGET IMPACT:
A third quarter budget amendment was discussed with the Budget, Finance and Audit Committee at the May 19, 2015 meeting. The Commission will be asked to approve the third quarter budget amendment at the June 3, 2015 Commission meeting. Future amendments will be presented to the Commission as necessary.

TIME FRAME:
The Budget, Finance and Audit Committee reviewed the Third Quarter Budget to Actual Statements at the May 19, 2015 Committee meeting. Action is requested at the June 3, 2015 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
To accept the Third Quarter FY'15 Budget to Actual Statements.

<u>DISCUSSION – THIRD QUARTER BUDGET TO ACTUAL STATEMENTS</u>

This review of the Budget to Actual Statements for the Agency through the third quarter of FY'15 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.

<u>HOC overall (see Attachment A)</u>

Please note 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 how other governmental organizations present their budgets. 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 revenue and 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 Budget to Actual Comparison Summary Statement (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'15 Second Quarter Capital Budget to Actual Comparison.

The Agency ended the third quarter with a net cash surplus of $4,077,786. This surplus resulted in a third quarter budget to actual positive variance of $27,748. The primary contributors to this positive variance were lower than anticipated expenses in the General Fund (see General Fund) as well as additional Housing Choice Voucher (HCV) administrative fees, based on a higher pro-ration factor, coupled with savings in the administrative costs of the program which eliminated the projected deficit in the program (see Public Fund). These positive variances were almost entirely offset by lower income in the Opportunity Housing portfolio (see Opportunity Housing Fund). Staff is continuing to monitor the property performance to determine any potential negative year-end impact on the Agency; however, it is believed at this time that the partial cash flow restrictions that have been established at several of the properties will aid in mitigating the severity of the affect on the Agency's year-end financial position.

<u>Explanations of major variances by fund</u>

The General Fund consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of $3,873,474, which resulted in a positive variance of $698,516. As of March 31, 2015, income in the General Fund was $105,544 less than budget. The primary contributors to the negative income variance were changes in the anticipated closing dates for the redevelopment of Timberlawn/Pomander Court, Arcola Towers and Waverly House. A portion of the fees originally budgeted to be received in FY'15 will be incorporated into the FY'16 Budget Amendment and future budgets. The impact of these changes was partially offset by the receipt of a one-time Loan Management and Commitment Fee for Churchill. The project was originally budgeted to close in FY'14; however, changes in the financing plan delayed the closing until the fall of 2014.

Expenses in the General Fund were $804,060 lower than budget at quarter-end. The positive variance was primarily the result of savings in administrative salaries and benefits as well as maintenance contract expenses. 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. Both income (the bond draw downs that finance the operating costs for these funds) and expenses are in line with the budget.

The Opportunity Housing Fund

The third-quarter budget to actual statements for the Opportunity Housing and Development Corporations illustrate overriding issues with properties failing to meet budgeted revenue expectations. These variances are primarily associated with vacancy (some self-generated, some not), new product in the rental markets and an aging scattered site portfolio.

Planned vacancies, in preparation for redevelopment, created revenue shortfalls at Chevy Chase Lake, Timberlawn, Pomander Court, and the RAD 6 Properties (Ken Gar, Parkway Woods, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place and Washington Square). It should be noted that the FY'15 Adopted Budget anticipated an October closing for the RAD 6 Properties conversion from Public Housing to Opportunity Housing. The actual closing did not occur until December which resulted in a timing variance that distorts the impact to operations as explained below. Finally, the VPC Development Corporations are in the midst of renovations. Residents are actively transferring from un-renovated units to renovated units so a new cycle of renovations can begin which impacts the ability to increase occupancy at the properties. The budgets for revenue on these properties were not developed to reflect the vacancy that occurred during redevelopment and/or preparation for redevelopment. In some instances, the impact of renovations on occupancy was mitigated through partial or full restriction of cash flow and will be reflected at year-end as a reduction of the restricted cash thus minimizing the negative impact to the Agency.

Gross rent potential was overstated for some of the properties in resurging rental markets, particularly in the Silver Spring, Wheaton, Bethesda and North Bethesda submarkets. New properties in active lease-up, all of which incorporate affordable Moderately Priced Dwelling Units (MPDUs) and all offering substantial concessions, have negatively impacted rents for HOC properties competing in the same market. Properties affected include Alexander House, Montgomery Arms, Brookside Glen and Glenmont Westerly in the Silver Spring/Wheaton areas. The Barclay, The Metropolitan, Pooks Hill High-Rise and Mid-Rise, Westwood Tower and Strathmore Court are competing against new high-end and amenity rich properties in Bethesda and North Bethesda.

Some properties use Yieldstar or other price-point tools that determine market rents daily.

As a result of changing to a two-year budget cycle, the budgets, in some cases, did not accurately capture market fluctuations.

The scattered site units in MHLP VII – VIII, State Rental Combined, and the Scattered Site Development Corporations range in age from 15 – 27 years old and have not undergone comprehensive renovations. Although the rents are moderate and below-market, they present far less desirable rental options than newer and/or updated town home and condos in the same neighborhoods.

With regards to improving these numbers, staff is implementing the following:

- Conducting large-volume call-ups from the Opportunity Housing and Housing Choice Voucher Waiting Lists,
- Marketing vacant units to residents relocating from Chevy Chase Lake, The Ambassador, and to voucher participants,
- Opening a new on-line waiting list for all of HOC's affordable housing programs, and
- Improving marketing strategies to include outreach to larger employers, increased mobile advertising, available evening and weekend hours for client services, and offering concessions on select units.

Many of the properties experiencing revenue shortfalls have expense savings that partially or fully offset these shortfalls. However, we can only recognize property revenue up to the amount budgeted for each property. Therefore, any resulting property shortfalls will decrease the amount of revenue the Agency is able to use from the properties. Following is a brief discussion, by property, of any additional notable variances.

Attachment B is a chart of the Development Corporation properties. This chart divides the properties into two groups.

- The first group includes properties that we budgeted to provide unrestricted net cash flow toward the Agency's FY'15 Operating Budget. This group ended the quarter with cash flow of $7,936,981 or $546,165 more than projected. As stated previously, we can only recognize revenue up to the amount budgeted for each property. Nearly half of the properties in this portfolio exceeded budgeted cash flow; however, when we exclude the extra income earned on properties exceeding their budgets, the quarter's recognizable cash flow is $6,516,385 or $874,431 below budget.

Unrestricted Development Corporations

	(3 Months) Budget	(3 Months) Actual	Variance		(3 Months) Adjusted
Alexander House	$1,099,398	$1,803,523	$704,125	(1)	$1,099,398
The Barclay	$120,576	$52,502	($68,074)		$52,502
Chevy Chase Lake	$153,556	$22,469	($131,087)		$22,469
Glenmont Westerly	$226,552	$181,843	($44,709)		$181,843
Magruder's Discovery	$386,664	$410,313	$23,649	(1)	$386,664
The Metropolitan	$1,561,498	$1,355,528	($205,970)		$1,355,528
Montgomery Arms	$294,634	$206,184	($88,450)		$206,184
TPM - 59 MPDUs	$126,709	$192,668	$65,959	(1)	$126,709
Paddington Square	$411,228	$563,741	$152,513	(1)	$411,228
TPM - Pomander Court	$110,166	$127,748	$17,582	(1)	$110,166
Pooks Hill High-Rise	$346,965	$418,331	$71,366	(1)	$346,965
Scattered Site One Dev. Corp. ..	$278,406	$71,420	($206,986)		$71,420
Scattered Site Two Dev. Corp. .	($9,719)	($18,861)	($9,142)		($18,861)
Sligo Development Corp.	$51,549	$33,194	($18,355)		$33,194
TPM - Timberlawn	$438,935	$634,946	$196,011	(1)	$438,935
VPC One Dev. Corp.	$1,018,395	$1,207,786	$189,391	(1)	$1,018,395
VPC Two Dev. Corp.	$775,304	$673,646	($101,658)		$673,646
Subtotal	**$7,390,816**	**$7,936,981**	**$546,165**		**$6,516,385**
			Recognizable Cash Flow		**($874,431)**

Notes:
(1) - Properties exceeding budgeted cash flow.

- The positive cash flow variance at **Alexander House** was primarily the result of lower debt service payments due to the prepayment of the mortgage using the $90M PNC Real Estate Line of Credit (RELOC) which more than offset the lower rental income. **The Barclay** has a negative variance of $68,074 driven by higher than projected vacancy loss at the property. **Chevy Chase Lake** is experiencing a negative cash flow variance of $131,087 as tenants vacate the property in anticipation of the impending development plans. Cash flow at **The Metropolitan** is $205,970 under budget as a result of lower gross rent potential due to Yieldstar pricing adjustments made to maintain residential occupancy coupled with lower than anticipated non-dwelling rent as a result of broker fees and tenant allowances for some of the retail tenants. The loss of income has been partially offset by savings in utilities. **Montgomery Arms** experienced lower gross rent potential and higher vacancies which resulted in a negative cash flow variance of $88,450 through quarter-end. Expenses at **TPM - 59 MPDUs** were $90,165 less than budget primarily as the result of lower debt service payments due to the prepayment of the mortgage using the $90M PNC Real Estate Line of Credit (RELOC). The savings in expenses was partially offset by higher vacancies at the property resulting in a positive cash flow variance of $65,959. **Paddington Square Apartments** cash flow exceeded budget by $152,513 largely due to a delay in the planned refinancing which resulted in lower than anticipated debt service expense. This savings in expenses more than offset the lower gross rent potential experienced at the property. Cash flow at **Pooks Hill High-Rise** exceeded budget by $71,366 as a result of savings in utility and maintenance expenses which more than offset the lower rental income. **Scattered Site One Development Corporation** is experiencing a negative cash flow variance of $206,986 as a result of higher than anticipated vacancies coupled with an error in the budget for late fees at one of the HUBs. The positive cash flow variance at **TPM - Timberlawn** was primarily the result of lower debt service payments due to the prepayment of the mortgage using the $90M PNC Real Estate Line of Credit (RELOC) which more than offset the lower rental income. Both **VPC One Development Corporation (VPC One)** and **VPC Two Development Corporation (VPC Two)** exceeded budget projections as a result of a delay in the permanent financing for renovations. The savings in debt service payments has more than offset the higher vacancies experienced at **VPC One**; however, it was not sufficient to offset the loss of revenue at **VPC Two**. As mentioned previously, cash flow for both properties was partially restricted in the budget in anticipation of potential negative impacts of the renovations on operations and any shortfalls at year-end will be reported as a reduction to the restricted cash.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'15 Operating Budget. Cash flow from this group of Development Corporation properties was $253,747 more than budgeted. The primary contributor to the positive variance was **MetroPointe**. The year-to-date deficit was lower than projected by $66,281 driven primarily from an approved rate change from the Washington Suburban Sanitary Commission (WSSC) that resulted in a refund of payments from prior years and a credit to the current year utility costs, and savings in overall maintenance expenses. As mentioned previously, the FY'15 Adopted Budget anticipated that the closing for the **RAD 6** Properties (Ken Gar, Parkway Woods, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square) would occur in September 2014 resulting in a transfer of the properties from the Public Housing Portfolio to the Opportunity Housing Portfolio in October 2014. As a result, this chart reflects a six month budget for the properties for October 2014 through March 2015. The actual closing did not occur until December 2014; therefore, the third quarter actuals for the properties are based only on the three month period of January through March of 2015. This results in an understatement of both revenue and expenses when compared to budget. There is a corresponding overstatement of both revenue and expenses for the three month period of October through December of 2014 reflected in the Public Housing Portfolio (See Public Fund).

Attachment C is a chart of the Opportunity Housing properties. This chart divides the properties into two groups.

- The first group consists of properties whose unrestricted net cash flow will be used for the Agency's FY'15 Operating Budget. This group ended the quarter with cash flow of $1,502,713 or $301,819 less than budget. As noted above for the Development Corporations, we can only recognize revenue up to the amount budgeted for each property. When we exclude the extra income earned on those properties exceeding budget, the quarter's recognizable cash flow for this group is $1,434,875 or $369,657 below budget.

Unrestricted Opportunity Housing Properties

	(3 Months) Budget	(3 Months) Actual	Variance		(3 Months) Adjusted
64 MPDUs	$114,345	$24,201	($90,144)		$24,201
Chelsea Towers	$4,479	$18,555	$14,076	(1)	$4,479
Fairfax Court	$78,045	$73,964	($4,081)		$73,964
Greenhills Apartments ..	$214,109	$168,826	($45,283)		$168,826
Holiday Park	$22,913	($607)	($23,520)		($607)
Jubilee Falling Creek	$6,102	$3,200	($2,902)		$3,200
Jubilee Hermitage	$6,650	$3,894	($2,756)		$3,894
Jubilee Woodedge	$5,972	$9,030	$3,058	(1)	$5,972
McHome	$83,328	$51,396	($31,932)		$51,396
McKendree	$2,871	$28,791	$25,920	(1)	$2,871
MHLP II	$0	($587)	($587)		($587)
MHLP III	$0	($11,573)	($11,573)		($11,573)
MHLP VII	$138,207	$72,130	($66,077)		$72,130
MHLP VIII	$201,221	$180,001	($21,220)		$180,001
MPDU 2007 Phase II	$25,311	$24,587	($724)		$24,587
Pooks Hill Mid-Rise	$165,699	$156,166	($9,533)		$156,166
Southbridge	$146,962	$171,746	$24,784	(1)	$146,962
Strathmore Court	$588,318	$528,993	($59,325)		$528,993
Subtotal	**$1,804,532**	**$1,502,713**	**($301,819)**		**$1,434,875**
			Recognizable Cash Flow		**($369,657)**

Notes:

(1) - Properties exceeding budgeted cash flow.

- Cash flow for **64 MPDUs** was $90,144 less than budget primarily as a result of lower gross rent potential coupled with higher vacancies. **Greenhills Apartments** experienced lower than anticipated cash flow through the third quarter largely as a result of lower gross rent potential and higher vacancies coupled with higher maintenance costs as a result of increased snow removal and unanticipated maintenance repairs. **Holiday Park** is showing a year-to-date deficit as a result of timing that is not anticipated for year-end. The property ended the quarter with a negative cash flow variance of $23,520 primarily due to higher vacancies coupled with the erroneous exclusion of the budget for solid waste tax. **MHLP II** and **MHLP III** both had units remaining to be sold. Although the units were vacant, the Agency still had to pay Home Owner Association (HOA) fees and minimal utility costs at both properties. Cash flow at **MHLP VII** was $66,077 below budget as a result of higher vacancies and tax expenses. Staff is researching the tax bills to determine the reason for the higher cost and will seek a refund if warranted. **Strathmore Court** ended the quarter with a negative cash flow variance of $59,325 primarily as a result of lower gross rent potential coupled with higher vacancies. The revenue shortfall was partially offset by savings in utility and maintenance expenses.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'15 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 $126,243 higher than budget for the quarter. **The Ambassador** had a positive cash flow variance of $256,146 mainly due to higher rental income. The FY'15 Adopted Budget assumed a steady increase in vacancy that has not occurred at the anticipated pace. In addition, the property experienced lower debt service payments due to the prepayment of the mortgage using the $90M PNC Line of Credit (LOC). Cash flow for **Brooke Park** was $23,961 lower than anticipated primarily as a result of higher maintenance costs coupled with the payment of taxes that were not accounted for in the budget process. **Brookside Glen** experienced a negative cash flow variance of $69,265 for the quarter primarily as a result of lower gross rents and higher vacancies coupled with higher than anticipated administrative, utility and maintenance expenses. Cash flow for **Diamond Square** ended the quarter $67,503 above budget which was driven by lower vacancies coupled with savings in administrative, utility and maintenance expenses. The **CDBG**, **NCI** and **NSP Units** are all exceeding budget as a result of lower vacancies coupled with savings in maintenance expenses. It should be noted that these property groups have individual budgets for each unit that include a standard annual amount for maintenance related expenses. Any cash flow at year-end resulting from savings in expenses and/or additional earned income is restricted to the respective property's Operating Reserves. Cash flow for **State Rental Combined** was $150,054 below budget mainly due to lower gross rents and higher vacancies coupled with higher maintenance contract expenses.

<u>The Public Fund</u> (Attachment D)

- The Public Housing Rental Program ended the quarter with a surplus of $1,620,463 which resulted in a positive variance of $1,937,610 when compared to the projected deficit of $317,147. Income was $2,800,883 more than budget primarily as a result of the continued subsidy received for the scattered sites that converted to VPC One Development Corporation and VPC Two Development Corporation. A portion of the subsidy was received as an Asset Repositioning Fee (ARF) and will be used to reimburse the Agency for the start-up costs related to the Section 18 scattered site disposition that was funded by the Opportunity Housing Reserve Fund (OHRF). In addition, a delay in the closing of the RAD 6 properties (See Opportunity Housing Fund) resulted in their continuing to be reported in the Public Housing Portfolio for the third quarter whereas the budget for this period resides in Opportunity Housing.

  Expenses were $863,273 higher than budgeted as a result of a delay in the transfer of the remaining scattered sites that had not yet converted to the VPC properties and the delay in the RAD 6 closing. The higher expenses in these properties were partially offset by savings in utilities and maintenance expenses at the elderly buildings. Any cash surplus at year-end will be restricted to the program.

- The Housing Choice Voucher Program (HCVP) ended the quarter with a surplus of $1,792,867 which resulted in a positive variance of $4,592,038 when compared to the projected shortfall of $2,799,171. The surplus was comprised of Housing Assistance Payments (HAP) revenue that exceeded HAP expenses by $1,691,709 and an administrative surplus of $101,158. The HAP surplus will be restricted for future HAP payments. The program ended with an administrative surplus due to higher than anticipated revenue of $64,885 and savings in administrative expenses of $609,593. The higher revenue was the result of a higher proration factor of 79% compared to the budgeted proration factor of 75% and higher administrative fees received on incoming portables. The savings in expenses were primarily due to savings in administrative salaries and benefits, and management fee expenses which are now based on utilization. Any administrative surplus at year-end will be restricted to cover future administrative deficits that may occur in the program.

Tax Credit Partnerships
The Tax Credit Partnerships have a calendar year end. Quarterly Budget to Actual Statements are reported to the Budget, Finance, and Audit Committee.

The Capital Budget (Attachment E)
Attachment E is a chart of the Capital Improvements Budget for FY'15. 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 are timing issues. As capital projects are long-term, 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.

Following is an explanation of properties that have exceeded their annual capital budget. There are sufficient property reserves to cover the overages at all of the properties except **MHLP VIII**. The overages at this property will be covered by the Opportunity Housing Property Reserve (OHPR). There are sufficient savings in other capital budgets that were drawing from this reserve to cover the overage at this time.

The Ambassador exceeded its capital budget primarily as a result of required repairs to the garage. Both **Glenmont Crossing** and **Glenmont Westerly** have exceeded their capital budgets as a result of necessary replacements of cabinets, appliances and flooring at turnover. The capital budget adopted for **Timberlawn** reflected a mid-year commencement of renovations at the property. As a result of a delay in the renovations, the property has exceeded its capital budget for the year due to cabinet and flooring replacements as well as the purchase of a new trash rack required in the storm water system per county inspection. As mentioned previously, budgeting for the **CDBG**, **NCI** and **NSP Units** is standardized and as such did not include plans for any capital improvements. Nominal capital expenditures have occurred at a few units within the portfolios. **Jubilee Falling Creek** has also incurred nominal capital improvements that have exceeded budget. Many of the older scattered sites that have not undergone any comprehensive renovations continue to experience capital needs that exceed the established capital budgets. The expenditures are primarily related to cabinet, appliance, flooring, HVAC, window, and roof replacements as well as driveway asphalt repairs. This is reflected as overages in **MHLP VII - VIII**, **Scattered Site One** and **Two Development Corporations**, and **State Rental Combined**. The **VPC** properties continue to experience capital needs on the yet to be renovated units. Staff is reviewing the expenditures to determine if they are related to the scope of the planned renovations and will move the costs to the development budget where appropriate. Finally, nominal capital costs have been reflected on three of the converted RAD 6 Properties (Seneca Ridge, Towne Center Place, and Washington Square). Staff is reviewing the expenditures to determine if reclasses are warranted.

Resolution No. **Re:** **Acceptance of Third Quarter FY'15 Budget to Actual Statements**

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

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

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 3, 2015.

____

Patrice Birdsong
Special Assistant to the Commission

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FY 15 Third Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow (9 Months) Budget	(9 Months) Actual	Variance
General Fund			
General Fund	($4,571,990)	($3,873,474)	$698,516
Administration of Mutlifamily and Single Family Fund			
Multifamily Fund	$337,133	$294,619	($42,514)
Single Family Fund	$353,868	$160,900	($192,968)
Excess Bond Fund Cash Flow	($691,001)	($455,519)	$235,482
Opportunity Housing Fund			
Opportunity Housing Properties	$1,804,532	$1,434,875	($369,657)
Development Corporation Property Income	$7,390,816	$6,516,385	($874,431)
OHRF			
OHRF Balance	$1,372,261	$792,268	($579,993)
Excess Cash Flow Restricted	($1,372,261)	($792,268)	$579,993
Draw from existing funds	$0	$0	$0
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**$4,623,358**	**$4,077,786**	**($545,572)**
Public Fund			
Public Housing Rental (1)	($317,147)	$1,620,463	$1,937,610
Housing Choice Voucher Program HAP (2)	($2,225,851)	$1,691,709	$3,917,560
Housing Choice Voucher Program Admin (3)	($573,320)	$101,158	$674,478
Total -Public Fund	**($3,116,318)**	**$3,413,330**	**$6,529,648**
Public Fund - Reserves			
(1) Public Housing Rental - Draw from / Restrict to Program	$317,147	($1,620,463)	($1,937,610)
(2) Draw from / Restrict to HCV Program Cash Reserves	$2,225,851	($1,691,709)	($3,917,560)
(3) Draw from / Restrict to HCV Program Excess Admin Fee	$0	($101,158)	($101,158)
Total -Public Fund Reserves	**$2,542,998**	**($3,413,330)**	**($5,956,328)**
SUBTOTAL - Public Funds	**($573,320)**	**$0**	**$573,320**
TOTAL - All Funds	**$4,050,038**	**$4,077,786**	**$27,748**

FY 15 Third Quarter Capital Budget to Actual Comparison

	(12 Months) Budget	Capital Expenses (9 Months) Actual	Variance
General Fund			
East Deer Park	$81,000	$51,743	$29,257
Kensington Office	$393,300	$234,371	$158,929
Information Technology	$1,298,000	$206,194	$1,091,806
Opportunity Housing Fund	$4,495,648	$2,501,664	$1,993,984
TOTAL - All Funds	**$6,267,948**	**$2,993,972**	**$3,273,976**

FY 15 Third Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(9 Months) Budget	Variance Income	Variance Expense	(9 Months) Actual	Variance
Properties with unrestricted cash flow for FY14 operating budget					
Alexander House	$1,099,398	($120,137)	$824,262	$1,803,523	$704,125
The Barclay	$120,576	($72,296)	$4,221	$52,502	($68,074)
Chevy Chase Lake	$153,556	($185,619)	$54,532	$22,469	($131,087)
Glenmont Westerly	$226,552	($36,297)	($8,412)	$181,843	($44,709)
Magruder's Discovery	$386,664	($39,353)	$63,002	$410,313	$23,649
The Metropolitan	$1,561,498	($329,370)	$123,399	$1,355,528	($205,970)
Montgomery Arms	$294,634	($101,022)	$12,572	$206,184	($88,450)
TPM - 59 MPDUs	$126,709	($24,206)	$90,165	$192,668	$65,959
Paddington Square	$411,228	($66,783)	$219,296	$563,741	$152,513
TPM - Pomander Court	$110,166	($19,808)	$37,390	$127,748	$17,582
Pooks Hill High-Rise	$346,965	($32,915)	$104,282	$418,331	$71,366
Scattered Site One Dev. Corp.	$278,406	($235,594)	$28,608	$71,420	($206,986)
Scattered Site Two Dev. Corp.	($9,719)	($35,611)	$26,470	($18,861)	($9,142)
Sligo Development Corp.	$51,549	($27,318)	$8,964	$33,194	($18,355)
TPM - Timberlawn	$438,935	($60,889)	$256,900	$634,946	$196,011
VPC One Dev. Corp.	$1,018,395	($1,138,034)	$1,327,425	$1,207,786	$189,391
VPC Two Dev. Corp.	$775,304	($1,155,171)	$1,053,512	$673,646	($101,658)
Subtotal	**$7,390,816**	**($3,680,423)**	**$4,226,588**	**$7,936,981**	**$546,165**
Properties with restricted cash flow (external and internal)					
Glenmont Crossing	$136,310	$4,816	$20,703	$161,829	$25,519
Ken Gar	$6,274	($58,471)	$70,474	$18,277	$12,003
MetroPointe	($160,496)	$1,689	$64,591	($94,215)	$66,281
Oaks at Four Corners	$25,925	($11,719)	$3,258	$17,464	($8,461)
Parkway Woods	$8,009	($66,030)	$90,813	$32,793	$24,784
Sandy Spring Meadow	$2,631	($111,788)	$158,879	$49,722	$47,091
Seneca Ridge	($4,406)	($244,019)	$295,566	$47,141	$51,547
Towne Centre Place	($3,537)	($81,253)	$141,502	$56,712	$60,249
Washington Square	$14,695	($229,319)	$204,053	($10,571)	($25,266)
Subtotal	**$25,405**	**($796,094)**	**$1,049,839**	**$279,152**	**$253,747**
TOTAL ALL PROPERTIES	**$7,416,221**	**($4,476,517)**	**$5,276,427**	**$8,216,133**	**$799,912**

FY 15 Third Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(9 Months) Budget	Variance Income	Variance Expense	(9 Months) Actual	Variance
Properties with unrestricted cash flow for FY14 operating budget					
64 MPDUs	$114,345	($100,428)	$10,284	$24,201	($90,144)
Chelsea Towers	$4,479	$6,492	$7,584	$18,555	$14,076
Fairfax Court	$78,045	$4,876	($8,957)	$73,964	($4,081)
Greenhills Apartments	$214,109	($28,097)	($17,187)	$168,826	($45,283)
Holiday Park	$22,913	($25,767)	$2,246	($607)	($23,520)
Jubilee Falling Creek	$6,102	$505	($3,407)	$3,200	($2,902)
Jubilee Hermitage	$6,650	($171)	($2,585)	$3,894	($2,756)
Jubilee Woodedge	$5,972	$6	$3,052	$9,030	$3,058
McHome	$83,328	($22,552)	($9,379)	$51,396	($31,932)
McKendree	$2,871	($12,524)	$38,444	$28,791	$25,920
MHLP II	$0	$1	($589)	($587)	($587)
MHLP III	$0	$408	($11,980)	($11,573)	($11,573)
MHLP VII	$138,207	($39,686)	($26,392)	$72,130	($66,077)
MHLP VIII	$201,221	($24,822)	$3,602	$180,001	($21,220)
MPDU 2007 Phase II	$25,311	($1,773)	$1,048	$24,587	($724)
Pooks Hill Mid-Rise	$165,699	($34,004)	$24,471	$156,166	($9,533)
Southbridge	$146,962	$31,089	($6,304)	$171,746	$24,784
Strathmore Court	$588,318	($83,869)	$24,544	$528,993	($59,325)
Subtotal	**$1,804,532**	**($330,316)**	**$28,495**	**$1,502,713**	**($301,819)**
Properties with restricted cash flow (external and internal)					
The Ambassador	($201,278)	$176,820	$79,326	$54,868	$256,146
Brooke Park	$4,083	($2,883)	($21,078)	($19,878)	($23,961)
Brookside Glen (The Glen)	$177,706	($51,072)	($18,193)	$108,441	($69,265)
CDBG Units	($1,252)	$3,003	$5,902	$7,653	$8,905
Dale Drive	$20,529	($193)	($7,456)	$12,880	($7,649)
Diamond Square	$89,363	$11,034	$56,469	$156,866	$67,503
NCI Units	($6,137)	$4,389	$15,399	$13,650	$19,787
NSP Units	($2,813)	$7,537	$8,415	$13,140	$15,953
Paint Branch	($246)	$19,363	$6,011	$25,128	$25,374
State Rental Combined	$195,616	($105,206)	($44,848)	$45,562	($150,054)
Westwood Tower	$195,654	($82,189)	$65,692	$179,158	($16,496)
Subtotal	**$471,225**	**($19,397)**	**$145,639**	**$597,468**	**$126,243**
TOTAL ALL PROPERTIES	**$2,275,757**	**($349,713)**	**$174,134**	**$2,100,181**	**($175,576)**

FY 15 Third Quarter Operating Budget to Actual Comparison
For HUD Funded Programs

	(9 Months) Budget	(9 Months) Actual	Variance
Public Housing Rental			
Revenue	$3,656,703	$6,457,586	$2,800,883
Expenses	$3,973,850	$4,837,123	($863,273)
Net Income	**($317,147)**	**$1,620,463**	**$1,937,610**
Housing Choice Voucher Program			
HAP revenue	$62,415,853	$62,222,998	($192,855)
HAP payments	$64,641,704	$60,531,289	$4,110,415
Net HAP	**($2,225,851)**	**$1,691,709**	**$3,917,560**
Admin.fees & other inc.	$4,589,834	$4,654,719	$64,885
Admin. Expense	$5,163,154	$4,553,561	$609,593
Net Administrative	**($573,320)**	**$101,158**	**$674,478**
Net Income	**($2,799,171)**	**$1,792,867**	**$4,592,038**

FY 15 Third Quarter Operating Budget to Actual Comparison

For Public Housing Rental Programs - Net Cash Flow

	(9 Months) Budget	Variance Income	Variance Expense	(9 Months) Actual	Variance
Elizabeth House	($62,837)	($17,945)	$43,105	($37,677)	$25,160
Holly Hall	($19,736)	$6,882	$53,728	$40,873	$60,609
Arcola Towers	($56,000)	$3,450	$110,743	$58,193	$114,193
Waverly House	($3,000)	$19,084	$48,628	$64,712	$67,712
Seneca Ridge	($3,859)	$232,248	($269,166)	($40,777)	($36,918)
Emory Grove / Washington Square	($116,835)	$369,170	($174,854)	$77,481	$194,316
Towne Centre Place / Sandy Spring Meadow	($31,381)	$258,261	($187,054)	$39,826	$71,207
Ken Gar / Parkway Woods	($18,889)	$133,291	($95,837)	$18,566	$37,455
Scattered Sites Central	$0	$285,784	($95,066)	$190,718	$190,718
Scattered Sites East	$0	$260,005	($46,011)	$213,994	$213,994
Scattered Sites Gaithersburg	$0	$515,882	($97,223)	$418,659	$418,659
Scattered Sites North	$0	$509,109	($100,700)	$408,409	$408,409
Scattered Sites West	$0	$251,281	($78,649)	$172,632	$172,632
Resident Services	($4,610)	($25,620)	$25,083	($5,146)	($536)
TOTAL ALL PROPERTIES	**($317,147)**	**$2,800,882**	**($863,273)**	**$1,620,463**	**$1,937,610**

FY 15 Third Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(9 Months) Actual	Variance
General Fund			
East Deer Park	$81,000	$51,743	$29,257
Kensington Office	$393,300	$234,371	$158,929
Information Technology	$1,298,000	$206,194	$1,091,806
Subtotal	**$1,772,300**	**$492,308**	**$1,279,992**
Opportunity Housing			
The Ambassador	$12,636	$81,840	($69,204)
Alexander House	$232,440	$205,504	$26,936
The Barclay	$28,412	$7,768	$20,644
Brooke Park	$0	$0	$0
Brookside Glen (The Glen)	$116,551	$60,535	$56,016
CDBG Units	$0	$496	($496)
Chelsea Towers	$13,600	$4,293	$9,307
Chevy Chase Lake	$64,250	$1,737	$62,513
Dale Drive	$2,412	$1,571	$841
Diamond Square	$157,670	$65,427	$92,243
Fairfax Court	$25,650	$4,509	$21,141
Glenmont Crossing	$62,536	$80,816	($18,280)
Glenmont Westerly	$48,285	$51,344	($3,059)
Greenhills Apartments	$70,000	$43,890	$26,110
Holiday Park	$40,200	$10,625	$29,575
Jubilee Falling Creek	$500	$1,269	($769)
Jubilee Hermitage	$2,900	$1,651	$1,249
Jubilee Woodedge	$2,625	$0	$2,625
Ken Gar	$0	$0	$0
Magruder's Discovery	$66,100	$9,350	$56,750
McHome	$80,201	$53,409	$26,792
McKendree	$15,424	$10,221	$5,203
MetroPointe	$33,700	$16,968	$16,732
The Metropolitan	$266,048	$185,140	$80,908
Montgomery Arms	$186,771	$37,599	$149,172
MHLP VII	$18,635	$20,352	($1,717)
MHLP VIII	$27,897	$30,021	($2,124)
MPDU 2007 Phase II	$11,000	$72	$10,928
64 MPDUs	$158,841	$59,518	$99,323
TPM - 59 MPDUs	$77,398	$48,249	$29,149
Oaks at Four Corners	$416,829	$267,424	$149,405
NCI Units	$0	$4,204	($4,204)
NSP Units	$0	$1,835	($1,835)
Paddington Square	$79,693	$44,702	$34,991
Paint Branch	$24,240	$11,281	$12,959
Parkway Woods	$0	$0	$0
TPM - Pomander Court	$28,160	$6,233	$21,927
Pooks Hill High-Rise	$1,005,800	$251,405	$754,395
Pooks Hill Mid-Rise	$107,500	$60,510	$46,990
Sandy Spring Meadow	$0	$0	$0
Scattered Site One Dev. Corp. ..	$122,991	$170,090	($47,099)
Scattered Site Two Dev. Corp. ..	$67,063	$75,532	($8,469)
Seneca Ridge	$0	$65	($65)
Southbridge	$3,448	$3,532	($84)
Sligo Development Corp.	$80,710	$26,190	$54,520
State Rental Combined	$97,666	$122,498	($24,832)
Strathmore Court	$381,806	$27,361	$354,445
Towne Centre Place	$0	$152	($152)
TPM - Timberlawn	$27,640	$35,778	($8,138)
VPC One Dev. Corp.	$0	$79,756	($79,756)
VPC Two Dev. Corp.	$0	$29,811	($29,811)
Washington Square	$0	$1,390	($1,390)
Westwood Tower	$229,420	$187,741	$41,679
Subtotal	**$4,495,648**	**$2,501,664**	**$1,993,984**
TOTAL	**$6,267,948**	**$2,993,972**	**$3,273,976**

APPROVAL OF FY’15 THIRD QUARTER BUDGET AMENDMENT

June 3, 2015

- **The net effect of the FY’15 Third Quarter Budget Amendment is a balanced budget.**
- **Total operating budget for the Agency has increased from $247.6 million to $248.1 million.**
- **Total capital budget for the Agency remains unchanged.**
- **Personnel Complement remains unchanged.**
- **No policy changes are reflected in the budget amendment.**

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Gail Willison Terri Fowler	Division: Finance	Ext. 9480 Ext. 9507
RE:	Approval of FY’15 Third Quarter Budget Amendment			
DATE:	June 3, 2015			
STATUS:	Committee Reports:	Deliberation [X]		

OVERALL GOAL & OBJECTIVE:
To amend the FY’15 Budget so that it reflects an accurate plan for the use of the Agency's financial resources for the remainder of the year

BACKGROUND:
The HOC Budget Policy provides for the Executive Director to propose any budget amendments for the Commission to consider that may better reflect the revenues and expenses for the remainder of the year.

ISSUES FOR CONSIDERATION:

Operating Budget Amendments: Attachment I is a detailed chart of the following proposed transactions. Below is a description of the proposed amendment:

- **Public Fund:**
  - **Arcola Towers** and **Waverly House:** When the FY’15 Budget was adopted, staff anticipated that the Rental Assistance Demonstration (RAD) closings converting Arcola Towers and Waverly House from Public Housing properties to Tax Credit properties would occur in March 2015. The closings are now scheduled for late summer. This budget amendment extends the FY’15 Budget for both properties by three months to account for them remaining in the Public Housing portfolio through the end of the fiscal year. The FY’16 Budget Amendment that will be presented at the June Commission meeting will include the anticipated two month extension through August 2015. Both income and expenses in the Public Fund will increase by $244,557 and $255,457 for Arcola Towers and Waverly House, respectively. The increase in expenses includes the restriction of $19,533 of projected cash flow for Waverly House due to restrictions on Public Housing income.

BUDGET IMPACT:

The net effect of the FY'15 Third Quarter Budget Amendment maintains a balanced budget. The total FY'15 Operating Budget for HOC increased from $247,603,300 to $248,103,314. This is an increase of $500,014. The total FY'15 Capital Budget remains unchanged. Approval by the Commission of any budget amendments will revise the FY'15 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

TIME FRAME:

The FY'15 Third Quarter Budget Amendment was reviewed by the Budget, Finance and Audit Committee at the May 19, 2015 meeting. Action is requested at the June 3, 2015 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the proposed amendments to the FY'15 Budget.

Resolution No. **Re: Approval of FY'15 Third Quarter Budget Amendment**

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

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

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY'15 Budget; and

WHEREAS, the net effect of the FY'15 Third Quarter Budget Amendment is a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'15 Operating Budget by increasing total revenues and expenses for the Agency from $247.6 million to $248.1 million.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 3, 2015.

Patrice Birdsong
Special Assistant to the Commission

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FY 2015 Adopted Operating Budget Third Quarter Amendment	Revenues	Expenses	Second Quarter Budget Amendment	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Third Quarter Budget Amendment
General Fund								
General Fund	$21,534,888	$22,094,949	($560,061)	$0	$0	$21,534,888	$22,094,949	($560,061)
Restrict to GFOR	$0	$513,000	($513,000)	$0	$0	$0	$513,000	($513,000)
Multi-Family & Single Family Bond Funds								
Multi-Family Fund	$24,572,602	$24,572,602	$0	$0	$0	$24,572,602	$24,572,602	$0
Single Family Fund	$15,054,282	$15,054,282	$0	$0	$0	$15,054,282	$15,054,282	$0
Opportunity Housing Fund								
Opportunity Housing Reserve Fund (OHRF)	$2,374,918	$1,170,631	$1,204,287	$0	$0	$2,374,918	$1,170,631	$1,204,287
Restricted to OHRF	$0	$1,204,287	($1,204,287)	$0	$0	$0	$1,204,287	($1,204,287)
Opportunity Housing & Development Corps	$72,129,210	$70,623,955	$1,505,255	$0	$0	$72,129,210	$70,623,955	$1,505,255
Public Fund								
Public Housing Fund	$4,372,371	$4,702,800	($330,429)	$500,014	$500,014	$4,872,385	$5,202,814	($330,429)
County Contributions towards Public Housing	$370,000	$0	$370,000	$0	$0	$370,000	$0	$370,000
Restrict to Public Housing Reserves	$0	$39,571	($39,571)	$0	$0	$0	$39,571	($39,571)
Housing Choice Voucher Program	$91,825,856	$93,126,764	($1,300,908)	$0	$0	$91,825,856	$93,126,764	($1,300,908)
County Contributions towards HCVP Administration	$868,714	$0	$868,714	$0	$0	$868,714	$0	$868,714
Federal , State and Other County Grants	$14,500,459	$14,500,459	$0	$0	$0	$14,500,459	$14,500,459	$0
TOTAL - ALL FUNDS	**$247,603,300**	**$247,603,300**	**$0**	**$500,014**	**$500,014**	**$248,103,314**	**$248,103,314**	**$0**

FY 2015 Adopted Capital Budget Third Quarter Amendment	Revenues	Expenses	Second Quarter Budget Amendment	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Third Quarter Budget Amendment
Capital Improvements								
East Deer Park	$81,000	$81,000	$0	$0	$0	$81,000	$81,000	$0
Kensington Office	$393,300	$393,300	$0	$0	$0	$393,300	$393,300	$0
Information Technology	$1,298,000	$1,298,000	$0	$0	$0	$1,298,000	$1,298,000	$0
Opportunity Housing Properties	$4,495,648	$4,495,648	$0	$0	$0	$4,495,648	$4,495,648	$0
Public Housing Properties	$2,223,530	$2,223,530	$0	$0	$0	$2,223,530	$2,223,530	$0
Capital Development Projects								
Timberlawn / Pomander Court	$17,983,720	$17,983,720	$0	$0	$0	$17,983,720	$17,983,720	$0
Greenhills Apartments	$19,650,240	$19,650,240	$0	$0	$0	$19,650,240	$19,650,240	$0
Rental Assistance Demonstration (RAD) Properties	$15,219,626	$15,219,626	$0	$0	$0	$15,219,626	$15,219,626	$0
Arcola Towers	$16,414,648	$16,414,648	$0	$0	$0	$16,414,648	$16,414,648	$0
Waverly House	$16,100,330	$16,100,330	$0	$0	$0	$16,100,330	$16,100,330	$0
Chevy Chase Lake	$500,000	$500,000	$0	$0	$0	$500,000	$500,000	$0
TOTAL - ALL FUNDS	**$94,360,042**	**$94,360,042**	**$0**	**$0**	**$0**	**$94,360,042**	**$94,360,042**	**$0**

Footnotes - explanation of changes

PF I Extend Arcola Towers for three months - $244,557
PF I Extend Waverly House for three months - $255,457
PF E Extend Arcola Towers for three months - $244,557
PF E Extend Waverly House for three months - $255,457

ACCEPTANCE OF CY'14
TAX CREDIT AUDITS

June 3, 2015

- **The Finance Division was responsible for the successful completion of 13 Tax Credit Partnership Property Audits for CY'14.**

- **A standard unqualified audit opinion was received for all 13 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits.**

- **The audits for Shady Grove Apartments LP, Manchester Manor Apartments LP and The Willows of Gaithersburg Associates LP have not been finalized; however, staff is currently reviewing drafts of these audits. There are no findings and this is not expected to change.**

- **The Internal Auditor has reviewed all Tax Credit Partnership Audits.**

M E M O R A N D U M

TO:	Housing Opportunities Commission				
VIA:	Stacy L. Spann, Executive Director				
FROM:	Staff:	Gail Willison	Division:	Finance	Ext. 9480
		Belle Seyoum		Finance	Ext. 9476
		Varun Chawla		Finance	Ext. 9572
		Jim Atwell		Internal Audit	Ext. 9426
RE:	Acceptance of CY'14 Tax Credit Audits				
DATE:	June 3, 2015				

STATUS: Committee Report: Deliberation __X__

OVERALL GOAL & OBJECTIVE:
Acceptance of the calendar year (CY) 2014 Tax Credit Partnership Property Audits

BACKGROUND:
HOC maintains 15 tax credit partnerships. Two of the tax credit partnerships, Strathmore Court and The Metropolitan, are reported on a fiscal year basis in order to be consistent with the market rent portions of those properties. The other 13 tax credit partnerships consist of scattered sites and multifamily properties. Each of these individual tax credit partnerships are required to have an annual audit to satisfy investor requirements. The following tax credit partnership properties were audited as of December 31, 2014:

PROPERTIES
Montgomery Homes Limited Partnership IX (Scattered Site and Pond Ridge)
Montgomery Homes Limited Partnership X
Shady Grove Apartments, LP
The Willows of Gaithersburg Associates, LP
Manchester Manor Apartments, LP
MV Affordable Housing Associates, LP
Georgian Court Silver Spring, LP
Barclay One Associates, LP
Spring Garden One Associates LP
Forest Oak Towers Apartments, LP
Wheaton Metro Limited Partnership (MetroPointe)
4913 Hampden Lane LP
Tanglewood and Sligo LP

See Appendix A for further details on each of the tax credit partnership properties that report on a calendar year basis. Thirteen CY'14 Tax Credit Partnership Property Audits received a standard unqualified audit opinion from the independent certified public accounting firms performing the audits. The audits for Shady Grove Apartments LP, Manchester Manor Apartments LP and The Willows of Gaithersburg Associates LP have not been finalized due to technical terminations of these partnerships. However, we have received drafts of these audits and have no findings and this is not expected to change. The Internal Auditor, Jim Atwell, has reviewed all 13 audited financial statements.

There were no audit findings related to any property and the result of the audit will be presented to the Commission at the June 3, 2015 meeting.

ISSUES FOR CONSIDERATION:
Does the Commission wish to accept the 13 CY'14 Tax Credit Partnership Property Audits?

BUDGET IMPACT:
There is no budget impact related to acceptance of the 13 CY'14 Tax Credit Partnership Property Audits.

TIME FRAME:
The Budget, Finance and Audit Committee reviewed the 13 CY'14 Tax Credit Partnership Audits at the May 19, 2015 meeting. Staff requests Commission action at the June 3, 2015 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends acceptance of the 13 Tax Credit Partnership Property Audits.

RESOLUTION: **RE:** Acceptance of CY'14 Tax Credit Audits

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

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

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

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 3, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

Appendix A

TAX CREDIT AUDIT STATUS
CY: 2014

	Name of the Partnership	Number of Units	Scattered Site	Remaining Compliance Yrs left	Audit Firm	MFD Firm	Opinion	Finding
1	Montgomery Homes LP IX (Scattered Site & Pond Ridge)	116	Yes/No	None	Kozak, Pollekoff & Goldman, P.C.		Unqualified	None
2	Montgomery Homes LP X	75	Yes	None	O'Connor Davies		Unqualified	None
3	Shady Grove Apartments, LP	144	No	None	O'Connor Davies		Unqualified	None
4	Manchester Manor Apartments, LP	53	No	None	CohnReznick LLP		Unqualified	None
5	Georgian Court Silver Spring LP	147	No	1	Novogradac & Company		Unqualified	None
6	MV Affordable Housing Associates, LP	94	No	2	Kozak, Pollekoff & Goldman, P.C.		Unqualified	None
7	Spring Garden One Associates LP	83	No	6	Novogradac & Company		Unqualified	None
8	Barclay One Associates LP	81	No	6	Kozak, Pollekoff & Goldman, P.C.		Unqualified	None
9	Wheaton Metro Limited Partnership	53	No	8	Novogradac & Company		Unqualified	None
10	Forest Oak Towers LP	175	No	8	Kozak, Pollekoff & Goldman, P.C.		Unqualified	None
11	The Willows of Gaithersburg Associates, LP	195	No	None	Kozak, Pollekoff & Goldman, P.C.		Unqualified	None
12	4913 Hampden Lane LP	12	No	11	Novogradac & Company		Unqualified	None
13	Tanglewood and Sligo LP	132	No	14	Novogradac & Company		Unqualified	None

AUTHORIZATION TO WRITE-OFF BAD DEBT RELATED TO TENANT ACCOUNTS RECEIVABLE

June 3, 2015

- **HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write-off of uncollected former resident balances.**

- **The proposed write-off of former tenant accounts receivable balances for the fiscal year period April 1, 2014 through March 31, 2015 is $94,971. The last approved write-off was for $181,970 on June 6, 2014 which covered the time period from April 1, 2013 through March 31, 2014.**

- **Total major write-offs are as follows: Public Housing $1,847, Opportunity Housing $60,908, Tax Credit properties $25,915 and Supportive Housing $6,301.**

- **The next anticipated write-off will cover from April 1, 2015 through March 31, 2016. The write-off will be performed in the fourth quarter of FY'15 and will include all former tenant accounts receivable balances from April 1, 2015 through March 31, 2016.**

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff: Gail Willison	Division:	Finance	Ext. 9480
	Belle Seyoum		Finance	Ext. 9476
	Tiffany Jackson		Accounting Manager	Ext. 9512
RE:	Authorization to Write-off Bad Debt Related to Tenant Accounts Receivable			
DATE:	June 3, 2015			

STATUS: Committee Report: Deliberation ___X

OVERALL GOAL & OBJECTIVE:
To approve the authorization to write-off bad debt related to tenant accounts receivable

BACKGROUND:
Currently, HOC's policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days. In addition, HOC periodically proposes the write-off of uncollected former resident balances. This process updates the financial records to accurately reflect the receivables and the potential for collection. All former tenant accounts receivable balances proposed to be written-off are recorded in the HOC bad debt database as well as the Equifax Credit Bureau file. Any balances of a $1,000 or more will be submitted to Bregman, Berbert, Schwartz and Gilday, LLC for further pursuit. Through our own collection efforts and the services of the law firm, we continue to pursue all debts.

The proposed write-off of former tenant accounts receivable balances for the fiscal year period April 1, 2014 through March 31, 2015 is $94,971. The last approved write-off was for $181,970 on June 6, 2014 which covered the time period from April 1, 2013 through March 31, 2014.

The current fiscal year write-off of $94,971 reflects a decrease of $86,999 compared to the previous write-off amount of $181,970. The 48% decrease in write-offs is primarily attributed to an increased effort by property management to collect on outstanding tenant receivables by establishing repayment agreements.

The following amounts by property type are proposed to be written off:

Property Type	Write-offs 04/01/14 - 03/31/15	Prior Write-offs 04/01/13 - 03/31/14	$ Increase (Decrease) 04/01/14 - 03/31/15	% Increase (Decrease) 04/01/14 - 03/31/15
Public Housing	$ 1,847	$ 88,004	$ (86,157)	(98%)
Opportunity Housing	60,908	59,286	1,622	3%
Tax Credits	25,915	28,945	(3,030)	(10%)
236 Properties	-	2,967	(2,967)	(100%)
Supportive Housing	6,301	2,768	**3,533**	128%
	$ 94,971	**$ 181,970**	**$ (86,999)**	**(48%)**

The following table shows the write-offs by fund:

Fund/Property	**Amount**
Public Fund	
PH Scattered Sites - Central	$475
PH Scattered Sites - Gaithersburg	134
Holly Hall	117
Seneca Ridge	692
Arcola Towers	381
Waverly House	48
Total	$1,847
Percent to total Public Fund Write-offs	2%
Opportunity Housing (OH) Fund	
McHome	$822
MPDU I/64	22,333
State Partnership Combined	7,025
Magruders Discovery	2,366
Scattered Site One Dev Corp	11,887
VPC One Dev Corp	6,677
VPC Two Dev Corp	6,227
Sligo Hills Dev Corp/MPDU	157
TPM Dev Corp- MPDU II/59	933
TPM Dev Corp – Pomander Court	529
Holiday Park	1,952
Total	$60,908
Percent to total Opportunity Housing Fund Write-offs	64%

Tax Credit Properties

Hampden Lane	$784
MHLP II	1,030
MHLP VIII	4,328
MHLP X	7,661
MHLP IX – Pond Ridge	4,846
MHLP IX – MPDU	7,266
Total	$25,915
Percent to total Tax Credit Properties Write-offs	27%

236 Properties

Bauer Park Apartments	$ -
Town Center Apartments	-
Camp Hill Square	-
Total	$ -
Percent to total Tax Credit Properties Write-offs	0%

Supportive Housing

McKinney X – County	4,080
McKinney XII – Perm. Supp Housing	2,221
Total	$6,301
Percent to total Tax Credit Properties Write-offs	7%

Within the Public Housing properties, there was a major decrease in write-offs of $86,157 from last year due to the conversion of 669 Scattered Sites units from Public Housing to VPC One and VPC Two Development Corporations and the conversion of six (6) Public Housing properties to the RAD program which is now reported as Opportunity Housing. Upon conversion, Public Housing residents with delinquent balances were required to establish repayment agreements. The write-offs are attributable to eviction and non-payment of rent as well as charges placed on the units related to damages which remain uncollected.

Within the Opportunity Housing portfolio, there was a slight increase in write-offs of $1,622 from the previous year. The current year write-offs are attributable to tenant evictions and skips as well as damages on the units which remain uncollected. Property Management has stated that many of the families in these units have difficulty making their monthly payments, and any downturn in employment or family situation can cause rent delinquencies and possible eviction.

Within the Tax Credit properties, there was a decrease in write-offs of $3,030 from the previous year. The current year write-offs are attributable to tenant evictions, skips and tenants leaving units with damages that are discovered after move-out.

Within the 236 properties, there was a decrease in write-offs of $2,967 from the previous year and there are no write-offs for the two remaining properties for the current period.

Lastly, within the Supportive Housing program, there was an increase in write-offs of $3,533 from the previous year. The majority of current year write-offs are related to one tenant who is deceased and two tenants that were terminated from the program.

The next anticipated write-off will cover April 1, 2015 through March 31, 2016. The write-off will be performed in the fourth quarter of FY'16. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the debt database.

ISSUES FOR CONSIDERATION:

Does the Commission wish to authorize the write-off of bad debt related to tenant accounts receivable?

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 bad debt expense was recorded when the initial bad debt allowance was established as a result 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 authorized the write-off of bad debt related to tenant accounts receivable at the May 19, 2015 meeting. Staff requests Commission action at the June 3, 2015 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends Commission authorization to write-off bad debt related to tenant accounts receivable.

RESOLUTION NO.

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

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

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

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period April 1, 2014 through March 31, 2015 is $1,847 from Public Housing, $60,908 from Opportunity Housing, $25,915 from Tax Credit properties, and $6,301 from Supportive Housing, totaling $94,971.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that authorization is granted to the Executive Director to write-off bad debt totaling $94,971 related to tenant accounts receivable.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 3, 2015.

Patrice M. Birdsong
Special Assistant to the Commission

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AUTHORIZATION TO WRITE-OFF BAD DEBT RELATED TO THE FORMER FANNIE MAE CLOSING COST PROGRAM

June 3, 2015

- Between 1997 and 2002, the County Closing Cost Program was funded through a series of loans between HOC and Fannie Mae with the County posting collateral as insurance against potential losses from borrower default.

- All loans between HOC and Fannie Mae have been repaid and the residual collateral funds have been returned to the County. No new loan activity has occurred in this program since Fannie Mae withdrew from this initiative in 2002.

- Seven loans totaling $12,377.05 from the program remain outstanding and have been in a delinquent status for many years with no repayment activity.

- HOC funds were not used to make these loans; therefore, no HOC funds are at risk from a write-off. All Fannie Mae loans have been repaid and any excess collateral was returned to the County. Should any of remaining loans repay, recovered funds would be returned to the County.

- Staff recommends that the Commission accept the recommendation of the Budget Finance & Audit Committee which met on May 19, 2015 and authorize the write-off the seven closing cost loans totaling $12,377.05 as bad debt.

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy Spann, Executive Director

FROM: Staff: Kayrine Brown Division: Mortgage Finance Ext. 9589
Gail Willison, Division: Finance Ext. 9480

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

DATE: June 3, 2015

STATUS: COMMITTEE REPORT: Deliberation __X

OVERALL GOAL & OBJECTIVE:
To obtain the Commission's authorization to write-off old and delinquent closing cost loans previously funded by Fannie Mae and collateralized by Montgomery County.

BACKGROUND:
Between 1997 and 2002, the County Closing Cost Program was funded through a series of loans between HOC and Fannie Mae with the County posting collateral as insurance against potential losses from borrower default. All loans between HOC and Fannie Mae ($8,650,000) have been repaid and the residual collateral has been returned to the County. No new loan activity has occurred in this program since Fannie Mae withdrew from this initiative in 2002. This program is altogether separate from the current Revolving Closing Cost Program which is funded from the County's Housing Initiatives Fund.

Seven loans from the Fannie Mae program remain on the books. These seven loans have been in a delinquent status for several years and show no signs of repayment. Judgments have been filed on two of the borrowers; one of which was foreclosed and one filed for bankruptcy protection.

The remaining principal balance of the loans is $12,377.05, shown in the following table.

Program	Beginning Program Balance	Remaining Program Balance	Percentage
1997A	1,000,000	$1,159.86	0.12%
1998	1,400,000	51.07	0%
1999	2,500,000	1,460.67	0.06%
2001B	1,000,000	6,764.50	0.68%
Excess County Collateral	134,246	2,940.95	2.19%
		$12,377.05	

HOC funds were not used to make these loans. HOC funds are not in jeopardy of loss from a write-off. Any funds which might ultimately be recovered from these loans would belong to the County.

ISSUES FOR CONSIDERATION:
Should the Commission accept the recommendation of the Budget, Finance, and Audit Committee and approve the write-off of $12,377.05 in loans from the former Fannie Mae Closing Cost Program as bad debt?

PRINCIPALS:
N/A

BUDGET IMPACT:
None

TIME FRAME:
Action at the June 3, 2015 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Commission accept the recommendation of the Budget, Finance, and Audit Committee and approve the write-off of $12,377.05 in loans from the former Fannie Mae Closing Cost Program as bad debt.

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

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

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

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

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

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

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting of the Commission conducted on June 3, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL OF LOANS AND ADVANCES TO NON-HOC OWNED ENTITIES AS OF DECEMBER 31, 2014 AND AS OF JUNE 30, 2014

June 3, 2015

- **In accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties that HOC does not own.**

- **During the period of January 1, 2014 through December 31, 2014, there was a net decrease in advances for operations to the tax credit partnerships of $885.**

- **Total advances have decreased in 236 properties from $862,518 on June 30, 2013 to $689,609 as of June 30, 2014.**

- **Staff recommends approving $39,441,262 in loans and advances to the tax credit partnerships as of December 31, 2014 and $689,609 in advances to the 236 properties as of June 30, 2014.**

M E M O R A N D U M

TO:	Housing Opportunities Commission				
VIA:	Stacy L Spann, Executive Director				
FROM:	Staff:	Gail Willison	Division:	Finance	Ext. 9480
		Belle Seyoum		Finance	Ext. 9476
		Varun Chawla		Finance	Ext. 9572

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

DATE: June 3, 2015

STATUS: Committee Report: Deliberation <u>X</u>

OVERALL GOAL & OBJECTIVE:
To approve $39,441,262 in loans and advances to the tax credit partnerships as of December 31, 2014 and $689,609 in advances to the 236 properties as of June 30, 2014.

BACKGROUND:
In accordance with the Commission approved budget policies as amended on December 7, 1998, the Commission must approve any transfers of HOC funds to any properties that HOC does not own.

ISSUES:
Schedules of loans and advances for tax credit partnerships (Attachment A) and advances for the 236 properties (Attachment B).

<u>Attachment A — Tax Credit Partnerships</u>

Attachment A shows that $39,441,262 was advanced from HOC to the tax credit partnerships as of December 31, 2014. This amount includes $19,026,499 for capitalization loans and $20,414,763 for advances to property operations. Capitalization loans decreased by $1,023,440 as a result of receipt of payments from MV Affordable Housing Associates LP, Forest Oak Towers LP and Tanglewood and Sligo Hills LP for general partner loans and deferred development fees. During the period of January 1, 2014 through December 31, 2014, there was a net decrease in advances for operations to the tax credit partnerships of $885. The majority of the decrease is attributable to Tanglewood and Sligo Hills LP for the payment of construction costs to the General Fund offset by advances to fund operating losses at The Metropolitan LP and Strathmore Court LP.

Attachment B — Section 236 Properties

Attachment B highlights advances to the 236 properties. Total advances have decreased from $862,518 on June 30, 2013 to $689,609 as of June 30, 2014. The decrease in the Bauer Park Apartments is a result of a forgivable loan from DHCA as long as the property operates under HUD-236 guidelines. In addition, capital expenditures were reimbursed from replacement reserves. The increase at Town Center Apartments is a result of an increase in capital expenditures which have not yet been reimbursed from replacement reserve funds.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve $39,441,262 in loans and advances to the tax credit partnerships as of December 31, 2014 and $689,609 in advances to the 236 properties as of June 30, 2014?

BUDGET IMPACT:

There is no budget impact for FY'15.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the Loans and Advances to Non-HOC Owned Entities as of December 31, 2014 and as of June 30, 2014 at the May 19, 2015 Committee meeting. Staff requests Commission action at the June 3, 2015 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends the Commission approve the Loans and Advances to Non-HOC Owned Entities as of December 31, 2014 and as of June 30, 2014.

RESOLUTION NO.

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

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

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

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

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 3, 2015.

Patrice Birdsong
Special Assistant to the Commission

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Attachment A

HOUSING OPPORTUNITIES COMMISSION
SCHEDULE OF LOANS & ADVANCES BY HOC FOR TAX CREDIT PARTNERSHIPS
JANUARY 1, 2014 THROUGH DECEMBER 31, 2014

			Loans from HOC for Capitalization (a)			Funds Advanced/(Collected) by HOC for Operations			TOTAL ADVANCES
Fund	Name of property		Balance 12/31/13	Activity Jan-1 thru Dec-31	Balance 12/31/14	Balance 12/31/13	Activity Jan-1 thru Dec-31	Balance 12/31/14	12/31/14
819-711-712	MHLP IX		$ 1,153,175		$ 1,153,175	$ 2,345,367	90,302	$ 2,435,669	$ 3,588,844
820-713	MHLP X		1,138,644		1,138,644	(30,586)	(25,802)	(56,388)	1,082,256
SUBTOTAL			2,291,819	-	2,291,819	2,314,781	64,500	2,379,281	4,671,100
831-787	STRATHMORE COURT	a	1,000,000		1,000,000	2,783,737	249,724	3,033,461	4,033,461
832-788	THE METROPOLITAN	b	977,000		977,000	9,849,018	717,524	10,566,542	11,543,542
833-741	MANCHESTER MANOR		-		-	385,641	(48,439)	337,202	337,202
834-742	SHADY GROVE		-	-	-	9,480	(13,737)	(4,257)	(4,257)
835-743	THE WILLOWS		293,182		293,182	(10,487)	(106)	(10,593)	282,589
838-745	GEORGIAN COURT		88,631		88,631	14,002	(10,734)	3,268	91,899
837-744	STEWARTOWN		390,801	(14,971)	375,830	99,691	(5,582)	94,109	469,939
839-746	THE BARCLAY		2,891,404		2,891,404	(166,907)	10,648	(156,259)	2,735,145
840-747	SPRING GARDEN		3,274,431		3,274,431	(11,436)	(5,617)	(17,053)	3,257,378
818-100	WHEATON METRO		1,633,687		1,633,687	1,824,709	(8,931)	1,815,778	3,449,465
842-749	FOREST OAK		673,877	(138,270)	535,607	18,409	(22,184)	(3,775)	531,832
899-000W	HAMPDEN LANE		269,697	-	269,697	76,256	(94,503)	(18,247)	251,450
843-750	TANGLEWOOD & SLIGO HILLS		6,265,410	(870,199)	5,395,211	3,228,754	(833,448)	2,395,306	7,790,517
SUBTOTAL			17,758,120	(1,023,440)	16,734,680	18,100,867	(65,385)	18,035,482	34,770,162
GRAND TOTAL			$ 20,049,939	(1,023,440)	$ 19,026,499	$ 20,415,648	(885)	20,414,763	$ 39,441,262

(a) Strathmore Court (market side) advanced funds to Strathmore Court Limited Partnership.

(b) Metropolitan Development Corporation advanced funds to Metropolitan Limited Partnership for operating short falls.

Attachment B
SCHEDULE OF ADVANCES BY HOC FOR OPERATIONS
FOR SECTION 236 PROPERTIES
JULY 1, 2013 THROUGH JUNE 30, 2014

Fiscal Year Properties

Fund	Name of property	Balance 06/30/13	Activity July-13 thru June-14	Balance 06/30/14
871-701B	Bauer Park Apartments	$ 689,054	(281,291)	$ 407,763
873-704R	Town Center Apartments	173,464	108,382	281,846
	Total	$ 862,518	(172,909)	$ 689,609

APPROVAL TO EXTEND THE $ 60 MILLION PNC BANK LINE OF CREDIT TO FINANCE MONTGOMERY HOMES LIMITED PARTNERSHIP (MHLP) VII AND FAIRFAX COURT APARTMENTS

June 3, 2015

- **MHLP VII and Fairfax Court Apartments are financed under the $60 million PNC Bank Line of Credit. Both loans are due to expire on June 7, 2015.**

- **Staff requests that the Line of Credit maturity date for MHLP VII and Fairfax Court Apartments be extended for one year through June 7, 2016.**

- **The estimated cost under the Line of Credit is based upon a rate of one month LIBOR plus 90 basis points. As of April 27, 2015, the total amount of interest expense for the draws on the PNC Bank Line of Credit for FY 2016 is estimated to be $13,740.**

M E M O R A N D U M

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gail Willison Division: Finance Ext. 9480
Belle Seyoum Finance Ext. 9476

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

DATE: June 3, 2015

STATUS: Committee Report: Deliberation ___X_

OVERALL GOAL & OBJECTIVE:
To extend the use of the $60 Million PNC Bank Line of Credit to finance Montgomery Homes Limited Partnership (MHLP) VII and Fairfax Court Apartments Mortgage loans.

BACKGROUND:
Currently, there are two remaining mortgage loans financed under the $60 million PNC Bank Line of Credit, MHLP VII and the Fairfax Court Apartments, which are due to expire June 7, 2015. Staff requests extending the maturity dates for one year through June 7, 2016. The total borrowing authority under the PNC Bank Line of Credit is $60 million. The unobligated amount as of March 31, 2015 is $45 million. The PNC Bank Line of Credit Agreement's taxable borrowing rate is Libor plus 90 basis points. The Line of Credit agreement expires May 31, 2016.

The table below lists the current maturity date, anticipated outstanding amounts as of May 19, 2015, and the estimated cost to the properties under the Line of Credit.

	Current	Principal	Estimated Annual
Property	**Maturity date**	**Balance**	**Cost under LOC**
MHLP VII	7-Jun-15	$ 531,547	$ 5,717
Fairfax Court Apartments	7-Jun-15	$ 745,898	$ 8,023
Total		$ 1,277,445	$ 13,740

MHLP VII's compliance period expired on December 31, 2010 and the Limited Partnership interest has been donated to HOC effective July 2013.

ISSUES FOR CONSIDERATION:
Does the Commission wish to approve extending the maturity dates for MHLP VII and Fairfax Court Apartments under the PNC Bank Line of Credit for a one-year period not to exceed June 7, 2016?

PRINCIPALS:
Montgomery Homes Limited Partnership VII and Fairfax Court Apartments
PNC Bank
HOC

BUDGET IMPACT:
The amount of interest expense for FY 2016 is estimated to be $13,740. The interest expense has been included in the FY'16 Agency Budget.

TIME FRAME:
The Budget, Finance and Audit Committee reviewed this item at the May 19, 2015 meeting. Staff requests action at the June 3, 2015 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends approval to use the PNC Bank Line of Credit to extend the financing of Montgomery Homes Limited Partnership (MHLP) VII and Fairfax Court Apartments mortgages until June 7, 2016.

RESOLUTION:

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

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

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

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

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 3, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL OF THE AGENCY
FY'16 BUDGET AMENDMENT

June 3, 2015

- **The Budget, Finance and Audit Committee reviewed the FY'16 Budget Amendment at the May 13, 2015 meeting.**
- **The Amended Operating Budget for FY'16 is $237.7 million.**
- **The Amended Capital Budget for FY'16 is $128.0 million.**

M E M O R A N D U M

TO:	Housing Opportunities Commission			
VIA:	Stacy L. Spann, Executive Director			
FROM:	Staff:	Gail Willison	Division: Finance	Ext. 9480
		Terri Fowler	Division: Finance	Ext. 9507
RE:	Approval of the Agency FY'16 Budget Amendment			
DATE:	June 3, 2015			

STATUS: Committee Reports: Deliberation [X]

OVERALL GOAL & OBJECTIVE:
Approval of the Agency FY'16 Budget Amendment.

BACKGROUND:
The two-year budget for the period of FY'15-16 was adopted at the June 4, 2014 Commission meeting. The Budget, Finance and Audit Committee met on May 13, 2015 to review the proposed FY'16 Budget Amendment in detail. The amended budget for FY'16 is now before the full Commission for adoption.

ISSUES FOR CONSIDERATION:
The Amended Operating Budget for FY'16 is $237.7 million which represents a decrease of $10.1 million from the budget adopted on June 4, 2014.

The Amended Capital Budget for FY'16 is $128.0 million which represents an increase of $106.1 million from the budget adopted on June 4, 2014.

In June 2014, the Commission adopted a two-year budget that set the financial plan for FY'15-16. Over the past several months, staff has reviewed the FY'16 Adopted Budget to determine what amendments would be necessary to accurately reflect current revenue and expense expectations.

The primary changes for the FY'16 Budget Amendment include the impact of updates to Rental Income, Personnel Complement, Indirect Cost Model Allocations, Commitment and Development Fees, and County Insurance. In addition, the Commission authorized the use of the $90 million Real Estate Line of Credit (RELOC) with PNC Bank, N.A. to prepay the outstanding mortgages at four properties as a part of the refinancing and redevelopment strategy, doing so effectively reduces the debt service for each property. While the draw on the RELOC bears interest only at 68.5% of the one-month LIBOR plus 38 basis points, when stressed at a fully amortizing 6.5% rate over a 30-year term, the properties demonstrate that they can support a full debt service payment. The difference between the actual interest cost and the stressed scenario will be set aside as Debt Service Reserve in the Opportunity Housing Bond Fund (See Opportunity Housing Fund).

The major differences in the Amended Operating Budget from the FY'16 Adopted Budget are due to:

General Fund:

Changes in Revenue:

Revenues decreased in the General Fund (Attachment 1-1) by $1,205,332. There are several reasons for the change.

- Commitment Fees of $544,895 were added to reflect the timing and amount of fees projected in the amended development budgets. Forty percent of the change in fees or $217,958 is reflected in the General Fund and sixty percent or $326,937 in the Opportunity Housing Reserve Fund (OHRF).

- A transfer of $217,836 was added from the Rental Assistance Demonstration (RAD) 6 proceeds for Real Estate personnel; however, funds will not be drawn if the term work years are not filled.

- Loan Management Fees increased by $172,128 to reflect additional fees from RAD 6, Arcola Towers, Waverly House, and Lakeview House as well as adjustments to existing fees.

- Revenue also increased as a result of increased funding of $49,243 for vehicle replacements, and increased management fee income of $28,600 from the Public Housing and Housing Choice Voucher (HCV) Programs (see Public Fund).

These increases were more than offset by the following reductions.

- Fee Income was reduced by $1,023,563 to reflect changes in the Indirect Cost Model, and revised management fees from the Tax Credit properties and Capital Fund Grant ($858,669 + $110,254 + $54,640 = $1,023,563).

- Development Fee Income decreased by $1,610,290 to reflect changes in the timing and amount of fees projected in the amended development budgets. Forty percent of the change in fees or $644,116 is reflected in the General Fund and sixty percent or $966,174 in the Opportunity Housing Reserve Fund (OHRF).

- Development Corporation Fees decreased by $117,779 based on the updates to the properties (See Opportunity Housing).

- Updates to the Agency Personnel Complement resulted in a decrease of $30,765 in transfers to the General Fund from the OHRF for Real Estate Development Personnel costs.

- Finally, there were other miscellaneous changes to revenue totaling a reduction of $74,874.

Changes in Expenses:

Expenses increased in the General Fund (Attachment 1-1) by $508,538. There are several reasons for the change.

- Expenses of $108,375 were added to reflect the costs associated with HOC Academy and Leadership Tomorrow.

- Restriction of additional funding for vehicle replacements increased expenses by $49,243.

- Updates to the Personnel Complement which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB) resulted in a net increase of $108,191.

- Shifting effort in the Compliance Department from the HCV Program to property compliance and lease-up efforts increased expenses by $72,895.

- Updates to contracts and other expense categories increased expenses by $267,934.

- These increases were partially offset by a net reduction of $98,100 in cash restricted to pay for Facilities and Information Technologies (IT) capital budgets.

The FY'16 Adopted Budget was balanced without the use of reserves; however, it included fees from development activity that are one-time in nature. A portion ($466,792) of these fees was restricted to the General Fund Operating Reserve (GFOR), Opportunity Housing Property Reserve (OHPR), and Other Post Employment Benefit (OPEB) Reserve ($156,181 + $156,181 + $134,430 = $466,792). As a result of the net changes in the FY'16 Budget Amendment, the cash restrictions have been removed. In addition, the FY'16 Budget Amendment requires a draw from reserves in order to maintain a balanced budget. Staff recommends that the anticipated draw of $344,985 be taken from the General Fund Operating Reserve (GFOR). The unobligated balance in the GFOR as of March 31, 2015 was $2,432,992. The GFOR continues to restrict $600,000 for Agency shortfalls that can be used to cover the recommended draw of $344,985.

Multifamily Bond Funds:

Non-administrative revenue and expenses in the Bond Funds are based on a three-year rolling average of interest income and interest expense and updates to fee expenses. The FY'16 Adopted Budget was based on the three-year period FY'11 – FY'13. The FY'16 Budget Amendment is based on the three-year period FY'12 – FY'14. As a result of the lower interest earned in FY'14 when compared to FY'11, previously included in the calculation, projected interest income was reduced by $2,087,221. The restriction of the fund revenue will be reduced accordingly based on the net change in revenue and expenses.

Administrative expenses in the Multifamily Bond Fund decreased by $79,720 reflecting a reduction of $53,293 from an update to the Personnel Complement which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB), and $26,427 from lower management fee expense calculated as a percentage of personnel costs, and other operating expenses.

A corresponding decrease is reflected in revenues to reflect the decrease in the Bond Draw to support the operations of the Multifamily program.

Single Family Bond Funds:

As mentioned previously, non-administrative revenue and expenses in the Bond Funds are based on a three-year rolling average of interest income and interest expense and updates to fee expenses. The FY'16 Adopted Budget was based on the three-year period FY'11 – FY'13. The FY'16 Budget Amendment is based on the three-year period FY'12 – FY'14. As a result of the lower interest earned in FY'14 when compared to FY'11, previously included in the calculation, projected interest income was reduced by $857,790. The restriction of the fund revenue will be reduced accordingly based on the net change in revenue and expenses.

Administrative expenses in the Single Family Bond Fund increased by $34,796 reflecting a $16,961 increased based on an update to the Personnel Complement which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB), and $17,835 as a result of higher management fee expense calculated as a percentage of personnel costs, and other operating expenses.

A corresponding increase is reflected in revenues to reflect the increase in the Bond Draw to support the operations of the Single Family program.

Opportunity Housing Fund:

Changes in Revenue:

The third-quarter budget to actual statements for the Opportunity Housing and Development Corporations illustrated underlying issues with properties failing to meet budgeted revenue expectations. The variances result from 1) vacancies created in properties that are preparing for renovation or redevelopment, 2) vacancies that reflect leasing challenges in an aging scattered site portfolio, and 3) competition from new rental product in the market.

With respect to projects that are preparing for or are undergoing renovation or redevelopment, it is more expedient to create vacancies to complete renovations thereby minimizing disruption to residents. As an example, The Ambassador, Chevy Chase Lake Apartments, Timberlawn and Pomander Court will return higher vacancies leading to significantly reduced operating revenues.

Many of the scattered site units (located in less than ideal locations), are Moderately Priced Dwelling Units (MPDUs) or have not undergone any substantial renovations. They pose leasing challenges, but staff is embarking on an aggressive leasing campaign to improve occupancy numbers. As the renovation effort ramps up, it is believed that these issues will ameliorate.

Where vacancies result from market forces, there are a few submarkets (Bethesda, Silver Spring, and Rockville) where HOC properties are the most impacted. For example, Bethesda, in which The Metropolitan, Barclay, and Pooks Hill are located, has seen the delivery of 850 units to the market in 2015. Further, 600 units are planned for delivery in 2016. Therefore, this will continue to put downward pressure on rental revenue for these properties. FY'16 operating revenues are projected to decrease from the projections in the adopted budget.

The Silver Spring Central Business district (CBD), in which Alexander House and Montgomery Arms are located, will see the delivery of 650 new Class A units in 2016 and, here too, those properties will be challenged to meet projections in the adopted budget. Total revenue is also projected to decline.

Revenues decreased in the **Opportunity Housing and Development Corporation** (Attachment 1-1) properties by $3,512,081.

- The majority of the change is comprised of an anticipated reduction of $1,792,674 in net rental income at various properties impacted by market conditions coupled with an additional reduction of $602,861 in net rental income at various aging un-renovated scattered sites properties.

- Due to the impending decommissioning of Chevy Chase Lake Apartments, declining operations are projected to continue and then cease at the end of September 2015, resulting in a $1,154,424 reduction to revenue.

- Revenue at Timberlawn and Pomander Court was reduced by $314,578 to reflect the impact on occupancy as units are held vacant to support the planned in-place renovations.

- Rental income at the RAD 6 Stabilization properties was reduced by $110,517 to reflect the proposed rent structure and increased vacancies to support in-place renovations.

- When the FY'16 Budget was adopted, late fees were erroneously overstated at one of the HUBs in Scattered Site One. Revenue is reduced by $68,298 to correct the error.

- Finally, there were other miscellaneous reductions to revenue totaling $4,962.

- These reductions were partially offset by an increase of $271,907 in revenue to reflect a change in the timing of the decommissioning of The Ambassador, additional retail revenue of $199,126 at The Metropolitan to reflect full occupancy of the retail space, and increased net rental revenue of $65,200 at VPC One and VPC Two to reflect the current rent structure and vacancy projections.

Changes in Expenses:

Expenses decreased in the **Opportunity Housing and Development Corporation** (Attachment 1-1) properties by $3,835,432. There are several reasons for the change.

- Expenses decreased by $5,421,363 from the reduction of debt service at properties where the $90 million Real Estate Line of Credit with PNC Bank, N.A. was or will be used to prepay the outstanding mortgages as a part of the refinancing and redevelopment strategy. The reduction in debt service was almost entirely offset by the planned $5,218,133 restriction to a Debt Service Reserve in the Opportunity Housing Bond Fund of the difference between a fully amortizing 6.5% rate over a 30-year term and the payment to the RELOC which bears interest only at 68.5% of the one-month LIBOR plus 38 basis points. Cash will not be restricted for The Ambassador or Chevy Chase Lakes Apartments based on the plans for redevelopment.

- Decommissioning of Chevy Chase Lake Apartments resulted in an expense reduction of $861,984.

- Decommissioning of The Ambassador resulted in an expense reduction of $159,166.

- When the FY'16 budget was adopted, the **existing** allocated overhead per-unit expense rate established by the Indirect Cost Model used for non-federal funds was applied to the 669 scattered site units that converted from Public Housing to Opportunity Housing. This increased the amount of overhead charged to the properties which was reflected as income to the General Fund. This model has now been modified to incorporate these 669 converted scattered sites, the RAD 6 Stabilization properties, and the soon to be converted Arcola Towers and Waverly House. In addition, the Agency overhead cost distribution was also adjusted to reflect the greater concentration of non-federal funds. The transfer of these units has broadened the base of allocation resulting in a lower per-unit expense rate. The combination of removing the higher expense rate applied to the 669 scattered sites in the FY'16 Adopted Budget and then applying this lower per-unit expense rate to all non-federal properties has resulted in an $858,669 reduction in allocated overhead expenses (See General Fund).

- Debt Service for the RAD 6 properties was reduced by $738,384 to account for the change in total debt service and then adjusted for the timing of payments hitting the properties commencing May of 2016. The interest on the debt will be capitalized in the development budget until that time.

- Updates to Property Insurance and Taxes have resulted in a $254,384 decrease in expenses.

- Expenses decreased by an additional $142,211 as a result of updates to the Personnel Complement which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB).

- These expense reductions were partially offset by the addition of $139,597 in debt service payments for Southbridge, an increase in utilities at Seneca Ridge of $81,777 due to not implementing utility sub-metering, and other operating expense increases of $159,609.

- For unrestricted properties, the net effect of these changes was a decrease in property cash flow and a net decrease of $117,779 in Development Corporation Fees to the Agency. The decrease in Development Corporation Fees was based on a net increase of $118,991 offset by the removal of the $236,770 fee from Chevy Chase Lake ($118,991 - $236,770 = ($117,779)). For restricted properties, the net effect was a decrease of $880,608 in excess cash that remains at the properties.

The FY'16 Adopted Budget assumed that the planned MetroPointe deficit would be covered by unrestricted cash flow in the portfolio. As a result of the reduction in property cash flow, staff recommends that the anticipated $117,235 deficit for MetroPointe be covered by a draw from the GFOR (See General Fund).

Revenues decreased in the **Opportunity Housing Reserve Fund** (OHRF) by a net of $639,238 as a result of a $326,937 increase in Commitment Fees that were more than offset by a $966,175 reduction in Development Fees ($326,937 – $966,175 = $639,238). Expenses decreased by $30,765 to reflect costs associated with the Real Estate Development Personnel Complement (See General Fund).

The FY'16 Adopted Budget included a surplus of $877,090 that was to be restricted to the OHRF. As a result of the net decrease in anticipated fees and decrease to expenses, the surplus has decreased by $608,473 resulting in an anticipated restriction of $268,617 to the OHRF ($877,090 - $608,473 = $268,617).

Change in Surplus	
Change in Revenue	($639,238)
Change in Expenses	$30,765
Net Change in Surplus	**($608,473)**

Public Fund:

Revenue increased by $130,510 in the **Public Housing Rental Program** (Attachment 1-1) primarily due to the inclusion of Arcola Towers and Waverly House for two months as a result of a delay in the anticipated RAD closings for the property ($175,442 + $183,138). This increase was partially offset by the transfer of the $148,241 Public Housing Family Self Sufficiency FSS Grant to the Resident Opportunities and Self Sufficiency (ROSS) Grants, the $77,375 reduction in Public Housing Operating Subsidy for Elizabeth House and Holly Hall based on a lower projected Department of Housing and Urban Development (HUD) pro-ration, and other miscellaneous revenue reductions of $2,454. In addition, the allocation of the contribution from the County Contract for utilities to Public Housing was decreased by $1,000.

Expenses increased by a net of $137,488 primarily due to the inclusion of Arcola Towers and Waverly House for two months as a result of a delay in the anticipated RAD closings for the property ($152,994 + $156,793). In addition, management fee expenses increased by $47,440 based on utilization which includes the two months for Arcola Towers and Waverly House. These increases were partially offset by a reduction in expenses due to the transfer of the $148,241 in expenses for the Public Housing Family Self Sufficiency FSS Grant to the ROSS Grants, updates to the Personnel Complement of $15,662 which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB) and other miscellaneous expense reductions of $55,836.

The FY'16 Adopted Budget projected a surplus of $60,400 which was restricted to the portfolio. This amount will be decreased by $7,978 due to the increase in revenue, increase in expenses, and reduction in the allocation of the contribution from the County for utilities ($130,510 -

$137,488 - $1,000 = $7,978). This results in a projected restriction of $52,422 ($60,400 - $7,978 = $52,422).

Revenue in the **Public Housing Home Ownership Program** (Attachment 1-1) increased by a net of $6,622 as a result of a $6,925 increase in Public Housing Operating Subsidy which was minimally offset by a $303 reduction in tenant income. Expenses decreased by $5,147 based on updates to the Personnel Complement of $1,639 which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB) and other miscellaneous expense reductions of $3,508. The FY'16 Adopted Budget projected a draw from reserves of $23,719 to cover the projected shortfall. This amount will be reduced by the total impact of the $6,622 increase in revenue and $5,147 net decrease in costs ($23,719 - $6,622 - $5,147 = $11,950).

Revenues decreased in the **Housing Choice Voucher Program** (HCVP) (Attachment 1-1) by $2,541,564 largely from a decrease in anticipated HAP revenue of $2,388,894 due to lower current utilization, a transfer of the $447,510 HCVP FSS Grant to the ROSS Grants, and the removal of the $60,452 transfer from the Housing Resources County Contract for personnel costs charged to the HCVP. These reductions were partially offset by an increase of $129,332 in HCVP Administrative Fees primarily from portables, and an increase of $207,594 in the draw from previously unspent Housing Assistance Payments (HAP) revenues (Net Restricted Assets or NRA).

Finally for display purposes, we have carved out a portion of revenue equivalent to the County Contract funding available for client services to better reflect the federal funding shortfall for the HCVP administrative costs. As a result of the 3% cut to County Contract Maximum Allowable Request Ceiling (MARC), the available funds were reduced by $18,366 (See Federal, State and County Grants). This is reflected as an increase to revenue of $18,366 resulting from the reduction of the aforementioned carve out and corresponding decrease to the available contribution line.

Expenses decreased by a net of $3,041,437. The reduction was primarily a result of lower HAP expenses of $2,181,300 based on lower current utilization, a transfer of $447,510 in expenses for the HCVP FSS Grant to the ROSS Grants, updates to the Personnel Complement of $291,213 which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB), a shift of $72,895 in expenses to the General Fund to reflect shifting effort in the Compliance Department from the HCV Program to property compliance and lease-up efforts, a $60,750 decrease in inspection costs, and a $18,840 decrease in management fee expense which is based on voucher utilization. These decreases in expenses were minimally offset by $31,071 of increases in other miscellaneous operating expenses.

Federal, State and County Grants (Attachment 1-1) increased by $250,326. There were several factors that contributed to the increase:

- As mentioned previously, the FSS grants that were formerly included in the Public Housing and HCV Programs have been consolidated into one ROSS Grant. This has resulted in an increase in both revenue and expenses of $595,751 ($148,241 + $447,510). In addition, a $45,383 reduction in expenses due to staff turnover coupled with an increase in the award amount of $2,384 has resulted in the removal of the $47,767 transfer from the main County Contract to balance the grant ($2,384 + $45,383 = $47,767).

- As mentioned previously, the initial County Contract MARC of $6,599,390 for FY'16 was reduced by 3% or $197,982. The impact of this cut is a reduction of $189,564 when compared to the FY'16 Agency Adopted Budget.

- The Rent Supplement Grant funded by County Recordation Taxes was increased by 3% resulting in an increase in both revenue and expenses of $54,600.

- The draw from the Capital Fund Grant (CFG) for soft costs was reduced by $70,954 to reflect the $54,640 reduction in the management fee charged to the CFG based on the continual transfer of properties from Public Housing to other portfolios as well as a $16,314 reduction based on updates to the Personnel Complement of $291,213 which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB).

- The Service Coordinator Grant which is the only grant funded based on a set fee per client was reduced by $38,052 based on a reduction in client referral by the County. Expenses in the program were reduced by $5,221. The balance of the revenue reduction will result in a decrease in the cash restricted in the program of $32,831 ($38,052 - $5,221 = $32,831).

- The Shelter Plus Care (SPC) and SPC New Neighbors I and II awards where consolidated with the McKinney X and McKinney XII Grants during FY'15. As a result of this consolidation, both revenue and expenses were reduced by $24,427 to reflect a net change in expenses and reduction to the draw from existing cash in the McKinney programs, which was generated but not spent in prior years, needed to balance the grants.

- The County Housing Locator Grant was increased by $8,732 to reflect the actual costs of providing the service. The shortfall had previously been funded by a $9,468 transfer from the main County Contract. Expenses decreased by $736 from the FY'16 Adopted Budget. The net impact of the increase in revenue and decrease in expenses is reflected in the removal of the transfer ($8,732 + $736= $9,468).

- The transfer of $60,452 to the HCV Program to cover Housing Resources staff was removed because the costs are now reflected in the main County Contract.

- The Personnel Complement update which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB) on the remaining grants resulted in an expense decrease of $20,547. Where appropriate, other miscellaneous expenses were changed in the remaining restricted grants to balance the grants. Where this was not appropriate, there were additional changes in draws from existing funds or transfers from and within the main County Contract to balance the grants affected by the 3% cut to the main County Contract and complement update.

- Finally, as a result of the 3% cut to the County Contract (MARC) and other grant changes, a draw of $64,826, from existing Service Coordinator cash, was added to balance the grants.

Capital Budget:

The FY'16 Amended Capital Budget reflects the changes that were discussed at the Budget, Finance and Audit Committee meeting on May 13, 2015. The Amended Capital Budget for FY'16 is $128.0 million and reflects a net increase of $106.1 million from the budget adopted on June 4, 2014 (Attachment 1-2).

- **Capital Improvements Budget**
  Adjustments totaling a net increase of $464,783 were made to the Capital Improvements Budgets. The capital improvements budgets for East Deer Park , Kensington and IT were adjusted to reflect current plans resulting in a net decrease of $98,100 ($106,800 - $30,900 - $174,000 = ($98,100)). In addition, the capital budgets for both Pooks Hill Highrise and Westwood Towers were each increased by $250,000 for elevator modernization. Finally, several Opportunity Housing properties were adjusted reflecting a net increase of $62,883. (Attachment 1-2) .

- **Capital Development Budget:**
  Adjustments totaling a net increase of $105.6 million were made to the overall budget and timing of development projects in FY'16 for Timberlawn / Pomander Court (increased $17,929,873), Greenhills Apartments (increased $19,308,061), RAD Stabilization Properties (increased by $16,051,340), Arcola Towers (increased $16,998,710), Waverly House (increased $35,941,197), and Chevy Chase Lake ($625,000 was removed). The majority of the increases were based on a shift in the timing of the projects as opposed to increased scope.

Enclosure 1 includes two spreadsheets that detail the major changes made from the FY'16 Adopted Operating Budget and Capital Budget to the FY'16 Amended Budget.

Enclosure 2 includes the updated charts from the Overview, Summary and Capital Budget sections of the FY'16 Amended Budget.

Enclosure 3 includes the resolutions to amend the FY'16 Operating and Capital Budgets.

BUDGET IMPACT:
Amendment of the FY'16 Budget will set the financial plan for the next fiscal year. Quarterly reviews will keep it updated and relevant.

TIME FRAME:
Amendment of the FY'16 Budget at the June 3, 2015 meeting will allow time for staff to implement the budget for the beginning of the fiscal year. The Commission needs to amend the budget for FY'16 before the fiscal year begins on July 1, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
To amend the Agency FY'16 Operating and Capital Budgets by approving the attached resolutions (Enclosure 3).

ENCLOSURES:

1) Spreadsheets highlighting major budget changes from FY'16 Adopted Operating and Capital Budgets

2) Revised charts from Overview, Summary and Capital Budget sections of the FY'16 Amended Budget

3) Resolutions to amend the FY'16 Budget

- Amendment of the FY'16 Budgets, Bond Draw Downs and Transfers

- Amendment of FY'16 Reimbursement Resolution

Spreadsheets Highlighting Major Budget Changes from FY'16 Adopted Operating and Capital Budgets

Enclosure 1

FY 2016 Amended Operating Budget Comparison from Recommended Budget	Revenues	Expenses	Adopted Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Amended Budget
General Fund								
General Fund	$21,638,143	$21,326,845	**$311,298**	($1,205,332)	$508,538	$20,432,811	$21,835,383	**($1,402,572)**
Draw from GFOR	$0	$0	**$0**	$344,985	$0	$344,985	$0	**$344,985**
Restrict to GFOR	$0	$156,181	**($156,181)**	$0	($156,181)	$0	$0	**$0**
Restrict to OHPR	$0	$156,181	**($156,181)**	$0	($156,181)	$0	$0	**$0**
Restrict to OPEB Reserve	$0	$134,430	**($134,430)**	$0	($134,430)	$0	$0	**$0**
Multifamily & Single Family Bond Funds								
Multifamily Fund	$24,392,250	$24,392,250	**$0**	($2,166,941)	($2,166,941)	$22,225,309	$22,225,309	**$0**
Single Family Fund	$14,949,913	$14,949,913	**$0**	($822,994)	($822,994)	$14,126,919	$14,126,919	**$0**
Opportunity Housing Fund								
Opportunity Housing Reserve Fund	$2,016,175	$1,139,085	**$877,090**	($639,238)	($30,765)	$1,376,937	$1,108,320	**$268,617**
Opportunity Housing & Development Corps	$74,514,664	$73,671,287	**$843,377**	($3,512,081)	($3,835,432)	$71,002,583	$69,835,855	**$1,166,728**
Draw from GFOR for MetroPointe Deficit	$0	$0	**$0**	$117,235	$0	$117,235	$0	**$117,235**
Restricted to OHRF	$0	$877,090	**($877,090)**	$0	($608,473)	$0	$268,617	**($268,617)**
Public Fund								
Public Housing Rental	$2,090,643	$2,216,243	**($125,600)**	$130,510	$137,488	$2,221,153	$2,353,731	**($132,578)**
County Contributions towards Public Housing	$186,000	$0	**$186,000**	($1,000)	$0	$185,000	$0	**$185,000**
Restricted to Public Housing Reserves	$0	$60,400	**($60,400)**	$0	($7,978)	$0	$52,422	**($52,422)**
Public Housing Homeownership	$71,656	$95,375	**($23,719)**	$6,622	($5,147)	$78,278	$90,228	**($11,950)**
Draw from Public Housing Reserves	$23,719	$0	**$23,719**	($11,769)	$0	$11,950	$0	**$11,950**
Housing Choice Voucher Program	$92,462,537	$94,026,009	**($1,563,472)**	($2,541,564)	($3,041,437)	$89,920,973	$90,984,572	**($1,063,599)**
County Contributions towards HCVP Administration	$855,589	$0	**$855,589**	($18,366)	$0	$837,223	$0	**$837,223**
Federal , State and Other County Grants	$14,549,800	$14,549,800	**$0**	$250,326	$250,326	$14,800,126	$14,800,126	**$0**
TOTAL - ALL FUNDS	**$247,751,089**	**$247,751,089**	**$0**	**($10,069,607)**	**($10,069,607)**	**$237,681,482**	**$237,681,482**	**$0**

Footnotes - explanation of changes

GF R	$217,958	Add Commitment Fee Income
GF R	$217,836	Add transfer from RAD 6 Proceeds for Real Estate Personnel
GF R	$172,128	Increase Loan Management Fees
GF R	$49,243	Increase Funding for Vehicle Replacements
GF R	$28,600	Adjust Management Fee Income based on changes to Public Housing and HCVP utilization
GF R	($858,669)	Adjust Fee Income based on changes to Indirect Cost Model
GF R	($644,166)	Decrease Development Fee Income
GF R	($117,779)	Decrease Development Corporation Fees based on changes to properties
GF R	($110,254)	Decrease Management Fee Income from Tax Credit Properties
GF R	($54,640)	Decrease Management Fee Income from Capital Fund Grant
GF R	($74,874)	Other miscellaneous revenue updates
GF R	($30,765)	Decrease Transfer from OHRF for Real Estate Development Personnel costs
	($1,205,382)	
GF E	$267,934	Adjust expenses for updates to contracts and other operating expenses
GF E	$108,375	Add expenses for HOC Academy and Leadership Tomorrow
GF E	$49,243	Increase Restriction of Funding for Vehicle Replacements
GF E	$108,191	Update Personnel Complement including reductions in Workers' Compensation and OPEB
GF E	$72,895	Shift effort of Compliance Staff from HCVP to Properties
GF E	($98,100)	Decrease restriction of cash for Facilities and IT Capital
	$508,538	
GF	$344,985	**Add Draw from General Fund Operating Reserve (GFOR)**
GF	($446,792)	**Remove Contribution to Reserves ($156,181 to GFOR - $156,181 to OHPR, $134,430 OPEB)**
MF R	($2,087,221)	Reduce Interest Income in Multifamily Bond Fund
MF R	($79,720)	Decrease Bond Drawdown for update to expenses
	($2,166,941)	
MF E	($2,087,221)	Adjust expenses and restrictions of cash in Multifamily Bond Fund
MF E	($53,293)	Update Personnel Complement including reductions in Workers' Compensation and OPEB
MF E	($26,427)	Update Management Fee and other expense
	($2,166,941)	
SF R	$34,796	Increase Bond Drawdown for Personnel Complement Update
SF R	($857,790)	Reduce Interest Income in Single Family Bond Fund
	($822,994)	
SF E	$17,835	Update Management Fee and other expense
SF E	$16,961	Update Personnel Complement including reductions in Workers' Compensation and OPEB
SF E	($857,790)	Adjust expenses and restrictions of cash in Single Family Bond Fund
	($822,994)	

OHRF R	$326,937	Add Commitment Fee Income
OHRF R	($966,175)	Decrease Development Fee Income
	($639,238)	
OHRF E	($30,765)	Decrease transfer from OHRF for Real Estate Development Personnel costs
	($30,765)	
OHRF	($608,473)	**Decrease Restricted Excess Cash Flow**
OH R	$271,907	Adjust timing for decommissioning of Ambassador
OH R	$199,126	Adjust Retail revenue at Metropolitan
OH R	$65,200	Adjust Net Rental Income for VPC One and VPC Two
OH R	($1,792,674)	Adjust Net Rental Income for Market Conditions at various properties
OH R	($1,154,424)	Remove Chevy Chase Lake from operations after September
OH R	($602,861)	Adjust Net Rental Income for aging un-renovated Scattered Site properties
OH R	($314,578)	Adjust Timberlawn and Pomander Court for impact from renovations
OH R	($110,517)	Adjust Net Rental Income for RAD 6 Stabilization properties
OH R	($68,298)	Correct erroneous Late Fee for Scattered Site One
OH R	($4,962)	Other miscellaneous updates to properties
	($3,512,081)	
OH E	$5,218,133	Add Contributions to Debt Service Reserve for properties on RELOC
OH E	$139,597	Add Debt Service for Southbridge
OH E	$159,609	Other miscellaneous expense updates to properties
OH E	$118,991	Increase Development Corporation Fees based on changes to properties
OH E	$81,777	Increase utilities at Seneca Ridge
OH E	($5,421,363)	Decrease Debt Service for properties on RELOC
OH E	($861,984)	Remove Chevy Chase Lake from operations after September
OH E	($880,608)	Decrease restricted cash flow
OH E	($858,669)	Adjust Expenses based on changes to Indirect Cost Model
OH E	($738,384)	Update RAD 6 Debt Service to account for change in timing and amount
OH E	($254,384)	Update Property Insurance and Property Taxes
OH E	($236,770)	Remove Chevy Chase Lake Development Corporation Fee
OH E	($159,166)	Adjust timing for decommissioning of Ambassador
OH E	($142,211)	Update Personnel Complement including reductions in Workers' Compensation and OPEB
	($3,835,432)	
OH	$117,235	**Add draw from GFOR for MetroPointe deficit**

FY 2016 Amended Operating Budget Comparison from Recommended Budget	Revenues	Expenses	Adopted Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Amended Budget
General Fund								
General Fund	$21,638,143	$21,326,845	**$311,298**	($1,205,332)	$508,538	$20,432,811	$21,835,383	**($1,402,572)**
Draw from GFOR	$0	$0	**$0**	$344,985	$0	$344,985	$0	**$344,985**
Restrict to GFOR	$0	$156,181	**($156,181)**	$0	($156,181)	$0	$0	**$0**
Restrict to OHPR	$0	$156,181	**($156,181)**	$0	($156,181)	$0	$0	**$0**
Restrict to OPEB Reserve	$0	$134,430	**($134,430)**	$0	($134,430)	$0	$0	**$0**
Multifamily & Single Family Bond Funds								
Multifamily Fund	$24,392,250	$24,392,250	**$0**	($2,166,941)	($2,166,941)	$22,225,309	$22,225,309	**$0**
Single Family Fund	$14,949,913	$14,949,913	**$0**	($822,994)	($822,994)	$14,126,919	$14,126,919	**$0**
Opportunity Housing Fund								
Opportunity Housing Reserve Fund	$2,016,175	$1,139,085	**$877,090**	($639,238)	($30,765)	$1,376,937	$1,108,320	**$268,617**
Opportunity Housing & Development Corps	$74,514,664	$73,671,287	**$843,377**	($3,512,081)	($3,835,432)	$71,002,583	$69,835,855	**$1,166,728**
Draw from GFOR for MetroPointe Deficit	$0	$0	**$0**	$117,235	$0	$117,235	$0	**$117,235**
Restricted to OHRF	$0	$877,090	**($877,090)**	$0	($608,473)	$0	$268,617	**($268,617)**
Public Fund								
Public Housing Rental	$2,090,643	$2,216,243	**($125,600)**	$130,510	$137,488	$2,221,153	$2,353,731	**($132,578)**
County Contributions towards Public Housing	$186,000	$0	**$186,000**	($1,000)	$0	$185,000	$0	**$185,000**
Restricted to Public Housing Reserves	$0	$60,400	**($60,400)**	$0	($7,978)	$0	$52,422	**($52,422)**
Public Housing Homeownership	$71,656	$95,375	**($23,719)**	$6,622	($5,147)	$78,278	$90,228	**($11,950)**
Draw from Public Housing Reserves	$23,719	$0	**$23,719**	($11,769)	$0	$11,950	$0	**$11,950**
Housing Choice Voucher Program	$92,462,537	$94,026,009	**($1,563,472)**	($2,541,564)	($3,041,437)	$89,920,973	$90,984,572	**($1,063,599)**
County Contributions towards HCVP Administration	$855,589	$0	**$855,589**	($18,366)	$0	$837,223	$0	**$837,223**
Federal , State and Other County Grants	$14,549,800	$14,549,800	**$0**	$250,326	$250,326	$14,800,126	$14,800,126	**$0**
TOTAL - ALL FUNDS	**$247,751,089**	**$247,751,089**	**$0**	**($10,069,607)**	**($10,069,607)**	**$237,681,482**	**$237,681,482**	**$0**

Footnotes - explanation of changes (cont.)

PH-R R $175,442 Add Arcola Towers for two months
PH-R R $183,138 Add Waverly House for two months
PH-R R ($148,241) Transfer FSS Grant from Public Housing to ROSS Grants
PH-R R ($77,375) Decrease Public Housing Operating Subsidy for Elizabeth House and Holly Hall
PH-R R ($2,454) Other miscellaneous revenue updates to properties
$130,510

PH-R ($1,000) **Adjust transfers from County Contract for utilities**

PH-R E $152,994 Add Arcola Towers for two months
PH-R E $156,793 Add Waverly House for two months
PH-R E $47,440 Increase Management Fee expense based on occupancy and Arcola Towers and Waverly House
PH-R E ($148,241) Transfer FSS Grant from Public Housing to ROSS Grants
PH-R E ($55,836) Other miscellaneous expense updates to properties
PH-R E ($15,662) Update Personnel Complement including reductions in Workers' Compensation and OPEB
$137,488

PH-R ($7,978) **Decrease Restricted Excess Cash Flow**

PH-H R $6,925 Increase Public Housing Operating Subsidy
PH-H R ($303) Adjust Tenant Income
$6,622

PH-H E ($1,639) Update Personnel Complement including reductions in Workers' Compensation and OPEB
PH-H E ($3,508) Other miscellaneous expense updates to properties
($5,147)

PH-H ($11,769) **Decrease draw from reserves**

HCV R $207,594 Increase draw from Net Restricted Assets (NRA)
HCV R $129,332 Increase HCV Administrative Fees
HCV R $18,366 Reduce carve out for Contribution from County for HCVP Administration
HCV R ($2,388,894) Decrease HCV Housing Assistance Payment HAP Revenue
HCV R ($447,510) Transfer FSS Grant from HCVP to ROSS Grants
HCV R ($60,452) Remove transfer from County Contract for personnel costs
($2,541,564)

HCV E $31,071 Other miscellaneous operating expense updates
HCV E ($2,181,300) Decrease HCV Housing Assistance Payments
HCV E ($447,510) Transfer FSS Grant from HCVP to ROSS Grants
HCV E ($291,213) Update Personnel Complement including reductions in Workers' Compensation and OPEB
HCV E ($72,895) Shift effort of Compliance Staff from HCVP to Properties
HCV E ($60,750) Decrease cost for inspections
HCV E ($18,840) Decrease Management Fee expense based on changes to voucher utilization
($3,041,437)

HCV ($18,366) **Reduce Contribution from County for HCVP Administration**

Grants R $595,751 Transfer FSS Grant to ROSS Grants from Public Housing and HCVP
Grants R $64,826 Add draw from Service Coordinator existing Funds to balance grants
Grants R $54,600 Increase Rent Supplement Grant by 3%
Grants R $12,530 Increase State Rental Assistance Program based on allocation of award
Grants R $8,732 Increase Housing Locator Grant based on actuals
Grants R $5,892 Increase transfer to ROSS Aiming for Careers Grant
Grants R $2,384 Increase FSS Grant based on award
Grants R ($189,564) 3% Maximum Allowable Request Ceiling (MARC) reduction in County Contract
Grants R ($109,877) Remove transfer to County Housing Resources from County Resident Services
Grants R ($70,954) Decrease draw from CFG to cover soft costs
Grants R ($47,767) Decrease transfers from County to balance FSS Grant
Grants R ($38,052) Decrease Service Coordinator revenue based on # of cases
Grants R ($24,427) Merger of Shelter Plus Care and McKinney Grants
Grants R ($9,468) Remove transfer from County Contract to balance Housing Locator Grant
Grants R ($3,499) Decrease County Closing Cost Grant based on actuals
Grants R ($781) Decrease transfers to State Pass-through Grants from County Contract
$250,326

Grants E $595,751 Transfer FSS Grant to ROSS Grants from Public Housing and HCVP
Grants E $54,600 Increase Rent Supplement housing expenses
Grants E $14,799 Other miscellaneous expense updates
Grants E $12,530 Increase State Rental Assistance Program expenses
Grants E $5,892 Increase ROSS Aiming for Careers expenses
Grants E $5,892 Increase transfer from County Contract to ROSS Aiming for Careers Grant
Grants E ($109,877) Remove transfer from County Resident Services to County Housing Resources
Grants E ($60,452) Remove transfer from County Housing Resources to HCVP for personnel costs
Grants E ($54,640) Decrease Management Fee charged to Capital Fund Grant
Grants E ($47,767) Decrease transfers from County to balance FSS Grant
Grants E ($45,383) Decrease FSS expenses
Grants E ($32,831) Decrease restricted cash from Service Coordinator Grant
Grants E ($24,427) Merger of Shelter Plus Care and McKinney Grants
Grants E ($20,547) Update Personnel Complement including reductions in Workers' Compensation and OPEB
Grants E ($16,314) Decrease Personnel Costs charged to Capital Fund Grant
Grants E ($15,822) Decrease transfers from County Contract to properties for Counselors
Grants E ($5,221) Decrease Service Coordinator expenses
Grants E ($3,499) Decrease County Closing Cost expenses
Grants E ($781) Decrease expenses for State Pass-through Grants
Grants E ($781) Decrease transfers from County Contract to State Pass-through Grants
Grants E ($736) Decrease Housing Locator expenses
$250,386

FY 2016 Amended Capital Budget Comparison from Adopted Budget	Revenues	Expenses	Adopted Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Amended Budget
Capital Improvements								
East Deer Park	$81,000	$81,000	**$0**	$106,800	$106,800	$187,800	$187,800	**$0**
Kensington Office	$374,900	$374,900	**$0**	($30,900)	($30,900)	$344,000	$344,000	**$0**
Information Technology	$1,263,000	$1,263,000	**$0**	($174,000)	($174,000)	$1,089,000	$1,089,000	**$0**
Opportunity Housing Properties	$2,964,301	$2,964,301	**$0**	$562,883	$562,883	$3,527,184	$3,527,184	**$0**
Public Housing Properties	$1,604,834	$1,604,834	**$0**	$0	$0	$1,604,834	$1,604,834	**$0**
Capital Development Projects								
Timberlawn / Pomander Court	$0	$0	**$0**	$17,929,873	$17,929,873	$17,929,873	$17,929,873	**$0**
Greenhills Apartments	$0	$0	**$0**	$19,308,061	$19,308,061	$19,308,061	$19,308,061	**$0**
Rental Assistance Demonstration (RAD) Properties	$0	$0	**$0**	$16,051,340	$16,051,340	$16,051,340	$16,051,340	**$0**
Arcola Towers	$7,152,639	$7,152,639	**$0**	$16,998,710	$16,998,710	$24,151,349	$24,151,349	**$0**
Waverly House	$7,862,132	$7,862,132	**$0**	$35,941,197	$35,941,197	$43,803,329	$43,803,329	**$0**
Chevy Chase Lake	$625,000	$625,000	**$0**	($625,000)	($625,000)	$0	$0	**$0**
TOTAL - ALL FUNDS	**$21,927,806**	**$21,927,806**	**$0**	**$106,068,964**	**$106,068,964**	**$127,996,770**	**$127,996,770**	**$0**

Footnotes - explanation of changes

CI	**R**	$106,800	Increase Capital Improvements Budget for East Deer Park
CI	**R**	($30,900)	Decrease Capital Improvements Budget for the Kensington Office
CI	**R**	($174,000)	Decrease Capital Improvements Budget for Information Technology
		($98,100)	
CI	**R**	$250,000	Increase Capital Improvements Budget for Pooks Hill Highrise elevator modernization
CI	**R**	$250,000	Increase Capital Improvements Budget for Westwood Towers elevator modernization
CI	**R**	$62,883	Adjust Capital Improvements Budget for various Opportunity Housing properties
		$562,883	
CI	**R**	**$464,783**	Total
CI	**E**	$106,800	Increase Capital Improvements Budget for East Deer Park
CI	**E**	($30,900)	Decrease Capital Improvements Budget for the Kensington Office
CI	**E**	($174,000)	Decrease Capital Improvements Budget for Information Technology
		($98,100)	
CI	**E**	$250,000	Increase Capital Improvements Budget for Pooks Hill Highrise elevator modernization
CI	**E**	$250,000	Increase Capital Improvements Budget for Westwood Towers elevator modernization
CI	**E**	$62,883	Adjust Capital Improvements Budget for various Opportunity Housing properties
		$562,883	
CI	**E**	**$464,783**	Total

CD	**R**	$17,929,873	Adjust timing and scope of Capital Development Budget for Timberlawn / Pomander Court - $17,929,873
CD	**R**	$19,308,061	Adjust timing and scope of Capital Development Budget for Greenhills Apartments - $19,308,061
CD	**R**	$16,051,340	Adjust timing and scope of Capital Development Budget for RAD Stabilization Properties - $16,051,340
CD	**R**	$16,998,710	Adjust timing and scope of Capital Development Budget for Arcola Towers - $16,998,710
CD	**R**	$35,941,197	Adjust timing and scope of Capital Development Budget for Waverly House - $35,941,197
CD	**R**	($625,000)	Remove Capital Development Budget for Chevy Chase Lake - ($625,000)
		$105,604,181	
CD	**E**	$17,929,873	Adjust timing and scope of Capital Development Budget for Timberlawn / Pomander Court - $17,929,873
CD	**E**	$19,308,061	Adjust timing and scope of Capital Development Budget for Greenhills Apartments - $19,308,061
CD	**E**	$16,051,340	Adjust timing and scope of Capital Development Budget for RAD Stabilization Properties - $16,051,340
CD	**E**	$16,998,710	Adjust timing and scope of Capital Development Budget for Arcola Towers - $16,998,710
CD	**E**	$35,941,197	Adjust timing and scope of Capital Development Budget for Waverly House - $35,941,197
CD	**E**	($625,000)	Remove Capital Development Budget for Chevy Chase Lake - ($625,000)
		$105,604,181	

Revised Charts
From Overview, Summary and Capital Budget Sections
of the FY'16 Amended Budget

Enclosure 2

FY 2016 Budget Overview

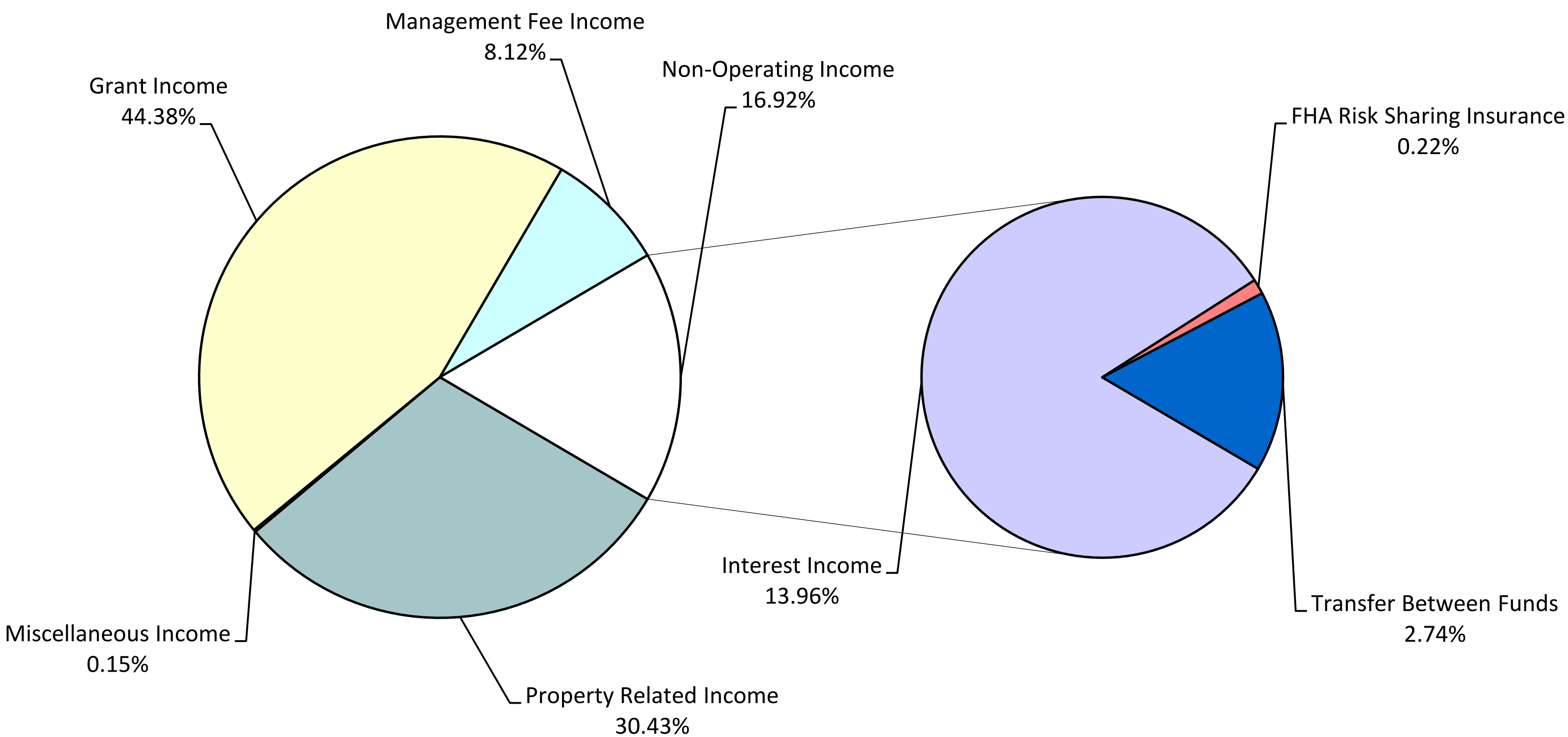
Fund Summary Overview	FY 2016 Amended Budget		
	Revenues	Expenses	Net
General Fund	$20,432,811	$21,835,383	($1,402,572)
Draw from Reserves	$344,985	$0	$344,985
Multifamily Bond Funds	$22,225,309	$22,225,309	$0
Single Family Bond Funds	$14,126,919	$14,126,919	$0
Opportunity Housing Fund			
Opportunity Housing Reserve Fund (OHRF)	$1,376,937	$1,108,320	$268,617
Restrict to OHRF	$0	$268,617	($268,617)
Opportunity Housing & Development Corporation Properties	$71,002,583	$69,835,855	$1,166,728
Draw from GFOR for MetroPointe Deficit	$117,235	$0	$117,235
Public Fund			
Public Housing Fund	$2,311,381	$2,496,381	($185,000)
County Contributions towards Public Housing	$185,000	$0	$185,000
Housing Choice Voucher Program (HCVP)	$89,920,973	$90,984,572	($1,063,599)
County Contributions towards HCVP Administration	$837,223	$0	$837,223
Federal, State and County Grants	$14,800,126	$14,800,126	$0
TOTAL - ALL FUNDS	**$237,681,482**	**$237,681,482**	**$0**

* Revenues and Expenses include inter-company Transfer Between Funds

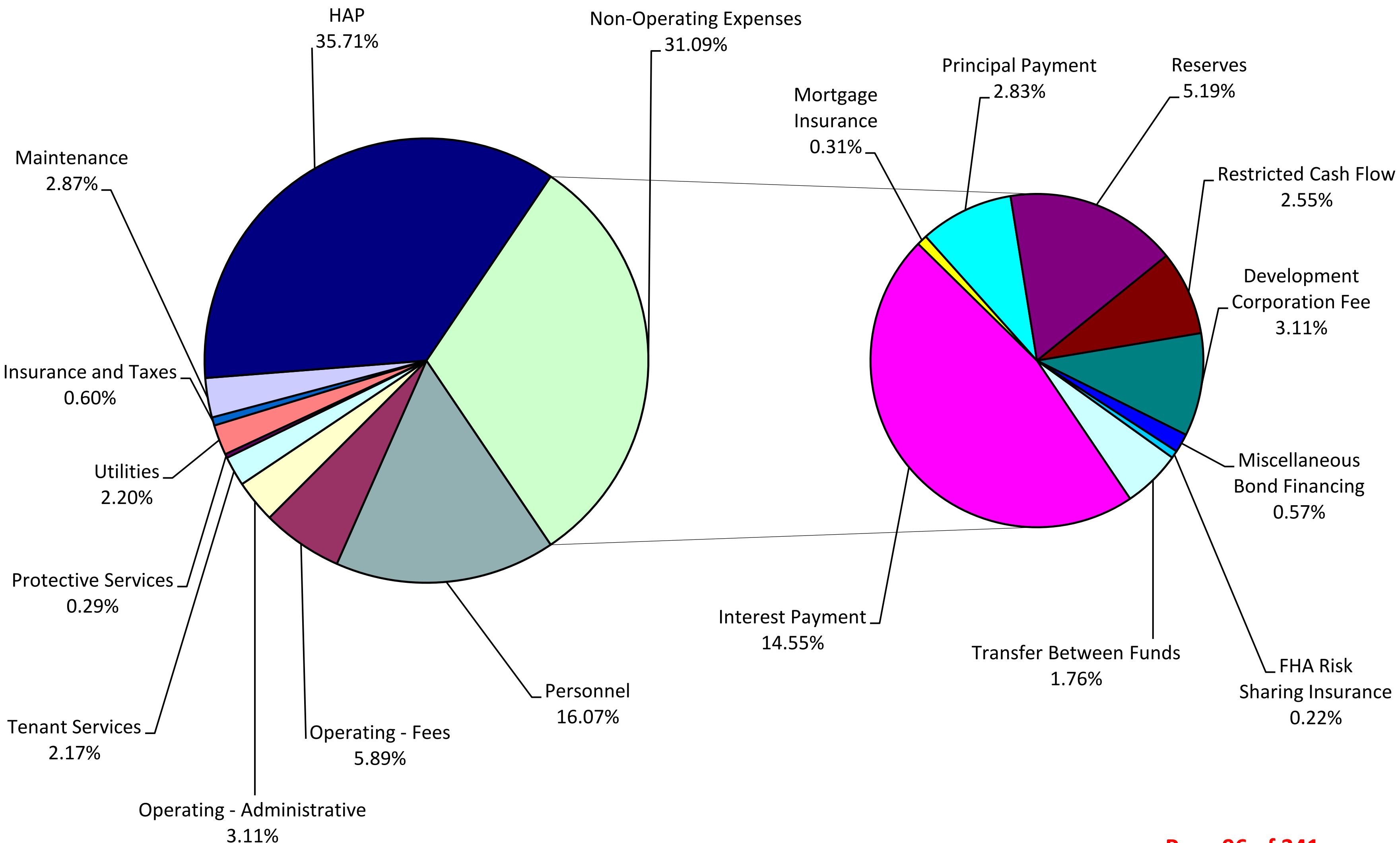
FY 2016 Revenue and Expense Summary

Operating Budget		Non-Operating Budget	
Operating Income		**Non-Operating Income**	
Tenant Income	$70,977,564	Investment Interest Income	$33,176,903
Non-Dwelling Rental Income	$1,348,632	FHA Risk Sharing Insurance	$535,496
Federal Grant	$95,820,143	Transfer Between Funds	$6,504,130
State Grant	$186,130		
County Grant	$9,473,551		
Management Fees	$19,293,932		
Miscellaneous Income	$365,001		
TOTAL OPERATING INCOME	**$197,464,953**	**TOTAL NON-OPERATING INCOME**	**$40,216,529**
Operating Expenses		**Non-Operating Expenses**	
Personnel Expenses	$38,186,556	Interest Payment	$34,592,444
Operating Expenses - Fees	$14,007,499	Mortgage Insurance	$749,466
Operating Expenses - Administrative	$7,391,915	Principal Payment	$6,716,097
Tenant Services Expenses	$5,156,863	Debt Service, Operating & Replacement Reserves	$12,347,605
Protective Services Expenses	$689,391	Restricted Cash Flow	$6,052,417
Utilities Expenses	$5,237,637	Development Corporation Fees	$7,383,687
Insurance and Tax Expenses	$1,422,506	Miscellaneous Bond Financing Expenses	$1,350,628
Maintenance Expenses	$6,823,549	FHA Risk Sharing Insurance	$535,496
Housing Assistance Payments (HAP)	$84,864,900	Transfer Out Between Funds	$4,172,826
TOTAL OPERATING EXPENSES	**$163,780,816**	**TOTAL NON-OPERATING EXPENSES**	**$73,900,666**
NET OPERATING INCOME	**$33,684,137**	**NET NON-OPERATING ADJUSTMENTS**	**($33,684,137)**

FY 2016 Operating Budget: Source of Funds



FY 2016 Operating Budget: Use of Funds



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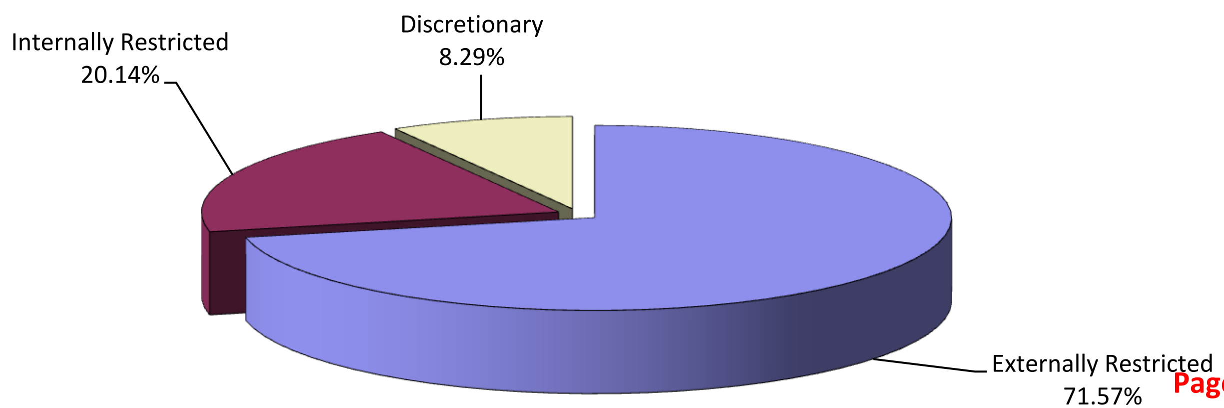
Total Agency Operating Budget Summary

Total Revenue and Expense Statement	FY 2016 Adopted Budget	FY 2016 Amended Budget	FY 2016 Adopted to Amended $ Change	% Change
Operating Income				
Tenant Income	$74,402,061	$70,977,564	($3,424,497)	(4.6%)
Non-Dwelling Rental Income	$1,110,637	$1,348,632	$237,995	21.4%
Federal Grant	$97,942,095	$95,820,143	($2,121,952)	(2.2%)
State Grant	$173,690	$186,130	$12,440	7.2%
County Grant	$9,691,244	$9,473,551	($217,693)	(2.2%)
Management Fees	$21,302,217	$19,293,932	($2,008,285)	(9.4%)
Miscellaneous Income	$436,904	$365,001	($71,903)	(16.5%)
TOTAL OPERATING INCOME	**$205,058,848**	**$197,464,953**	**($7,593,895)**	**(3.7%)**
Operating Expenses				
Personnel Expenses	$38,698,252	$38,186,556	($511,696)	(1.3%)
Operating Expenses - Fees	$14,878,984	$14,007,499	($871,485)	(5.9%)
Operating Expenses - Administrative	$7,251,662	$7,391,915	$140,253	1.9%
Tenant Services Expenses	$4,277,403	$5,156,863	$879,460	20.6%
Protective Services Expenses	$701,250	$689,391	($11,859)	(1.7%)
Utilities Expenses	$5,268,302	$5,237,637	($30,665)	(0.6%)
Insurance and Tax Expenses	$1,677,713	$1,422,506	($255,207)	(15.2%)
Maintenance Expenses	$6,796,901	$6,823,549	$26,648	0.4%
Housing Assistance Payments (HAP)	$87,918,959	$84,864,900	($3,054,059)	(3.5%)
TOTAL OPERATING EXPENSES	**$167,469,426**	**$163,780,816**	**($3,688,610)**	**(2.2%)**
NET OPERATING INCOME	**$37,589,422**	**$33,684,137**	**($3,905,285)**	**(10.4%)**
Non-Operating Income				
Investment Interest Income	$36,082,807	$33,176,903	($2,905,904)	(8.1%)
FHA Risk Sharing Insurance	$573,153	$535,496	($37,657)	(6.6%)
Transfer Between Funds	$6,036,281	$6,504,130	$467,849	7.8%
TOTAL NON-OPERATING INCOME	**$42,692,241**	**$40,216,529**	**($2,475,712)**	**(5.8%)**
Non-Operating Expenses				
Interest Payment	$42,497,443	$34,592,444	($7,904,999)	(18.6%)
Mortgage Insurance	$906,681	$749,466	($157,215)	(17.3%)
Principal Payment	$8,159,109	$6,716,097	($1,443,012)	(17.7%)
Debt Service, Operating and Replacement Reserves	$6,830,758	$12,347,605	$5,516,847	80.8%
Restricted Cash Flow	$7,563,377	$6,052,417	($1,510,960)	(20.0%)
Development Corporation Fees	$7,501,466	$7,383,687	($117,779)	(1.6%)
Miscellaneous Bond Financing Expenses	$1,748,263	$1,350,628	($397,635)	(22.7%)
FHA Risk Sharing Insurance	$573,153	$535,496	($37,657)	(6.6%)
Transfer Out Between Funds	$4,501,413	$4,172,826	($328,587)	(7.3%)
TOTAL NON-OPERATING EXPENSES	**$80,281,663**	**$73,900,666**	**($6,380,997)**	**(7.9%)**
NET NON-OPERATING ADJUSTMENTS	**($37,589,422)**	**($33,684,137)**	**$3,905,285**	**10.4%**
NET CASH FLOW	**$0**	**$0**	**$0**	**0.0%**

FY 2016 Revenue Restrictions

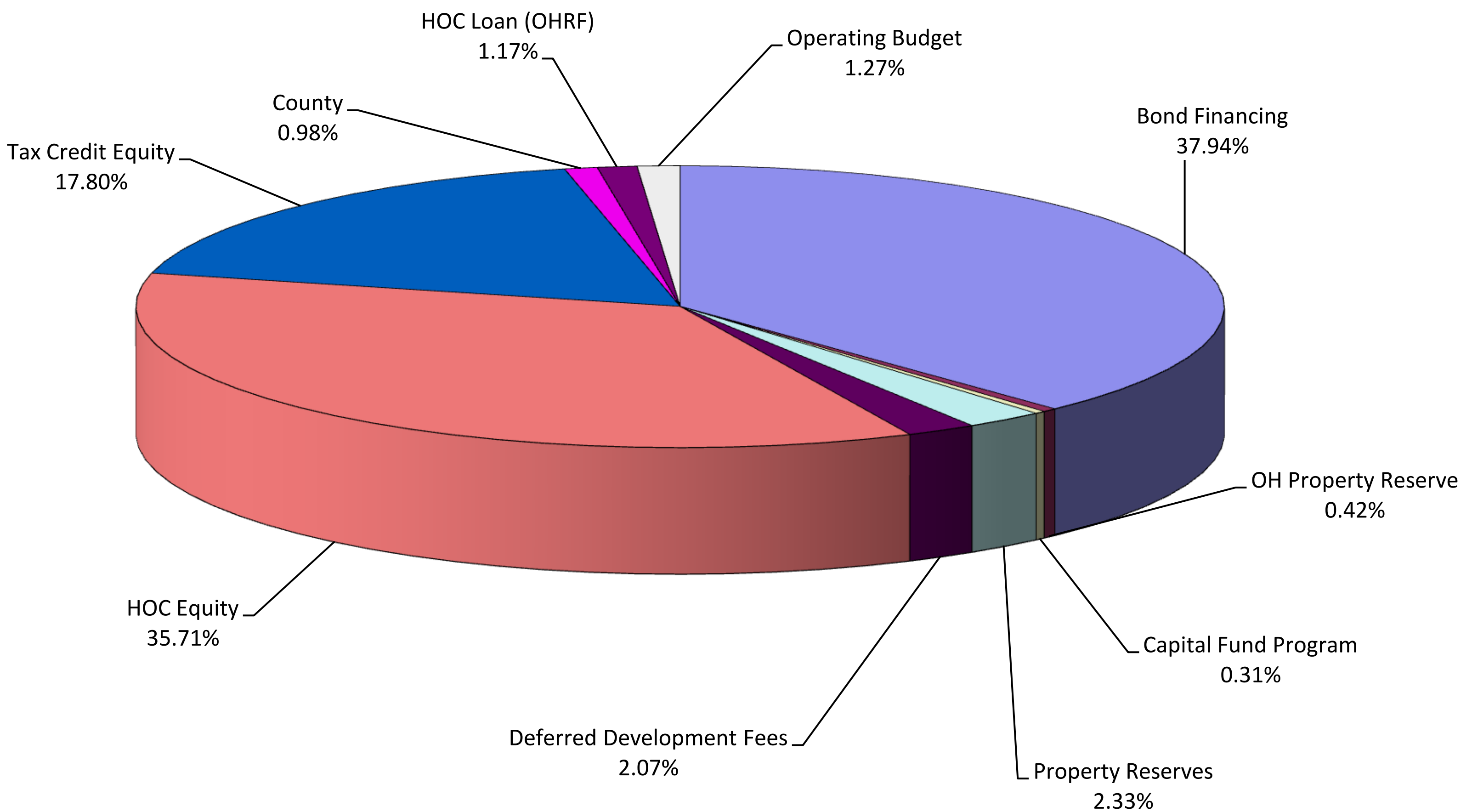
Revenue Restriction (Showing externally placed restrictions)	FY 2016 Amended Budget Externally Restricted	Internally Restricted	Discretionary	Total
Operating Income				
Property Related Income	$24,533,837	$46,503,899	$1,288,460	$72,326,196
Federal Grant	$95,820,143			$95,820,143
State Grant	$186,130			$186,130
County Grant	$9,473,551			$9,473,551
Management Fees	$0	$1,376,937	$17,916,995	$19,293,932
Miscellaneous Income	$343,501		$21,500	$365,001
TOTAL OPERATING INCOME	**$130,357,162**	**$47,880,836**	**$19,226,955**	**$197,464,953**
Non-Operating Income				
Interest Income	$33,049,763		$127,140	$33,176,903
FHA Risk Sharing	$535,496			$535,496
Transfer Between Funds	$6,159,145		$344,985	$6,504,130
TOTAL NON-OPERATING INCOME	**$39,744,404**		**$472,125**	**$40,216,529**
TOTAL - ALL REVENUE SOURCES	**$170,101,566**	**$47,880,836**	**$19,699,080**	**$237,681,482**



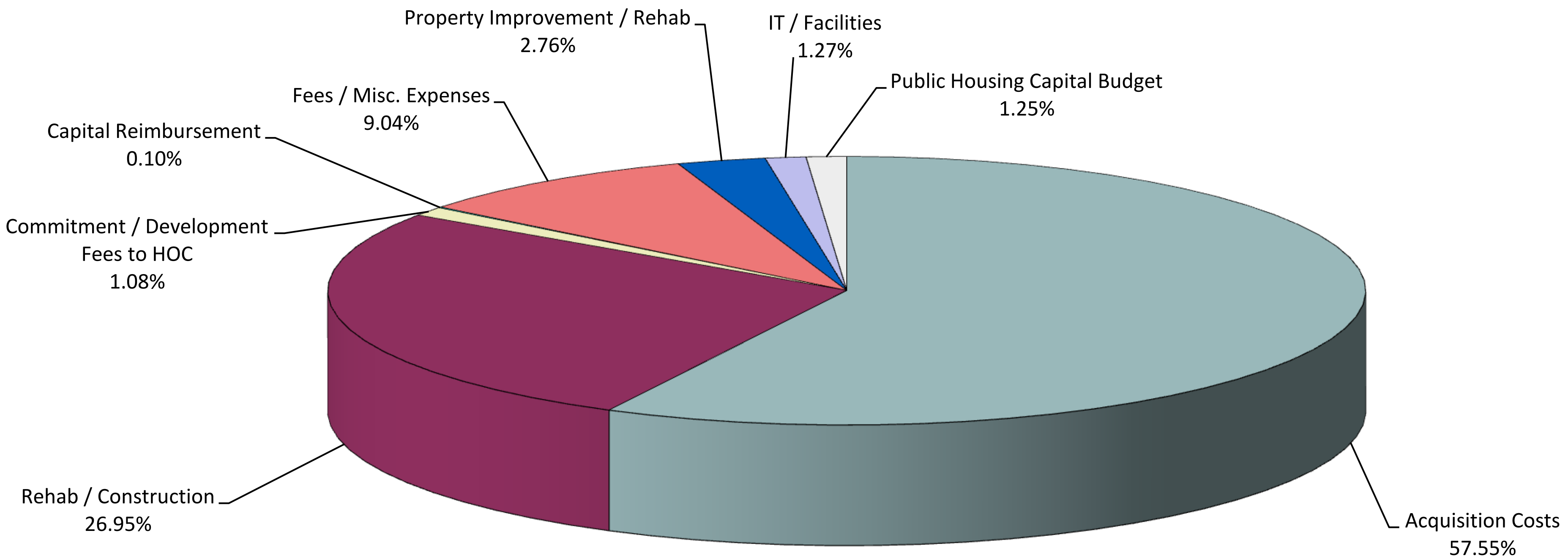
FY 2016 Capital Budget: Overview

Capital Budget Summary	FY 2016 Adopted Budget	FY 2016 Amended Budget
Capital Improvements		
East Deer Park	$81,000	$187,800
Kensington Office	$374,900	$344,000
Information Technology	$1,263,000	$1,089,000
Opportunity Housing Properties	$2,964,301	$3,527,184
Public Housing Properties	$1,604,834	$1,604,834
SUBTOTAL	**$6,288,035**	**$6,752,818**
Capital Development Projects		
Timberlawn / Pomander Court	$0	$17,929,873
Greenhills Apartments	$0	$19,308,061
Rental Assistance Demonstration (RAD) Stabilization Properties	$0	$16,051,340
Arcola Towers	$7,152,639	$24,151,349
Waverly House	$7,862,132	$43,803,329
Chevy Chase Lake	$625,000	$0
SUBTOTAL	**$15,639,771**	**$121,243,952**
TOTAL	**$21,927,806**	**$127,996,770**

FY 2016 Capital Budget: Source of Funds



FY 2016 Capital Budget: Use of Funds



AMENDMENT OF THE FY'16 BUDGET RESOLUTIONS

A - Amendment of the Agency FY'16 Budget, Bond Draw Downs and Transfers

B - Amendment of FY'16 Reimbursement Resolution

Enclosure 3

RESOLUTION NO. **RE:** Amendment of the Agency FY'16 Budget, Bond Draw Downs and Transfers

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

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

WHEREAS, the Commission has reviewed several proposed budget amendments to the FY'16 Budget; and

WHEREAS, the net effect of the Agency FY'16 Budget Amendment is a balanced budget.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'16 Operating Budget by decreasing total revenues and expenses for the Agency from $247.8 million to $237.7 million.

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

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

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

Up to $1,283,963 from the cash flow from the Opportunity Housing properties in the Opportunity Housing Fund to the General Fund.

BE IT ALSO RESOLVED that the Housing Opportunities Commission of Montgomery County hereby amends the FY'16 Capital Budget by increasing revenues and expenses for the Agency from $21.9 million to $128.0 million.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 3, 2015.

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Patrice Birdsong
Special Assistant to the Commission

Attachment A

RESOLUTION

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY (THE "COMMISSION") DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF OR ITS AFFILIATE WITH THE PROCEEDS OF A FUTURE TAX-EXEMPT BORROWING FOR CERTAIN CAPITAL EXPENDITURES TO BE UNDERTAKEN BY THE COMMISSION; IDENTIFYING SAID CAPITAL EXPENDITURES AND THE FUNDS TO BE USED FOR SUCH PAYMENT; AND PROVIDING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH.

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

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

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed **$127,996,770**, *all or a portion of which may reimburse* the Commission or its affiliate for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission's or its affiliate's expenditures within 18 months of the later of the date of such capital expenditures or the date that *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than 3 years after the date of the original expenditure of such moneys); and

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

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

Section 1. ***Declaration of Official Intent.*** The Commission presently intends and reasonably expects to finance certain Commission facilities and property improvements to the properties as described in the Commission's FY 16 Capital Budget attached, including **Alexander House, Ambassador, Arcola Towers, The Barclay, Brookside Glen, Chelsea Towers, Chevy Chase Lake, Dale Drive, Diamond Square, Fairfax Court, Glenmont Crossing, Glenmont Westerly, Greenhills, Holiday Park, Jubilee Falling Creek, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, Magruder's Discovery, McHome,**

McKendree, MetroPointe, The Metropolitan, Montgomery Arms, MHLP VII, MHLP VIII, MPDU 2007 Phase II, MPDU I, TPM (Timberlawn, Pomander Court, and MPDU II), The Oaks at Four Corners, Paddington Square, Paint Branch, Pooks Hill High-Rise, Pooks Hill Mid-Rise, RAD 6 Properties (Ken Gar, Parkway Wood, Sandy Spring Meadow, Seneca Ridge, Towne Centre Place, and Washington Square), Scattered Site One, Scattered Site Two, VPC One and VPC Two (669 Scattered Site Properties), MPDU III, Southbridge, State Rental Combined, Strathmore Court, Waverly House, and Westwood Tower and capital improvements to the Commission's administrative offices and information technology (collectively, the "Projects") with moneys currently contained in its Operating Reserve Account, Replacement Reserve Account and Opportunity Housing Property Reserve Account for these Projects and from its operating cash.

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

Section 3. ***Issuance of Bonds or Notes.*** The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed **$127,996,770 will be applied** to reimburse the Commission or its affiliate for its expenditures in connection with the Projects.

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

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

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

PASSED AND ADOPTED at a regular meeting held this ____ day of ______________.

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Patrice Birdsong
Special Assistant to the Commission

Attachment B

Development and Finance Committee

Approval of Public Purpose & Feasibility and Adoption of a Resolution Authorizing the Issuance of a Tax-Exempt Note for the Acquisition and Renovation of Lakeview House Apartments

Bethesda, Maryland

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
VIVIAN BENJAMIN
UGONNA IBEBUCHI

June 3, 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY

- Standard Property Company, Inc., a multi-state real estate investment and management firm, is under contract to purchase ($34.2 million) and renovate (at $28,700/unit) Lakeview House Apartments located at 10250 Westlake Drive in Bethesda, Maryland.

- The property currently provides 152 units of affordable housing for seniors. Currently, 100% of units are supported by Section 8.

- The total development cost estimated at $47.7 million, will be financed using a tax-exempt loan, Low Income Housing Tax Credit (LIHTC) equity, and cash-flow during renovations.

- Since this is a privately-owned development, bond cap will be required in the amount of the tax-exempt loan, estimated to be $34.6 million.

- Citibank N.A. (Citi), the direct lender, has arranged for the loan to be sold to Freddie Mac post-closing.

- The proposed renovation includes ADA improvements, plumbing and HVAC upgrades, new common area finishes and furniture, upgraded amenities, new carpeting, and other unit interior updates.

Housing Opportunities Commission OF MONTGOMERY COUNTY

SCHEDULE

Finance Committee	Development & Finance Committee	Commission
Recommendation of Inducement Resolution February 13, 2015	Recommendation of Inducement Resolution February 20, 2015	Approval of Inducement Resolution March 4, 2015
Approval of Public Purpose & Feasibility and Recommendation of Authorizing Resolution for Issuance of a Tax-Exempt Note May 5, 2015	Approval of Public Purpose & Feasibility and Recommendation of Authorizing Resolution for Issuance of a Tax-Exempt Note May 15, 2015	Approval of Public Purpose & Feasibility and Recommendation of Authorizing Resolution for Issuance of a Tax-Exempt Note June 3, 2015

Housing Opportunities Commission OF MONTGOMERY COUNTY

PROPERTY DESCRIPTION

UNIT MIX AND BEDROOM COUNTS

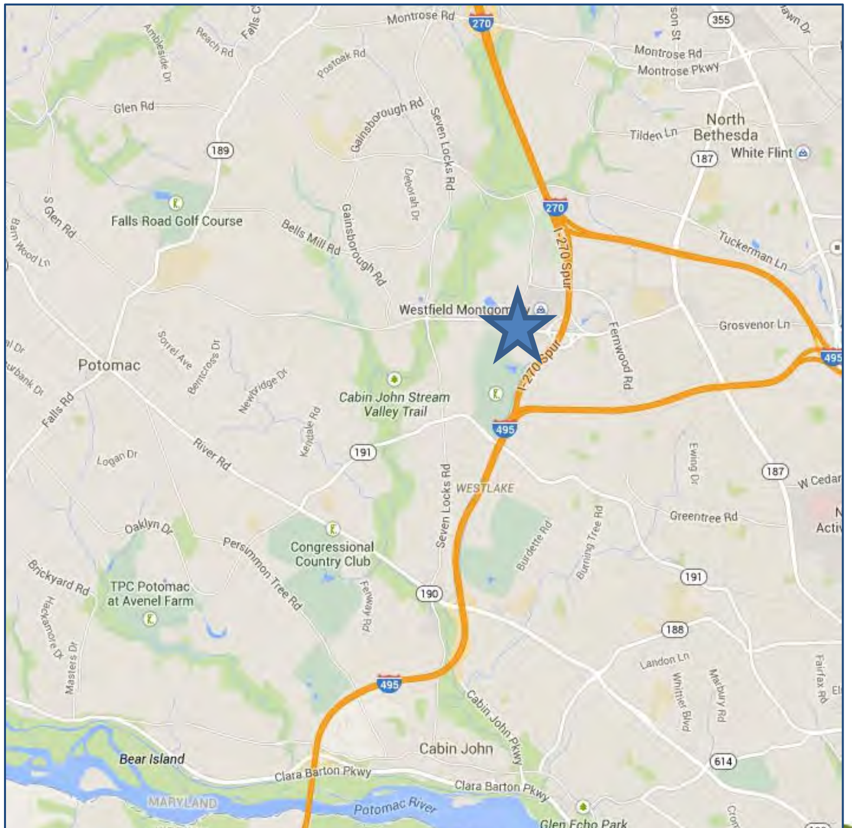
Unit Type	# of Units	Average Unit Size	Proposed Rent	Utility Allowance	% of Units
1 BR	152	615	$1,848	$0 – Owner pays all utilities	100%
Total	152				100%

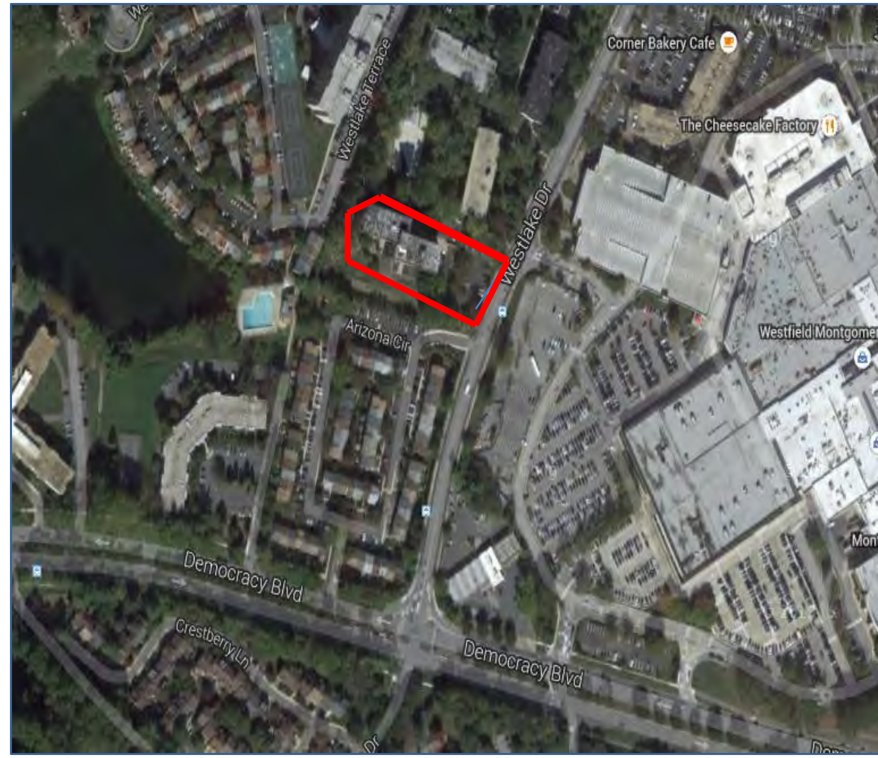
- Lakeview House Apartments is a nine-story apartment building containing a total of 152 units. It is located on Westlake Drive in Bethesda, Maryland. To the west and south of the property sits two low-rise residential properties and a high-rise residential property located to the north. Westfield Montgomery Mall is directly across Westlake Drive, to the east.
- The property is in the process of renewing its Section 8 contract and has engaged a rent comparability study to support the proposed rent of $1,848/unit. Residents will continue to pay 30% of their income on rent.
- The property provides comfortable and affordable housing to seniors and persons with disabilities.
- Renovation costs are estimated at $4.36 million ($28,700 per unit).

Housing Opportunities Commission OF MONTGOMERY COUNTY

AERIAL VIEW

- The site is a tract of land covering approximately 2.93 acres. It is located to the west of Westlake Drive, just north of the intersection with Democracy Blvd.





- Pedestrian access to the site is via sidewalks and ramps on the west side of Westlake Drive.

- Vehicle access to the site is via a curb driveway from Westlake Drive and provides access to parking areas.

Housing Opportunities Commission OF MONTGOMERY COUNTY

CAPITAL STRUCTURE

SUMMARY SOURCES AND USES

Sources	Amount	Per Unit
Primary Financing from Loan Proceeds	$34,600,000	$227,632
LIHTC Equity	$13,177,120	$86,692
Total	**$47,777,120**	**$314,323**
Uses	**Cost**	**Per Unit**
Purchase Price	$34,200,000	$225,000
Closing Costs	$698,050	$4,592
Bond Costs	$1,245,414	$8,194
Renovation Costs	$4,365,000	$16,825
Capitalized Costs During Construction	$1,815,561	$11,944
Reserves	$1,033,034	$57,926
Overhang Reserves	$1,920,061	$12,632
Developer Fees	$2,500,000	$16,447
Total	**$47,777,120**	**$314,323**

- Citi will provide a tax-exempt loan to HOC for $34.6 million, or no more than 90% of the appraised value.
- HOC will use the proceeds of the Citi loan to fund a tax-exempt mortgage loan to Standard Property Company, Inc. (the sponsor/developer).
- Alliant Capital (Alliant) will provide $13,177,120 in equity as the tax credit investor. Capital contributions will be in stages from loan closing throughout the rehabilitation of the property.
- Developer fees total $2,500,000.

SUMMARY OF STABILIZED OPERATIONS

STABILIZED PROFORMA	YEAR 1	PER UNIT
EFFECTIVE GROSS INCOME (EGI)	$3,343,187	$21,995
EXPENSES	$1,076,816	$7,084
NET OPERATING INCOME (NOI)	$2,266,371	$14,910
DEBT SERVICE	$1,901,176	$12,508
NET CASH FLOW	$365,195	$2,403
DEBT COVERAGE RATIO (YR1)	1.19	

- The property is currently fully leased and no tenants will be displaced because of the renovations. Occupancy is underwritten at 97%, and rent & expense growth rates at 2% and 3%, respectively.
- Total Operating Expenses are projected to be $7,084 per unit, including the HOC Monitoring Fee and funding of annual replacement reserves of $250 per unit per year, escalating at 3% annually.
- Management Fees are 3% of Effective Gross Income (EGI).
- The Net Operating Income (NOI) of $2,266,371 supports the permanent debt which is underwritten at 4.25% fixed rate. (Per the Citi Term Sheet, the interest rate is based on 10-year Treasury plus a Freddie Mac spread)
- Target DSCR is 1:1.15, per the Tax Credit Equity Letter of Intent.

Housing Opportunities Commission OF MONTGOMERY COUNTY

TRANSACTION HIGHLIGHTS

COUNTY INTEREST

- Financing of this property preserves affordable housing for persons with disabilities and seniors in the County, specifically in Bethesda. The developers have received a recommendation for a Payment in Lieu of Taxes (PILOT) agreement from the county.

PUBLIC PURPOSE

- Lakeview House Apartments preserves 152 (100%) affordable units supported by Section 8 subsidy. All units will continue to be occupied by seniors or persons with disabilities.

VOLUME CAP ALLOCATION

- $34,600,000 – Since this is a privately-owned development, bond cap will be required in the amount of the tax-exempt loan. Currently, $119,355,00 of volume cap is available for use. (See details on slide 13.)

CREDIT ENHANCEMENT

- Citibank has arranged for the loan to be sold to Freddie Mac post-closing.

LIHTC EQUITY

- $13,177, 120 – The tax credit equity will be paid in stages from loan closing to completion of renovations with the final payment used to fund reserves and the developer fee payments.
- The LIHTC investor is Alliant Capital, Ltd.

DEVELOPER'S FEE

- $2,500,000

Housing Opportunities Commission OF MONTGOMERY COUNTY

TRANSACTION HIGHLIGHTS (continued)

DEVELOPMENT TEAM

- **Developer**: Standard Property Company, a full service multifamily real estate and investment firm.

  Standard Property Company owns 4,500 residential units including 2,300 affordable units, including a 181-unit property in Catonsville, MD.
- **Principals:**

  Jeffrey E. Jaeger - co-founder of Standard Property Company. Mr. Jaeger is also the co-founder and former COO of Jackson Square Properties, an investment company with 10,000 apartments and 1,000 mobile home park units. Mr. Jaeger is a licensed real estate broker in California.

  Scott Alter - co-founder of Standard Property Company. Mr. Alter was an investment professional with Stockbridge Real Estate Funds and previously worked as a Financial Analyst with Merrill Lynch's Real Estate, Hospitality, and Leisure Investment Banking Division.

GENERAL CONTRACTOR

- United Renovations Specialty Group (URSG), a subsidiary of United Renovations (UR), is a general contractor operating in 20 states with 6,000 projects completed. URSG was founded in 2013 and specializes in redesigning and renovating existing affordable housing properties. The company advertises its specialty in senior housing renovations with minimal disruptions.

Housing Opportunities Commission OF MONTGOMERY COUNTY

TRANSACTION HIGHLIGHTS (continued)

ARCHITECT

- Blumentals/Architecture, Inc. was established in 1976 in Minneapolis, Minnesota and specializes in various types of residential and light commercial projects.

PROPERTY MANAGEMENT

- Apartment Management Company, LLC (AMC) is a full service property and asset management services company that manages over 300 properties and 70,000 apartment units, including a 181-unit LIHTC property with Section 8 HAP contracts in Catonsville, MD.

FINANCIAL PROCESSING AGENT/ SELLER SERVICER

- Citibank, N.A.

FISCAL AGENT

- US Bank, N.A.

VOLUME CAP NEED/USES ($'000)

Year	2014	2015	Projecting 2016	Projecting 2017
Balance Carried Forward	$89,812	$108,742	$23,453	$60,314
Special Allocation[1]				
Annual Bond Cap Allocation	$35,429	*$36,138*	*$36,861*	*$37,598*
	7%	2%	2%	2%
TOTAL BOND CAP AVAILABLE	**$125,241**	**$144,880**	**$60,314**	**$97,912**
HOC PROGRAMS				
Single Family[2]	$0	$0	$0	$0
Arcola Tower[3]		$13,191		
Waverly House[3]		$23,111		
Ambassador Apartment[4]				$35,000
Alexander House		$15,000		
Greenhills		$10,000		
TOTAL HOC PROGRAMS	**$0**	**$61,302**	**$0**	**$35,000**
PRIVATE DEVELOPERS				
Silver Spring - The Galaxy[5]				
Silver Spring - The Argent[6]				
Gaithersburg - Olde Towne[7]		$25,525		
Germantown - Churchill II[8]	$16,500			
Bethesda – Lakeview House		34,600		
TOTAL PRIVATE ACTIVITY	**$16,500**	**$60,125**	**$0**	**$0**
TOTAL BOND CAP REMAINING	**$108,741**	**$23,453**	**$60,314**	**62,912**

- At the end of 2014, HOC had $108,741,000 of volume cap available.
- HOC was allocated $36.1 million of bond cap in 2015, from the State of Maryland.
- Currently there is $119,355,000 of volume cap available.
- HOC expects to have $60,314,000 of volume cap available for projects in 2016.

BOND CAP MATRIX SUMMARY

PUBLIC PURPOSE AND BOND CAP MATRIX

The matrix shows the basic property information for Lakeview House (the "Development" or "Lakeview") as well as the list of 13 other properties that were evaluated for HOC financing:

# of Projects	Name of Property (Year)
1	Olde Towne Apartments (2015)
2	Churchill Senior Living Phase II (2014)
3	Galaxy Apartments (2010)
4	Victory Forest (2008)
5	Forest Oak Towers (2007)
6	Covenant Village (2006)
7	Oakfield Apartments (2005)
8	Stratford Place Apartments (Not Financed)
9	Clopper's Mill Manor (2004)
10	Charter House (No bond cap allocated)
11	Blair Park Apartments (2004)
12	Olney Manor Apartments (2004)
13	Randolph Manor Apartments (2002)

SUMMARY OF QUALITATIVE VARIABLES

Qualitative Variables were introduced with Quantitative Variables to provide support for the allocation of volume cap, should the pure numbers suggest otherwise. The project scored 31 of a maximum 36 points on 15 qualitative factors.

Factors	Score	Comments
Public Purpose	+	152 units at 60% of AMI or lower; Project Based HAP Contract
Fees	+	$346,000 commitment fee at closing and $1.3 million of ongoing loan management fees (15 years)
Structure – Term of Affordability	+	LIHTC transaction with extended use provision for 30 years of affordability. New HAP contract pending approval, with 20 year term.
Credit Enhancement – Risk to HOC	+	No risk to HOC. The loan will be sold by Citibank to Freddie Mac post-closing.
Readiness to Proceed	-	Financing in place, awaiting New HAP approval by CDA, closing planned June 2015.
Need to Use Bond Cap	+	Volume cap supports the development of the project and generates fees for HOC.
Geography	+	Ideal location in North Bethesda, near public transit, shopping, and medical services.
Developer Experience	+	Experienced development team.
Project Design	+	Nine story high-rise with elevator, appropriate for seniors.
Apartment Type	+	Elevator served, high-rise building.
Bedroom Mix	+	One bedroom units, appropriate for age-restricted senior community.
Cost per Unit	-	$314,323 per unit (Of this, $28,700 is rehabilitation cost per unit.)
Delivery Date	+	Tenant in place renovations to begin in August 2015 and finish in December 2015.
HOC Ownership	-	None
Community Needs	+	High. Of the 798 affordable, senior units surveyed in the Lakeview market area, there were only 4 units available, and almost all of the communities had waitlists. No new senior communities currently planned in the Lakeview market area.

SUMMARY OF QUANTITATIVE VARIABLES

The indices were first introduced in discussion of the Silver Spring Phase V development in 2002 with the expectation that the analysis would gain relevance over time as more projects are compared. By itself, an index has little meaning unless it can be measured against the results for other transactions.

Factors	Comments
Tax Exempt Savings Index	For every dollar of savings to the developer, we achieve $2.43 of public purpose.
Cap Usage Index	For every dollar of bond cap allocated, we achieve $0.89 in public purpose.
Public Purpose Index	The percentage of the total market potential that is devoted to public purpose is 31% for this transaction.
Unit Cap Cost Index	For every dollar of cost per unit, $0.72 is provided in volume cap.

Taken together, staff believes that the qualitative and the quantitative variables present adequate reason to allocate $34.6 million of bond cap to this transaction. This is due mostly to the deep public purpose relative to the market, upfront fees earned by HOC, the greater than 15-year term on affordability, and a sound project in terms of design, location and delivery schedule.

Housing Opportunities Commission OF MONTGOMERY COUNTY

ISSUES FOR CONSIDERATION

- Does the Commission wish to accept the recommendation of the Development & Finance Committee and approve the Feasibility and Public Purpose, and adopt a Resolution Authorizing the Issuance of a Tax – Exempt Note for the acquisition and renovation of Lakeview House Apartments?
  - Given the financial commitments to the project and operating projections, this project is believed to be feasible.
  - By providing 152 affordable units at or below 60% of the AMI, in addition to the new HAP contract currently being sought by the developer, the allocation of the Commission's volume cap to this transaction is appropriate and supported by the discussion in the Bond Cap Matrix Summary.
  - The investment preserves affordable housing for seniors in a submarket that has a significant need for more affordable senior housing, evidenced by waitlists at existing affordable, senior communities in the submarket and no new developments planned.
  - The investment further generates fees to the Commission that will assist in its furthering of its public purpose.

FISCAL/ BUDGET IMPACT

- The commission will earn a $346,000 commitment fee at closing and $1.3 million in ongoing loan management fees over 15 years.

TIME FRAME

- Action at the June 3, 2015 Meeting of the Commission.

CONCLUSION AND RECOMMENDATION

- Staff recommends that the Commission accepts the recommendation of the Development and Finance Committee and approve the Feasibility and Public Purpose and the Adoption of a Resolution Authorizing the Issuance of a Tax –Exempt Note for the Acquisition and Renovation of Lakeview House Apartments in an amount not to exceed $34,600,000.

RESOLUTION: 2015-___ Re: Adoption of Bond Authorizing Resolution for Lakeview House Project

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

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized thereby to issue and deliver its bonds and notes from time to time to fulfill its corporate purposes; and

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

WHEREAS, the Act empowers the Commission to make loans to qualified sponsors to provide for the acquisition, construction, rehabilitation, equipping and permanent financing of multifamily residential housing units in the County for occupancy by persons of eligible income and to perform any other duties that the Commission considers necessary in carrying out the purposes of the Act; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. ***The Governmental Note***. The Governmental Note is authorized to be issued pursuant to and under the Funding Loan Agreement in an aggregate principal

amount not to exceed $39,000,000 for the purpose of making funds available for the Project Loan for financing the costs of the acquisition, rehabilitation and equipping of the Project. The Chairman, the Vice Chairman, the Chairman Pro Tem and the Executive Director (hereinafter, "Executive Director" shall be interpreted to include any Acting Executive Director appointed by the Commission) or the Authorized Representative (defined below) of the Commission are authorized to establish the dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security and other terms, and to approve the interest rate on the Governmental Note, all of the foregoing to be specified in the Funding Loan Agreement. The Governmental Note shall be a limited obligation of the Commission, secured by and payable solely from security pledged therefor under the Funding Loan Agreement.

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

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

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

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

6. ***Execution and Delivery of Governmental Note***. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission or a person designated by the Executive Director to act on his behalf (the "Authorized Representative") is authorized to proceed with the delivery of the Governmental Note to the Funding Lender or to an affiliate thereof or to any other initial purchaser of the

Governmental Note as shall be determined to be in the best interest of the Commission, which Funding Lender shall be required to execute transferee representations in the form approved by the Commission to be attached to the Funding Loan Agreement.

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

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

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

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

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

Note or be subject to personal liability or accountability by reason of the execution and delivery thereof.

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

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

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

The foregoing resolution was adopted upon a motion by ________ and seconded by ______________. Affirmative votes were cast by Commissioners ___________________________. Commissioners ____________ were necessarily absent and did not participate in the vote.

****

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June ___, 2015.

By:___________________________________
Name:________________________________
Title:_________________________________

[SEAL]

APPROVAL OF REVISED DEVELOPMENT PLAN FOR GREENHILLS APARTMENTS

DAMASCUS

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
HYUNSUK CHOI
ZACHARY MARKS

June 3, 2015

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Executive Summary

- Greenhills Apartments (the "Property") was constructed in 1984 on 7.644 acres (per assessment record) on the east side of Route 27 just south of downtown Damascus. Originally built as part of a larger condominium community, HOC purchased the residual 52 townhome units and 26 apartment units, contained in 11 buildings, in 1998. Each unit has either a deck or patio, and all units have a wood burning fireplace and washer/dryer. Property amenities include a tot lot and access to a bike and jogging trail.
- There have been no major renovations to the buildings since the initial construction.
- In November 2011, the Commission approved a predevelopment budget and loan of $5,000 from the OHRF to study redevelopment and disposition strategies for Greenhills.
- In March 2012, the Commission approved a Preliminary Development Plan to refinance and renovate the property along with a predevelopment budget of $36,000.
- On March 13, 2013, the Commission approved a request to select Hamel Builders as General Contractor and approved a final Development Plan for Greenhills Apartments.
- Because of construction price increases and concerns over apartment demand in the market, staff decided not to proceed with the Final Development Plan which was approved on March 13, 2013 and sought options that more adequately funded the renovations and limited absorption risk.
- Staff now recommends a plan that uses Low Income Housing Tax Credit ("LIHTC") equity and tax-exempt bond financing to fund the rehabilitation of the Property, increases the number of restricted units, and transfers the Property into a new limited partnership owner.
- Having developed that new, best option, staff also recommends an increase of $43,000 to the existing predevelopment budget funded with a loan from the Opportunity Housing Reserve Fund ("OHRF") to prepare a LIHTC application for submission to the Maryland Department of Housing and Community Development ("DHCD").
- Staff requests a $1,500,000 loan from the OHRF to help finance the transaction. At the closing, it will be repaid from cash equity from the sale of property to a limited partnership.

Project Summary

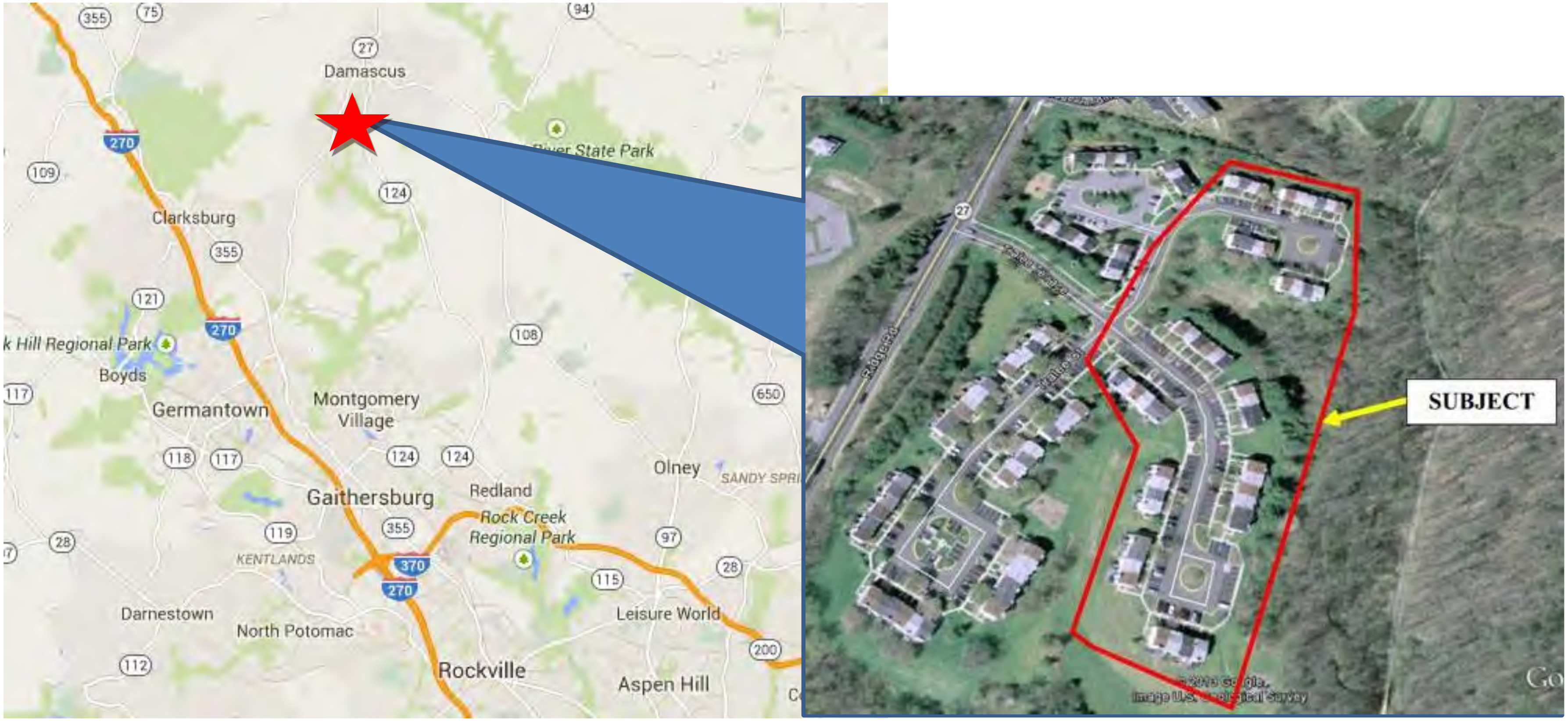
Project Name	Greenhills Apartment	**Units**	78	**Expected Closing Date**	3rd Qtr FY16
Location	Damascus, MD	**Average Unit Size (SF)**	1,100	**Stabilization Date**	CY18
Product Type	Town House/Apartments	**Occupancy (04/30/15)**	94.74%	**Recapitalization Strategy**	Rehab
Year Built	1984	**Total Rentable Sqft**	85,800	**Funding Strategy**	4% LIHTC/Bonds

Revised Development Plan

- Adds 4% LIHTC equity to HOC-issued tax-exempt bond financing to fund all construction costs
- Reimburses the PNC Real Estate Line of Credit (RELOC) for its use in retiring $4.2 million in senior debt
- Increases number of rent-restricted units to decrease exposure to market rate lease-up risk
- Adds four ADA units
- Increases affordable units from 24 units to 47 units
- Installs utility allowances for all 47 affordable units
- Replaces playground as staff learned through its feasibility due diligence that 75% of total tenants have children and that many of these children are not using our playground because of outdated equipment

- Supports FHA Risk-Share Mortgage, with $182K fee to HOC
- Produces debt proceeds of $9.1 million (@ 1.2x DCR) and 4% LIHTC equity of $3.7 million (based on $1.05 per credit)
- Generates development fee of $2.2 million, with $746K paid current
- Takes advantage of extremely favorable interest rates and tax credit pricing

Location Map



Greenhills Apartments is on the east side of Route 27 just south of downtown Damascus.

Revised Development Plan: Scope

The Property has not undergone any major renovation (other than roof replacements) since it was originally constructed 31 years ago; therefore, staff developed a renovation scope that includes the following:

- Replace siding, gutters, windows, decks and patios
- Upgrade interior kitchen and bathroom including but not limited to energy efficient appliances, new cabinets, countertops, fixtures and lighting
- Install modern HVAC units, hot water heaters, furnaces
- Remove fireboxes and removal of existing flues
- Improve the site including paving, new trash enclosures, landscaping, and signage
- Replace existing playground
- Create four new accessible units

These improvements will address curb appeal but also – and more importantly – increase energy efficiency, extend the property's useful life, and allow the property to compete in the marketplace.

This renovation work is recommended to be completed using internal relocation to create blocks of vacant units where the general contractors will start with a block of vacant units and, upon completion, residents will be moved into the renovated units.

However, if sufficient vacancy cannot be created organically prior to closing, renovation timing may require some construction be conducted tenant-in-place.

Example of a finished unit showing the standard set of energy efficient appliances.

Updated Predevelopment Costs

Current Predevelopment Costs

Items	Revised Budget (March, 2013)	Budget Revisions	Revised Budget	Spent to Date	Remaining Budget
Architect/Project Specs	$15,000	$9,000	$24,000	$23,450	$550
Property Condition Assessment	$5,000	($2,700)	$2,300	$2,300	$0
Phase I Environmental	$7,500	($5,300)	$2,200	$2,200	$0
Appraisal	$8,500	($2,000)	$6,500	$6,500	$0
Contingency (Issue RFP, etc)		$1,000	$1,000	$466	$534
Total Predevelopment Budget	**$36,000**	**$0**	**$36,000**	**$34,916**	**$1,084**

Request for Additional Predevelopment Costs

Items	Additional Predevelopment Costs
Updated Property Condition Assessment	$3,000
Updated Appraisal	$3,500
Updated Phase I Environmental	$1,000
Market Study	$2,500
ALTA Survey	$15,000
Energy Audit	$10,000
Certification for CDA Application (architect and etc.) [1]	$3,000
Contingency	$5,000
Total Additional Predevelopment Budget	**$43,000**

[1] *Costs includes base level energy & green standard certification, development quality standards narrative, building evaluation report, and environmental checklist from Architect*

- Staff recommends an increase of $43,000 to the existing predevelopment budget funded with a loan from OHRF to prepare a LIHTC application for submission to the DHCD.
- Total Predevelopment cost is $79,000.

Revised Development Plan: Team Assembly

Architect

Bennett Frank McCarthy Architects, Inc. ("BFM")

- Selected from the Architectural Pool based on its proven track record with multifamily renovation and like-kind replacements
- BFM has been the architect of record for the project since its inception in 2011.

Property Management

Avison Young

- Greenhills Apartments has existing property management in place. Staff does not recommend changes at this time.

General Contractor

Staff is currently preparing a Request for Proposals to select the General Contractor

- Bennett Frank McCarthy is updating some additional design work for ADA units, office/shop space, and fireplaces (existing) for preparation of plans and specifications for bid documents.

Revised Timeline and Financing Summary

Design and Renovation

- **Design Documents**: May 2015
- **Team Assembly:** June - September 2015
- **Application of LIHTC 4%:** July 2015
- **Renovation Kickoff**: Spring 2016
- **Construction Completion[1]:** Summer 2017

[1] *It is anticipated that between six and nine units will be in production at any one time during the renovation.*

Financing: FHA Risk-Share Mortgage with LIHTC

- **Term:** 30 years
- **Amount (estimated):** $9.1MM
- **Interest Rate[2]:** 5.00% plus 0.5% Mortgage Insurance Premium (MIP)
- **LIHTC Equity:** $3,735,684 (based on $1.05 per credit)
- **Permanent Financing Plan:** HOC Bonds with FHA Risk Sharing Insurance
- **Estimated Permanent Closing**: Summer 2017

[2] *As of May 22, 2015: Interest Rate 4.40%* (30 years)

Sensitivity Analysis – LIHTC Price/Equity

Sensitivity Analysis (LIHTC Equity)	$1.00	$1.05[3]	$1.10
LIHTC Equity	$3,557,733	**$3,735,684**	$3,913,640

[3] *Staff projects sale at $1.05 per credit for this project.*

Housing Opportunities Commission
OF MONTGOMERY COUNTY

Public Purpose/Current & Projected Unit Mix

Current Unit Mix

Unit Type	# of Total Units	% of Total Units	Unit Size S.F.	Utility Allowance	Current Average Gross Rents
≤60% OF AMI					
2 BD / 1 BH (Apt)	7	9%	1,100	$0	$1,186
2 BD / 2 BH (TH)	12	15%	1,100	$0	$1,206
3BD / 1.5 BH (TH)	5	6%	1,100	$0	$1,387
Total Affordable Units	**24**	**31%**			
MARKET UNITS					
2 BD / 1 BH (Apt)	19	24%	1,100	$0	$1,316
2 BD / 2 BH (TH)	18	23%	1,100	$0	$1,421
3BD / 1.5 BH (TH)	17	22%	1,100	$0	$1,543
Total Market Units	**54**	**69%**			
TOTAL	**78**	**100%**			

Proposed Unit Mix

Unit Type	# of Total Units	% of Total Units	Unit Size S.F.	Utility Allowance	Projected Average Gross Rents
≤60% OF AMI					
2 BD / 1 BH (Apt)	18	23%	1,100	$202	$1,444
2 BD / 2 BH (TH)	17	22%	1,100	$231	$1,444
3BD / 1.5 BH (TH)	12	15%	1,100	$286	$1,669
Total Affordable Units	**47**	**60%**			
MARKET UNITS					
2 BD / 1 BH (Apt)	8	10%	1,100	$0	$1,450
2 BD / 2 BH (TH)	13	17%	1,100	$0	$1,550
3BD / 1.5 BH (TH)	10	13%	1,100	$0	$1,650
Total Market Units	**31**	**40%**			
TOTAL	**78**	**100%**			

Note: As of May 15, 2015, 28 market rate households qualify for affordable units below 60% of the AMI (without 4 vacancy units)

Revised Sources and Uses

Sources and Uses (Preliminary)

Sources	Amount	Per Unit
Tax-Exempt Mortgage	$9,124,241	$116,977
LIHTC Equity	$3,735,684	$47,893
HOC Loan (OHRF)	$1,500,000	$19,231
Deferred Developer Fee	$1,506,461	$19,314
Seller Note (90% Loan to value)	$10,800,000	$138,462
Total Sources	**$26,666,386**	**$341,877**

Uses	Amount	Per Unit
Acquisition Costs	$12,422,500	$159,263
RELOC Reimbursement	$4,200,000	$53,846
Construction	$5,603,150	$71,835
Development Team Consultants	$38,450	$493
Financing Costs	$1,429,676	$18,329
Miscellaneous Soft Costs*	$719,523	$9,225
Development Fees	$2,253,086	$28,886
Total Uses	**$26,666,386**	**$341,877**

* *Note: Misc soft costs included Due Diligence Amount, Legal Costs and Operating Reserves (3 months)*

Development Budget Highlights

- Estimated $9.1 million tax-exempt bond financing with a mortgage insured under the FHA Risk Sharing Program.
- Estimated Low Income Housing Tax Credit equity $3.7 million (based on $1.05 per credit).
- Existing draw on the RELOC of $4,200,000 is repaid.
- $1,500,000 loan from the OHRF to help finance the transaction. At the closing, it will be paid back from cash equity from the sale of property.
- Estimated construction costs of $5.6 million ($71,835 per unit) including estimated hard total construction costs of $5.33 million ($68,397 per unit) with 10% contingency, relocation costs $111K ($1,425 per unit), playground $60K, and construction management $97k ($1,244 per unit).
- Initial Deposit to Replacement Reserves: $23,400 ($300 per unit): Current Replacement Reserves balance is $255,580 (As of April 2015).
- Estimated Development Fees: $2.2 million; however, only $746,625 is paid current.
- Estimated the Sale Price $12.0 million and estimated cash proceeds to HOC at closing: $1.2 million.

Summary of Stabilized Operations

Stabilized Proforma	CY18	Per Unit
Income	$1,205,905	$15,460
Expenses[(1)]	$445,834	$5,716
NOI (Net Operating Income)	**$760,070**	**$9,744**
Debt Service[(2)]	$587,771	$7,536
Cash Flow	**$172,300**	**$2,209**
Debt Service Coverage Ratio Target	**1.20**	

[(1)] Includes $27,300 ($350 per unit annually) in Replacement Reserves.
[(2)] Includes Loan Management Fee will be collected $22,811 annually (0.25% of mortgage amount).

Max Mortgage Amount	**$9,124,241**
Term (in years)	30
Interest Rate[1]	5.00%
Debt Service Constant	6.44%
MIP (Mortgage Insurance Premium)	0.50%
"All-In Constant" Rate	6.94%
Debt Service Coverage Ratio Target (CY2018)	1.20
NOI (Net Operating Income)	$760,070
Debt Service	$587,771

[1] *As of May 22, 2015: Interest Rate 4.40%* (30 years)

- The permanent financing plan includes a 30-year mortgage insured under the FHA Risk Sharing Program.
- First full stabilized year is CY 2018 with occupancy projected at 93%, rent and expense growth rates at 2% and 3%, respectively.
- Total operating expenses are projected to be $445,834 ($5,716 per unit) in CY 2018 including funding of annual replacement reserves of $350 per unit, per year and escalating at 3% annually.
- The net operating income (NOI) of $760,070 in CY 2018 supports the permanent debt which is underwritten at 5.00% plus 50 basis points for mortgage insurance premium (MIP) costs pursuant to the FHA Risk Sharing Mortgage Insurance Program.

Summary and Recommendations

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and:

1. Approve the revised development plan for Greenhills Apartments,
   - The plan proposes substantial renovation of the Property using tax-exempt bonds issued by HOC, equity from the sale of LIHTC, deferred developer fee, and a seller note, all totaling approximately $26.6MM,
   - The proposed plan increases the number of restricted affordable units from 24 to 47.
   - The Property would be transferred into a limited partnership because of the use of LIHTCs.
2. Approve a bridge loan of $1.5MM from the OHRF to complete the structure of the transaction, and
   - The unobligated balance in the OHRF as of March 31,2015 is $10,668,375. If approved, the unobligated OHRF balance is $9,125,375.
3. Approve an increase of $43,000 in predevelopment funds bringing the total to $79,000 also to be funded from the OHRF?

Time Frame

Action at the June 3, 2015 Commission Meeting.

Budget Impact

There is no adverse impact for the Agency's FY 2015 operating budget. Capital and operating projections will be reflected and amended in FY16 budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and:

1. Approve the revised development plan for Greenhills Apartments
2. Approve a bridge loan of $1.5MM from the OHRF to complete the structure of the transaction, and
3. Approve an increase of $43,000 in predevelopment funds bringing the total to $79,000 also to be funded from the OHRF.

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

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

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

WHEREAS, the Property is wholly owned by HOC; and

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

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

WHEREAS, on March 13, 2013, the Commission approved the Final Development Plan to refinance and renovate the Property and authorized the selection of Hamel Builders to perform the renovation for an amount up to $3.58 million; and

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

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

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

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

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

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

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

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

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

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting on June 3, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

DEVELOPMENT PLAN UPDATE

AMBASSADOR

WHEATON

Stacy L. Spann, Executive Director

Kayrine Brown
Zachary Marks

June 3, 2015

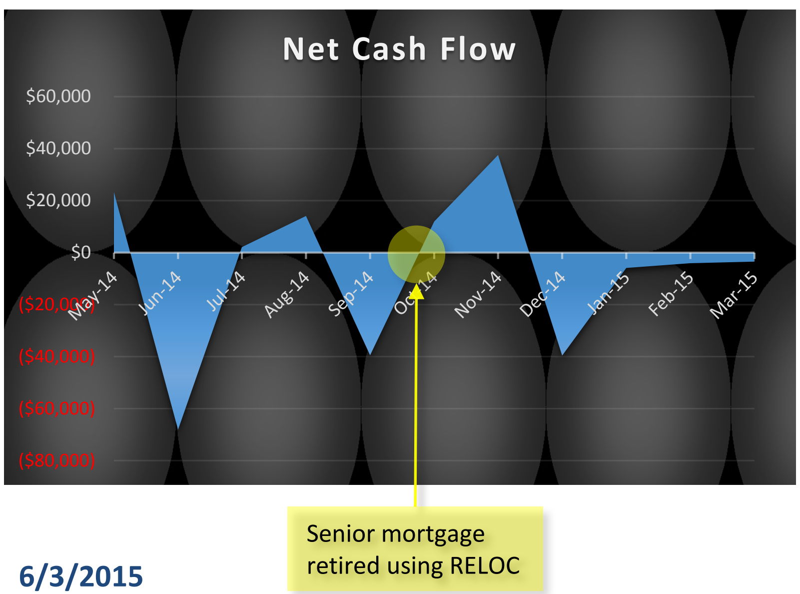
Introduction

Since the last concept of a permanent relocation plan was presented to the Commission on June 4, 2014, occupancy has fallen from 132 (as of the end of April 2014) to 95 (as of the end of April 2015). A little more than three households per month have left the property in that time. The cessation of leasing was approved by the Commission at the June 4, 2014 meeting after two systemic building failures during the 2013-14 winter. However, a full version of the permanent relocation plan did not follow as negotiations with Pennrose and Willco were not yet completed.

Occupancy				
Jan-14	Feb-14	Mar-14	Apr-14	May-14
152	145	139	135	132

May-15
95

Net cash flow has been negative the past four months (ending March, as April's data are not yet in) as well as six of the past eleven months. Total loss over that time is $71,837 (although, during that period, the property continued to make full contributions to reserves for a total of $63,228). Thus, the property is organically reaching a breakeven point at which HOC would have to carry the asset at a loss.

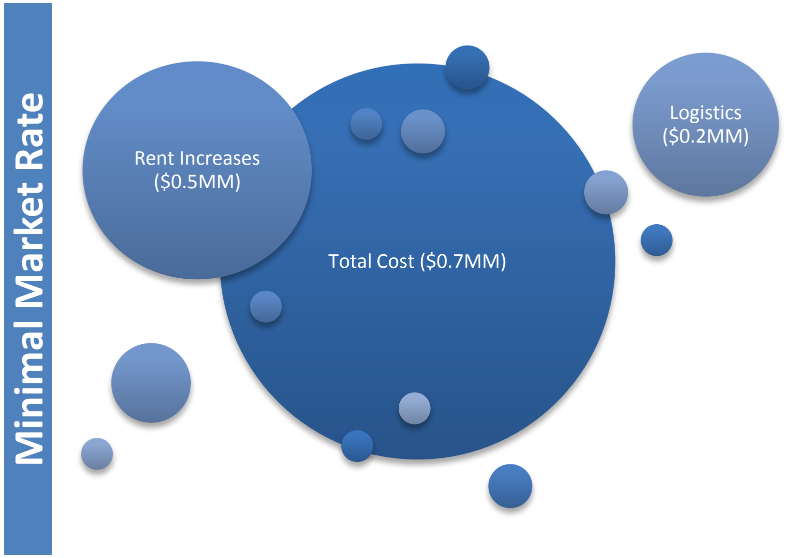


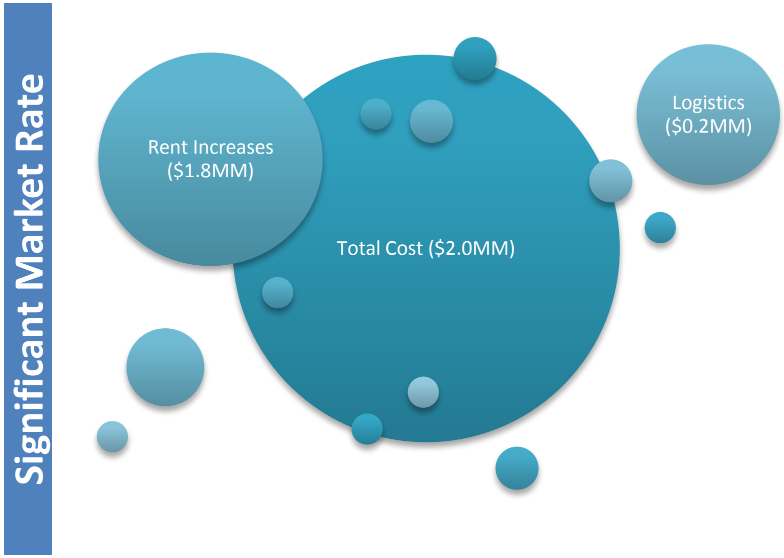
The prepayment of the property's senior mortgage in October of 2014 using the $90MM PNC Real Estate Line of Credit ("RELOC") lowered the monthly debt service by approximately $23,000. This lowered the breakeven occupancy and helped to minimize the net cash flow loss. (Again, if the property weren't making contributions to reserves, it would show a very small positive net cash gain over the past three months.)

More practically, with occupancy headed toward 50%, HOC's ability to secure the building while partially occupied becomes increasingly challenging; the marginal cost of continuing to operate the building grows and continued risk exposure to another systemic building failure is hard to justify.

Executive Summary

In February 2015, the County approved $500,000 in funding to support the permanent relocation of residents from Ambassador. The funding must be expended by the end of the current fiscal year (June 30, 2015). While negotiations with Pennrose and Willco are not resolved, predevelopment cannot yet begin. The temporary availability of these funds, the arrival at Ambassador's operational breakeven occupancy, and continued risk to the building's physical plant of further systemic failures foster a level of urgency to begin permanent relocation of residents from the building and its subsequent decommissioning.





Staff continuous work with outside counsel to determine the relocation compliance regime that will apply (it could be both URA and Section 104(d) concurrently). Depending on the availability of comparably priced relocation units, the cost of the relocation could run as high as $2.0MM. This is driven by the requirement that HOC pay the difference between Ambassador residents' current rents and the rents charged for the units to which they are relocated. As such, the total cost of the permanent relocation is *highly* dependent upon the rental pricing of available stock within the County.

Perhaps most importantly, these costs are not reduced even if permanent relocation is delayed until closer to the redevelopment's groundbreaking. Either way, HOC will be responsible for between 42 (if only URA applies) and 60 months (if Section 104(d) applies) of rent difference.

Executive Summary

With the $500,000 in County money available now, and only for a short time, staff recommends proceeding with permanent relocation. In conjunction with the availability of these funds, HOC also has two other major tools to minimize cash outlays from balance sheet resources:

County Funds	$500,000
Property Reserves	$600,000
HOC Rent Concessions	$432,000
	$1,532,000

Given that the County funds must be committed first, staff will engage existing residents to identify households most likely to be able to move quickly:

- Higher-income families whose likely only obstacle to moving is a satisfactory destination unit.
- Households who see immediately satisfactory units within HOC's portfolio or the HOC bond portfolio.
- Single-occupant households with little or no geographical attachment.
- Households for whom the choice to live in Wheaton was entirely economic.

Staff will build a budget that deploys the funding toward paying moving contractors, cutting rent differential checks, and making security and utility deposits.

Rent Differential Cost Analysis

Because the Uniform Relocation Act applies to the permanent relocation of Ambassador's residents – and a majority of the cost to HOC of URA implementation is that it must bear any increase in resident rent caused by the relocation – use of HOC-owned units for relocation provides two benefits:

- HOC can concede the rent increase making the cost a "paper" loss.
- As these available units are not currently generating revenue, the arrival of relocating residents would unexpectedly boost those properties' revenues and thus net cash flow to HOC

Additionally, units available in HOC's bond portfolio are also likely good candidate relocation units as they are more likely to have rent-restricted units present.

Occupied Units:
95

Available HOC-owned Units:
54

Available HOC Bond Portfolio Units:
33

Annual Cost of HOC-owned Unit:
$8,000

Annual Cost of Bond Port. Unit:
$6,309

Some of units included in the above available counts are priced at market rate rents. The Montgomery County rental market is extremely tight, and the percentage-occupancy of an average property is in the mid-90s, with any rent-restricted units oversubscribed. To absorb a sudden "influx" of 95 renters into the market, availability must take priority over price. That said, staff will continue to seek other, more-cost effective relocation units outside of those owned by HOC or held in its bond portfolio.

Staff has not yet begun an assessment of inventory in the wider Montgomery County private market where certainly other affordable housing options exist. Further, existing residents can be given latitude to explore options for themselves, which will almost certainly turn up more affordable housing opportunities staff won't.

Rent Differential Cost Analysis

As a means of emphasizing the weight of the absorption cost, the annual URA cost of an HOC-owned unit could be reduced to $3,436 per year by limiting units used for relocation to those charging no more than 150% of the average monthly rent at Ambassador House ($850). However, this would make only 11 of HOC's 54 available units eligible. To get to the 54 available units, staff sought units priced at monthly rents between $900 and $1,900 at properties predominately in the metropolitan Silver Spring area. Capping its search to available units charging no more than ~$1,000 in additional monthly rent was an arbitrary way of managing the cost of relocation.

Likewise, the annual URA cost of an HOC bond portfolio unit could be reduced to $3,847 per year. This reduces the eligible units to 17 of the available 33 under the $1,900-cap method. Again, given that HOC-owned units give HOC the opportunity to incur the URA cost through concession, using a cap of 150% of $850 on the bond portfolio units may be the preferable cost-control option.

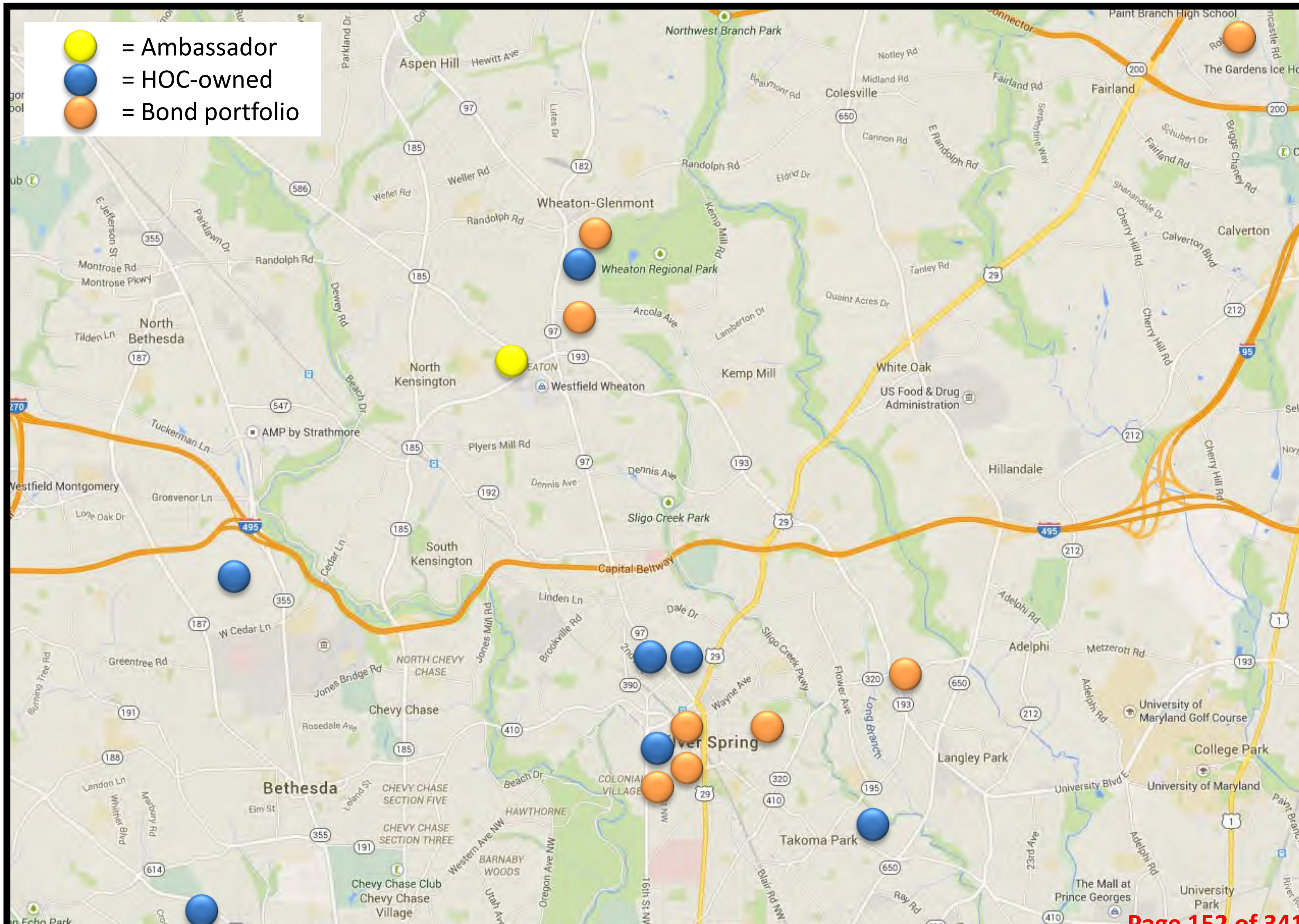
Geographical Preferences (92 Responding Households)

Bethesda	24	Kensington	22	Rockville	2	Takoma Park	5	No Pref.	4
Chevy Chase	6	Olney	1	Silver Spring	24	Wheaton	4		

When residents were displaced over the winter of 2013-14 – and lodging at a Marriott – staff took the opportunity to survey residents. More than 60% of occupied households responded to the survey. Of the more surprising information to come from those surveys: when asked, among other things, about geographical preference, many residents indicated a first choice of location other than Wheaton. More residents preferred housing in Silver Spring and Bethesda; Kensington was the third most preferred; and Wheaton was only lightly preferred along with other disparate locations like Takoma Park and Rockville.

With such diverse geographical interests, the flexibility to define and pursue housing that fits their individual needs, and little short-term pressure existing residents of the Ambassador are likely to find options that will drive down the true costs of the permanent relocation. So, the headline costs of the use of HOC's portfolio and its bond portfolio shown above are likely to fall in between those shown above between the scenario in which little market rate housing is required and the scenario in which much market rate housing is required.

Inventory of Identified Available Properties



Resident Demographics

As of May 1, 2015, the property is 58.6% occupied. The majority of remaining households have only one occupant on the lease. Staff will, of course, continue to work to establish the true number of occupants for all units insofar as it differs from the information on the lease:

Current Rents, Occupancy, & Unit Mix				
Type	Avg. Rent	Occupied	Vacant	Total
0BR	$837	91	0	**91**
1BR	$1,084	4	0	**4**

Current Resident Income Mix							
Type	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI	Market	Total
1 Person	19	11	11	10	8	2	**61**
2 Persons	8	4	7	6	0	3	**28**
3 Persons	3	0	0	1	1	0	**5**

The 14 households with incomes above 60% of AMI should be the easiest to relocate. Costs should be limited to logistical expenses. The next easiest group to move will be the 18 making more than 50% of AMI but less than 60% of AMI. There may be some rent differential to cover, but this cost should be relatively low and available stock high. The most challenging group will be those 30 households making less than 30% of AMI. Staff will take particular care to identify options for those families.

Senior Residents

As of May 1, 2014, there were 15 heads of household at least 62 years of age. Not included in the analysis of available relocation inventory were 10 age-restricted units that are either owned by HOC or in the HOC bond portfolio. All of them are priced at or below $1,400 per unit a month:

Annual Cost of Senior Unit:

$4,680

Not yet included in this analysis is the coming availability in August of at least 24 non-RAD, age-restricted, 60% AMI units at Arcola Towers and Waverly House.

Relocation Plan: Overview

Hessel Aluise & Neun, PC (HAN, PC) has been engaged to provide consultation on the subject of relocation compliance. Early the week of May 12, 2014, staff received a memorandum from HAN, PC indicating that the Uniform Relocation Assistance and Real Property Act of 1970 ("URA") and Section 104(d) of the Housing and Community Development Act of 1974 will likely be applicable to the redevelopment of Ambassador.

Staff will now engage DHCD in discussions to confirm this.

LEGAL (Hessel Aluise & Neun, PC)

HAN, PC attorneys work with clients to structure transactions to take advantage of new sources of financing, restructure existing debt, address tenant notice and relocation issues, secure long term operating subsidy streams, and increase project income through rent increases. As a result, struggling projects can be modernized and preserved to ensure their long term affordability. The firm brings deep expertise with local, state, and Federal housing regulatory code and statutory law.

Particular to this project, HAN, PC will review existing financing documents and proposed redevelopment financing to determine the required relocation compliance regime. Further, the firm will provide advice on the renegotiation of the land use restriction in place as a result of the 1994 Low Income Housing Tax Credit-financed rehabilitation of Ambassador Apartments.

Component Costs of the Relocation

Rent Differential

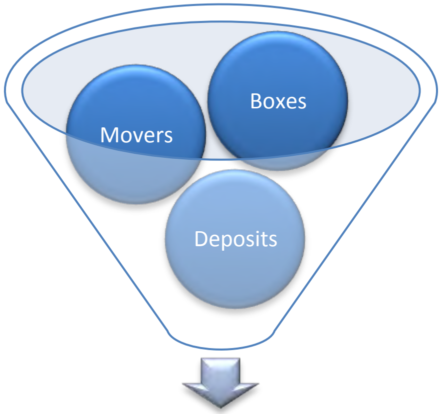
Under URA:

42 Months

Under 104(d):

60 Months

Logistics



Assumed Costs: $1,500 per Family

Upon conceptual approval of this permanent relocation plan, staff will reevaluate the HOC portfolio and engage Ambassador residents in beginning to identify suitable relocation housing. Once such housing has been identified for a significant number of residents, staff will return to Commission with a better estimate of overall relocation costs.

Relocation Plan: Procedure

Engagement
- Initiation of Negotiations
- General Information Notice Sent

Exchange
- Resident Surveys Sent
- Relocation Education Meetings Held

Acceptance
- Residents Tour Offered Units
- Unit Acceptance Forms Signed

Execution
- Lease Signed
- Movers scheduled

Completion
- Move Complete
- Relocation Check Cut

Budget Impact: Three Scenarios

Current Budget

Status Quo	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16
Occupancy	109	103	91	74	55	41	22
Net Income	($3,014)	($13,487)	($49,669)	$8,506	($33,689)	($63,540)	($105,440)

Budgeted Loss: $260,331

Permanent Relocation

12/month	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16
Occupancy	109	103	91	63	27	1	0
Net Income	($3,014)	($13,487)	($49,669)	($20,182)	($105,089)	($59,210)	($6,426)

Scenario Loss: $257,076

Permanent Relocation

24/month	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16	Q3 16	Q4 16
Occupancy	109	103	91	39	0	0	0
Net Income	($3,014)	($13,487)	($49,669)	($81,382)	($6,426)	($6,426)	($6,426)

Scenario Loss: $166,829

Once empty, the only carry cost assumed is debt service payment on the line of credit. Applying a more conservative measure of carrying costs of 20% of operations even when fully vacant: the 12-per-month Scenario's total loss is $343,808; and the 24-per-month Scenario's total loss is $322,228. Staff is optimistic that carrying costs for the decommissioned building can be held much lower. Still, the overall difference in total losses between the permanent relocation scenarios and the current budget is only at most $80,000.

The faster the building is emptied, the more likely the total loss will be less than the current budgeted loss. Staff will also present an analysis of a scenario that includes projections of total loss after demolition of the structure.

Commission Request & Next Steps

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and authorize the Executive Director to execute all documents associated with the acceptance of County funding estimated to be in the amount of $500,000 to assist in the permanent relocation of residents from its Ambassador property?

Timing of Approval

Action at the June 3, 2015 meeting of the Commission.

Budget Impact

Should the Commission approve the permanent relocation of residents at Ambassador, staff projects a loss of no more than $80,000 over the current budget through the end of Fiscal Year 2016. It is possible that the permanent relocation and subsequent decommissioning of Ambassador will yield a savings over the current budget.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and authorize the Executive Director to execute all documents associated with the acceptance of County funding estimated to be in the amount of $500,000 to assist in the permanent relocation of residents from its Ambassador property.

RESOLUTION: **RE: Approval to Accept County Funding Related to the Permanent Relocation of Residents of Ambassador Apartments**

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

WHEREAS, the Property is owned by a limited partnership whose compliance period has expired called Wheaton-University Boulevard Limited Partnership ("WUBLP"); and

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

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

WHEREAS, in June 2010, the Commission approved a feasibility/predevelopment budget of up to $75,000 to consider options for redevelopment; and

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

WHEREAS, on January 9, 2014, due to extreme weather conditions which caused pipes to freeze, the Property was exposed to water loss due to a county water main break causing fire sprinkler and central boiler systems failures; and

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

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

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

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

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on June 3, 2015.

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Patrice Birdsong
Special Assistant to the Commission

APPROVAL TO INCREASE CONTRACT VALUE FOR THE HOLLY HALL SPRINKLER SYSTEM

June 3, 2015

- Holly Hall (the "Property") is a 96-unit public housing development for seniors located at 10110 New Hampshire Ave. in the White Oak section of Silver Spring.

- The County previously appropriated funding in its FY2010-2018 Capital Improvements Program (CIP) for the installation of sprinkler systems at Public Housing and deeply subsidized affordable housing occupied by seniors of which $1,466,415 (increased to $1,642,496) was allocated to the Property.

- On November 7, 2012, a new water service contract was awarded to Advanced Fire Protection Services (the "Contract") to extend the water line connection to meet the water main on New Hampshire Avenue to satisfy Washington Suburban Sanitary Commission ("WSSC") requirements.

- WSSC initially indicated that the water main connection was in the southbound traffic lanes of New Hampshire Avenue. Upon further investigation it was found to be in the northbound lanes, approximately 51 feet away.

- In early 2014, Advanced Fire Protection Services advised that the labor and materials necessary to connect to the actual location of the water main would increase the cost of the work. As a result, on March 5, 2014, staff requested and the Commission approved an increase in the Contract by $153,138 – plus a 15% contingency of $22,971 – for a total of $176,129 to complete the water main connection and activate the fire safety system.

- As the project draws to a conclusion, additional unforeseen costs arose. To complete the work, a second contractual amendment of $100,000 is needed. Sufficient CIP funds are available to fund the remaining costs.

- Staff recommends that the Commission accept the recommendation of the Development and Finance Committee which met on May 15, 2015 and approve an increase in the contract value of $100,000 to complete the infrastructure work at Holly Hall, bringing the total contract value to $616,909. This final increase will cause the fire suppressant system to be fully operable.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Kayrine Brown, Chief Investment and Real Estate Officer Ext. 9589
Paul Vinciguerra, Construction Manager Ext. 9715

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

DATE: June 3, 2015

STATUS: **COMMITTEE REPORT:** Deliberation __X__

OVERALL GOAL & OBJECTIVE:
To increase the contract value of the Holly Hall Sprinkler System by $103,815 to match the existing CIP Funds and available CFP Funds allocated to the project.

BACKGROUND:
On November 7, 2012, the Commission awarded Contract 13-1831 to Advanced Fire Protection Services to complete the design, permitting, and installation of the new water main tap required by Montgomery County WSSC in the amount of $340,800.

Advanced Fire Protection Services ("AFPS") began work on February 1, 2013. As AFPS progressed through the installation of the new water main tap, it was discovered that the original WSSC plan showing the existing 16' water main in the first southbound lane of New Hampshire Avenue was in fact in the far northbound lane of New Hampshire Avenue; 51' away from the planned location of the tap. To run an 8' water main from Holly Hall to tap into the 16' water main under New Hampshire Avenue, AFPS estimates additional costs of $74,200. To fully activate the fire alarm system, an additional $78,938 is required.

At the time, it was anticipated that the remaining work would be funded from a combination of remaining sprinkler funding allocated under the Montgomery County Capital Improvements Program ("CIP") as well as available Capital Fund Program grant monies. In addition, on March 5, 2014, the Commission approved an increase to the value of AFPS' contract in the amount of $176,109 which included $153,138 in known costs and a contingency of $22,971 (15%).

As the project nears conclusion, staff believes all costs are now known and a full reconciliation of available funds is complete. A contractual amendment of $100,000 will cover the aforementioned costs. Funding for the remaining costs is available from CIP monies.

The final change orders will cover:

- Completion of significantly revised sprinkler drawings to obtain the required permit,
- Installation of valve assemblies in all three existing buildings,
- Correction of deficiencies in drawings previously identified,
- Performance of air testing of all systems to verify system integrity,
- Commissioning of hydrostatic testing of modifications and existing steel sprinkler piping in trash rooms,
- Purchasing of additional parts and labor due to the elevation changes from the original planned path of the water pipe due to the discovery of existing gas mains and telecommunication lines, and
- Leasing of drilling equipment to comply with new State regulations governing the drilling of test pits.

The estimated final contract amount will be $616,909:

Original Contract	$340,800
Change Order	
1	$11,137
2-4	$25,582
6	$13,305
8	$29,606
9	$4,378
10	$74,200
First Amendment (Mach 2014)	$176,109
New Contract Amount (March 2014)	$516,909
Estimated Additional Costs	$117,902
Estimated Total Costs	$616,909
Additional Contract Capacity Needed	$100,000

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve an increase in the value of the contract with AFPS by $100,000 to complete the water main tap and activate the fire safety system at Holly Hall?

PRINCIPALS:
Advanced Fire Protection Services
Housing Opportunities Commission of Montgomery County (HOC)

FISCAL / BUDGET IMPACT:
None. CIP monies are available to fund the completion of the project.

TIME FRAME:
Action at the June 3, 2015 open meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Commission accept the recommendation of the Development and Finance Committee and approve an amendment to the AFPS contract value of $100,000 and funded by available County Capital Improvements Program monies to complete the water main tap and activate the fire safety system at Holly Hall.

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

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

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

WHEREAS, on November 7, 2012, a new water service contract was awarded to Advanced Fire Protection Services (the "Contract") to extend the water line connection to meet the water main on New Hampshire Avenue to satisfy Washington Suburban Sanitary Commission ("WSSC") requirements; and

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

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

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

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

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

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

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting of the Commission conducted on June 3, 2015.

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Patrice M. Birdsong
Special Assistant to the Commission

AUTHORIZATION TO CONTRACT FOR ALARM AND SPRINKLER INSTALLATION AT ARCOLA TOWERS

PUBLIC HOUSING AGE-RESTRICTED DEVELOPMENT

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
JAY SHEPHERD

June 3, 2015

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Arcola Towers is a Public Housing-assisted age-restricted development approved for participation in the Rental Assistance Demonstration ("RAD") program, which converts Public Housing subsidy to Project-Based Section 8 rental assistance. A requirement of conversion is the satisfaction of all building physical needs. This packet outlines the use of County Capital Improvements Program (CIP) Funds for the required installation of a sprinkler and alarm system.

Executive Summary

- Arcola Towers is a Public Housing-assisted age-restricted development approved for participation in the Rental Assistance Demonstration ("RAD") program, which converts Public Housing subsidy to Project-Based Section 8 rental assistance.
- To meet the RAD conversion requirements, satisfaction of all building physical needs including the installation of a new building-wide sprinkler and alarm system is required.
- In the FY10-18 County Capital Improvements Program (CIP) Amendment cycle, the County Council authorized $8,719,675 in General Obligation (GO) Bonds and obligated current revenue to install sprinklers and fire alarms in three Public Housing buildings and two HUD 236 properties over a two-budget cycle period starting in FY 2010 and concluding in FY 2018.
- Under this authorization, Arcola Towers has $2,659,858 available for the programming and mobilization needs to install the fully pressurized system.
- Staff has solicited an Invitation For Bid (IFB #1950 Fire Protection and Code Upgrades at Arcola Towers) and received two responses, one of which was deemed not qualified.
- Staff recommends moving forward with the selection of the qualified contractor to complete the installation of the sprinkler and alarm systems using CIP monies to fund the work. A comprehensive renovation is otherwise planned for Arcola Towers, and construction is to begin in Fall 2015. Based on consultations with the architect and general contractor for the full renovation, staff is confident that the installation and activation of the sprinkler system can be executed prior to the start of the comprehensive renovation without issue.

Continued Funding of Sprinkler Systems for HOC Elderly Properties *The total CIP funding authorization and remaining balances for the individual projects (in alphabetical order) are as follows***.**

Property Name	Specifications	Budget	Balance Remaining
Arcola Towers	12-story high-rise, 141 units	$2,659,858	$2,485,871
Bauer Park Apartments	3-story low-rise, 142 units	$1,326,272	$1,086,702
Elizabeth House**	16-story high-rise, 106 units	$2,613,803	$102,904
Holly Hall Apartments**	3-story low-rise, 96 units	$1,5642,496	$57,175
Town Center Apartments**	10-story high-rise, 112 units	$477,244	$0
Total CIP Funds Available		**$8,819,675**	**$3,832,197**

***** Installation complete, funds expended.***

IFB #1950 Fire Protection and Code Upgrades at Arcola Towers

Procurement

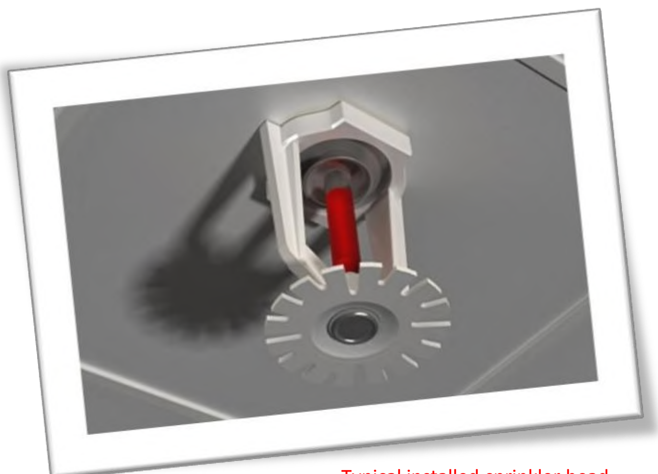
On February 10, 2015, HOC issued IFB #1950 Fire Protection and Code Upgrades at Arcola Towers designed to solicit bids from qualified Fire Protection Contractors who are licensed by the State of Maryland and registered with the Washington Suburban Sanitary Commission (WSSC) as a Master Plumber and insured to conduct business within the State of Maryland and Montgomery County.

On February 18, 2015, a pre-bid conference was held at Arcola Towers and representatives from four firms were present for the conference.

On March 11, 2015, two (2) bids were received by the HOC Procurement Office from QSS International, Inc. and Advanced Fire Protection Services, Inc.

IFB #1950 Scope of Work

Provide and install fire protection systems and equipment including, but not limited to, sprinkler and fire alarm systems and related repairs, furniture relocation of occupied units, and other miscellaneous work as defined by the Housing Opportunities Commission. Units will be occupied during the course of the work.



Typical installed sprinkler head.

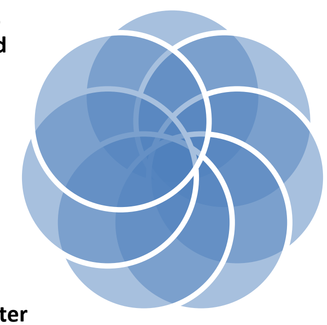
Arcola Towers exterior.

Housing Opportunities Commission OF MONTGOMERY COUNTY

IFB #1950 Bidder Evaluation

Two firms submitted proposals by the requested deadline but only one firm was found to be qualified. QSS International, Inc. was deemed a non-qualified bidder because their bid did not meet minimum bid requirements stated explicitly in the IFB.

Minimum Bid Requirements



Bidder[1] List

Advanced Fire Protection Systems, LLC (AFPS, LLC)
2340 Monumental Avenue
Baltimore, MD 21227
Phone: (443) 557-0321

QSS International Inc
10301 Democracy Lane Ste# 401
Fairfax, VA 22030-2545
Phone: (703) 766-0211

Bid Tabulation

Name of Contractor	Non Conclusive Affidavit	HUD 5369A	PPC Cert (HUD 2530)	Bid Bond	MD Master Licenses (Sprinkler, Electrical and Low-Voltage)	Meets Self-Performance Threshold	Base Bid (See Note 2)
QSS International, Inc.	Yes	Yes	Yes	Yes	No	No	$2,125,909
Advanced Fire Protection Systems, LLC	Yes	Provided Separately	Yes	Yes	Yes	Yes	$2,289,000

NOTES:

1. **QSS and AFPS, LLC were the only two bidders for IFB #1854 that was cancelled because the range of pricing between the bids was too much for equal consideration.**
2. **Meets Davis-Bacon requirements to satisfy the funding restrictions enforced under the County's Capital Improvements Program ("CIP").**

Contractor Selection

- Staff proposes to select Advanced Fire Protection Systems, LLC (AFPS, LLC) for award of contract under procurement IFB #1950 because AFPS, LLC:
  - AFPS met all the threshold requirements of the IFB.
  - Passed the minimum 75% threshold for self-performance of the work.
  - Holds valid electrical, low-voltage, and sprinkler licenses in the State of Maryland and Montgomery County.

Mitigating Impact to our Residents

- AFPS, LLC has a vast amount of experience in multifamily sprinkler installations, including recent work for HOC at Holly Hall.
- AFPS, LLC has demonstrated awareness of tenant and client needs including superior communication with all stakeholders.
- AFPS, LLC employees and subcontractors are selected and trained to be respectful of residents' homes and personal belongings.

Public Purpose

In furtherance of CIP program fund objectives, this project is directly related to accomplishing the following County Executive priorities:

- A responsive and accountable County government
- Affordable housing in an inclusive community
- Healthy and sustainable neighborhoods
- Vital living for all of our residents

Summary and Recommendation

Issues for Consideration

Does the Commission wish to accept the recommendation of the Development and Finance Committee and authorize the Executive Director to award Advanced Fire Protection Systems, LLC (AFPS, LLC) a contract up to $2,659,858 for the installation of fire protection systems and equipment including, but not limited to, sprinkler and fire alarm systems and related repairs, furniture relocation of occupied units, and other miscellaneous work as defined by the Housing Opportunities Commission and to take any and all other actions necessary and proper to carry out the transaction contemplated herein?

Budget Impact

There is no adverse impact for the current Agency operating budget. Funding is from the Montgomery County Capital Improvements Program allocated to HOC for use at its Public Housing and deeply subsidized properties. Work will be scheduled immediately upon Commission approval.

Time Frame

Action at the June 3, 2015 meeting of the Commission.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development and Finance Committee:

1. Authorize the Executive Director to select Advanced Fire Protection Systems, LLC (AFPS, LLC) for the installation of fire protection systems and equipment including, but not limited to, sprinkler and fire alarm systems and related repairs, furniture relocation of occupied units, and other miscellaneous work as defined by the Housing Opportunities Commission not to exceed $2,659,858; and

2. Authorize the Executive Director, without further action on the part of the Commission or Company, to take any and all other actions necessary and proper to carry out the transaction contemplated herein including, without limitation, the negotiation of a contract with AFPS, LLC for the installation of sprinkler and alarm systems for Arcola Towers.

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

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

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

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

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

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

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 3, 2015.

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____
Patrice M. Birdsong
Special Assistant to the Commission

Deliberation

and/or

Action

BAUER PARK & TOWN CENTER

CONSULTING CONTRACT APPROVAL

STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE BROWN
ZACHARY MARKS

June 3, 2015

Background

HOC is the managing general partner in two properties and manages two others (upon whose Boards HOC Commissioners sit) originally funded by several forms of subsidy that are due to expire within the next few years. None of the subsidy can be extended or renewed in its present form. The only currently available opportunity to replace that subsidy is via Component Two of the Rental Assistance Demonstration ("RAD") program.



Bauer Park	Stewartown Homes	Town Center (Rockville)	The Willows
• Built: 1977 • Subsidy Expir.: 2018	• Built: 1971 • Subsidy Expir.: 2017	• Built: 1977 • Subsidy Expir.: 2018	• Built: 1975 • Subsidy Expir.: 2017

As elderly properties, Bauer Park and Town Center have residents who nearly all qualify for continued subsidy under RAD. The Willows and Stewartown Homes will have some families that qualify; however, the majority of households will not. As such, plans for The Willows and Stewartown Homes will be brought at a later date and are likely not candidates for conversion via RAD, which needs a critical mass of qualified residents to make sense.

Background

Component Two of the RAD program was set to end on December 31, 2014. On November 20, 2014, staff proposed and the Commission approved the submission of applications to Component Two of the RAD program. However, at around the same time, Congress passed a continuing resolution on the budget as well as an omnibus spending bill ("CR-omnibus") that extended Component Two of the RAD program indefinitely. Application is non-binding. Component Two is a much more iterative process with each transaction reviewed upon its own merits. HUD's Component Two team is small and dedicated to these transactions.

RAD for Public Housing	RAD for "Orphan Programs" (Component Two)
Subsidy converts at existing level of funding.	Subsidy is funded to full HOC voucher payment standard.
HOC is sole owner in properties.	HOC is GP* in two properties; no ownership in the others.
100% of residents qualify for continued assistance	Over-income residents do not receive continued assistance.

*General partner

There are several key differences in HOC's proposed participation in Component Two of the RAD program from the Agency's participation in the part of RAD program designed for conversion from Public Housing. First, the subsidy received by these properties post-conversion will dramatically increase. This will make for a greater likelihood of the financial viability of required renovations or redevelopment. Second, as HOC is only the general partner in Stewartown Homes and The Willows, it will ultimately require some approvals from the limited partner tax-credit investor. At Bauer Park and Town Center Apartments, HOC has no current ownership and will require approvals from the ownership board for each property. Lastly, over-income residents (earning greater than 80% of Area Median Income ("AMI")) will not receive continued rental assistance. Depending on the construction financing funding the delivery of the new or renovated housing, those residents may ultimately be required to move.

Executive Summary

While Component Two of the RAD program has been extended indefinitely, funding for the post-conversion subsidy – which was appropriated as part of the CR-omnibus – is finite. Once that funding is exhausted, there is no ability to secure replacement subsidy. Much like HOC's elderly Public Housing properties, Bauer Park and Town Center are occupied with households that nearly all will easily qualify for post-conversion subsidy.

Although the Agency is not an owner of these properties, HOC has provided financial and logistical support to Bauer Park and Town Center for decades. Indeed, the properties themselves were originally developed and financed by HOC; the Boards were also constituted by HOC as required by the original Rental Assistance Payment ("RAP") and Section 236 programs. This combined with the general view that, as the Housing Authority for Montgomery County, HOC has an ethical responsibility to sustain these properties has led to the perception that HOC must shore up any deficit and source funding for any capital needs. As these properties approach 40 years of age and stand to lose their subsidy within the next 36 months, it creates two growing financial liabilities for HOC.

Bauer Park	Town Center
Total Property Needs: **$500,000** ($3,500/unit)	Total Property Needs: **$2,000,000** ($18,000/unit)

In March, staff commissioned physical needs assessments ("PNAs") for both properties. These studies review existing conditions and evaluate the level of like-kind replacement required to bring the effective useful life of all reservable items back to 100%.

Executive Summary

However, staff proposes a level of reinvestment consistent with that of the planned renovations of Arcola Towers and Waverly House. In doing so, the property will see significant improvements to energy efficiency, the common areas and exterior grounds will be enhanced, and residents' units will be modernized. As the post-conversion per-unit subsidy will be much greater for Bauer Park and Town Center than that of Arcola Towers and Waverly House, these transactions will also yield enough capital that will fully fund all renovations.

Comparable Renovation: Arcola Towers

Scope of Renovations

- HVAC
- Electrical
- Plumbing
- Windows
- Kitchens & Baths
- Roofs
- Improved Amenity Space
- Exterior Lighting
- Landscaping

Improved energy efficiency, climate and moisture control.

Well-funded operating budget.

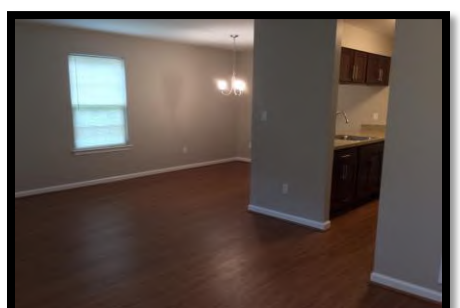
<u>Arcola Towers</u> – Silver Spring

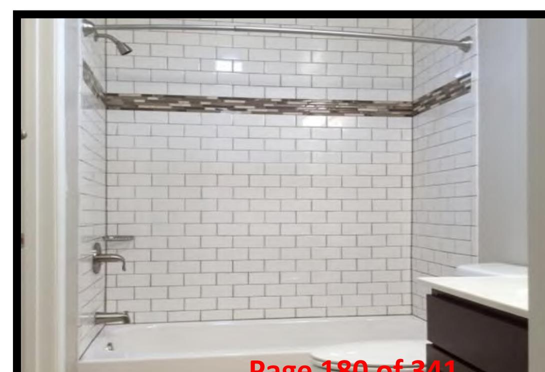
Year Built: 1972 (42 Years Old)

Units: 141

Construction Spending: $7MM+

HOC-owned Townhomes





Subsidy Overview: Bauer Park

Existing Subsidy	
Section 236 Senior Loan	• Supported original construction of property. • Will mature in June 2018.
Interest Reduction Payment	• Supported original construction of property. • Will terminate in June 2018.
Housing Assistance Payment	• Rental assistance (not Section 8) paid to property by HUD. • Subsidy discontinues at full payment of 236 loan.

Potential Subsidy	
Tax-exempt Senior Loan	• Fully funds scope of renovation including necessities & upgrades. • Interest rate will be at historically low level.
Responsible Underwriting	• Level of debt would be low in comparison to net income. • Debt is fixed rate with HOC as the lender.
Project-based Rental Assistance (Section 8)	• 20-year contract with mandatory renewal. • Subsidy issued for all currently qualifying residents.

Currently subsidized units:

28

Current non-subsidized, rent-burdened households (pay > 30% of income):

46

Projected subsidized units:

130

Projected non-subsidized, rent-burdened households (pay > 30% of income):

0

Subsidy Overview: Town Center

Existing Subsidy	
Section 236 Senior Loan	• Supported original construction of property. • Will mature in June 2018.
Interest Reduction Payment	• Supported original construction of property. • Will terminate in June 2018.
Housing Assistance Payment	• Rental assistance (not Section 8) paid to property by HUD. • Subsidy discontinues at full payment of 236 loan.

Potential Subsidy	
Tax-exempt Senior Loan	• Fully funds scope of renovation including necessities & upgrades. • Interest rate will be at historically low level.
Responsible Underwriting	• Level of debt would be low in comparison to net income. • Debt is fixed rate with HOC as the lender.
Project-based Rental Assistance (Section 8)	• 20-year contract with mandatory renewal. • Subsidy issued for all currently qualifying residents.

Currently subsidized units:

22

Current non-subsidized, rent-burdened households (pay > 30% of income):

64

Projected subsidized units:

100

Projected non-subsidized, rent-burdened households (pay > 30% of income):

0

Development & Consulting Services

While similar in some respects to the Public Housing part of the RAD program, Component Two of the RAD program has both more flexibility and more complexity. HUD is providing greater flexibility as the presently expiring subsidy for Section 236 properties creates a serious political, ethical, and practical problem for continuing to serve the residents of these properties. Greater complexity of the conversion of these properties derives from the presence of existing financing that must be unwound. By and large, HOC's Public Housing assets did not have project-level financing that had to be extinguished.

Given the tremendous success that HOC has had in converting seven of its 11 Public Housing properties via RAD, staff proposes using Morrison Avenue Capital Partners and Censeo again for these transactions.

	Bauer Park	**Town Center**
Prepayment	$85,200	$85,951
Capital Structuring	$67,200	$107,741
Total	**$152,400**	**$193,691**

Morrison Avenue Capital Partners and Censeo ("MACP & Censeo") jointly applied to HOC's RFQ #1938, Real Estate Development and/or Financing Consultant pool. On March 4, 2015, the Commission approved MACP & Censeo as a pre-qualified firm able to participate in the pool. MACP & Censeo have offered exactly the same pricing for services as it did for the Public Housing conversions and capital structuring for Arcola Towers and Waverly House: $600 per unit (for the prepayment plan) and 1% of the LIHTC equity raised (for assistance in structuring the post-prepayment financing).

Bauer Park/Town Center	***Prepayment***	***Total***
Approval of Task Order	20%	$34,230
Completion of Due Diligence	25%	$42,788
Submission of HUD Plan	35%	$59,903
HUD Approval of Plan	20%	$34,230

Bauer Park/Town Center	***Capital Structuring***	***Total***
Approval of Task Order	0%	$0
Completion of Due Diligence	25%	$43,735
LIHTC Reservation	25%	$43,735
LIHTC and Debt Closing	50%	$87,471

All fees would be reimbursed at closing of finance for Bauer Park and Town Center, and approximately a third of the fee would be contingent upon HUD approval and closing of finance. Prior to closing, fees are proposed to be paid from interim funds from the Opportunity Housing Reserve Fund ("OHRF") with an unobligated balance of $10,668,375.

Summary and Recommendations

ISSUES FOR DISCUSSION

1. Does the Commission authorize the Executive Director to execute contracts for financing consulting services with MACP and Censeo related to the RAD conversions of Bauer Park and Town Center in the amounts of $152,400 and $193,691 respectively?

2. Does the Commission authorize an advance of up to $225,000 from the OHRF to fund consulting services herein proposed to be provided by MACP & Censeo?

BUDGET IMPACT

No impact for the current Agency operating budget.

TIME FRAME

For action at the June 3, 2015, open meeting of the Commission.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends authorizing the Executive Director to execute contracts for financing consulting services with MACP & Censeo related to the RAD conversions of Bauer Park and Town Center in the amounts of $152,400 and $193,691, respectively. Staff also recommends approval of an advance of up to $225,000 from the OHRF to fund consulting services herein proposed to be provided by MACP & Censeo, Inc.

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

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

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

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

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

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

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

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

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

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

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

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County in an open meeting conducted on June 3, 2015.

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E **Patrice M. Birdsong**

A **Special Assistant to the Commission**

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Future Action

Information Exchange

New Business

Executive Session Findings

Adjourn

Recess

Development Corporation Annual Meetings And Amendment of the FY’16 Operating and Capital Budgets

ALEXANDER HOUSE DEVELOPMENT CORPORATION
ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

  - Rental Income,
  - Personnel Complement,
  - Indirect Cost Model Allocations, and
  - Property Insurance.

- Total Revenue budgeted at:

  - FY'16 $5,735,552.

- Revenue is projected to decrease by 5.6%.

MEMORANDUM

TO:	Board of Directors of Alexander House Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Alexander House Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	
STATUS:	Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]	

OVERALL GOAL AND OBJECTIVE:

Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for the Alexander House Development Corporation by the Corporation's Board of Directors.

BACKGROUND:

On November 6, 1996, the Commission authorized the creation of a wholly controlled corporate instrumentality known as Alexander House Development Corporation (the "Development") and passed a resolution approving the Articles of Incorporation for the Development Corporation. The Board of Directors for the Development Corporation adopted the By-laws on December 11, 1996 which provide for the operations and functions of the Corporation and elected officers.

At the Board meeting held January 22, 1997, the Corporation executed the Asset Management Agreement by and between the Alexander House Development Corporation (Owner) and HOC (Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget, 90 days prior to the start of each fiscal year.

Alexander House was refinanced in February 1997 with the proceeds of the 1996 Series B Multifamily Housing Development Bonds. The property was financed with a first mortgage in the amount of $25,000,000, which was insured under the FHA Risk Sharing Program where HOC assumed 50% of the risk and the Federal Housing Authority (FHA) assumed the remaining 50%. Other debt on the property included a loan from the State of Maryland for $1,500,000, which was repaid in 1999 with a loan from the County's Revolving Opportunity Housing Development Fund, and a $1,000,000 cash flow loan from Montgomery County.

On April 23, 1997, the Board of Directors approved a resolution that allowed for the incorporation of the Alexander House annual budget preparation, presentation and approval process into the HOC budget process. This means that the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the development for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Alexander House Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

In the amended FY'16 budget, revenue is projected to decrease by 5.6% reflecting submarket conditions. The Suburban Maryland Apartment market, according to Delta Associates (First Quarter 2015), reports that new apartment deliveries are at historic highs. "Heavy concessions for newly leasing properties will lead to rent declines in the Class A market as property managers struggle to maintain occupancy. Lower Class A rents will mean lower Class B rents." Alexander House, a Class B property in the active Silver Spring submarket preparing for renovations, is competing against 650 units in active lease-up.

The Premier, 1155 Ripley, Heritage at Silver Spring and the Citron, all new properties located within minutes of Alexander House, are offering heavy concessions with up to two months free rent. To entice new renters to the property, Alexander House is offering monthly discounts and up front concessions on select units. Additional marketing initiatives have included cross marketing with local businesses, outreach to major employers in the area, additional directional signage on the weekends and increased mobile advertising. To remain competitive in the market, concessions at Alexander House increased 400% above budget projections, a trend likely to continue through 2015.

Over the last six months, staff has initiated exhaustive due diligence and market intelligence to better understand the Silver Spring submarket and the opportunity for the Commission to pursue its mission in a fiscally prudent way. The conclusion drawn from those studies indicate that there is an opportunity for revenue growth in the marketplace for an ideally located real estate asset with competitively priced rents, without leading the market.

Staff is currently preparing a predevelopment program to submit to the Commission in July 2015 that will address both the physical and market needs of the property. This program is focused on making the property highly efficient and functional for the next thirty years and simultaneously expanding the public purpose and mission of the Commission.

At the September 3, 2014 Commission meeting, predevelopment budget strategy for Alexander House was presented to and approved by the Commission. The Commission also authorized the use of the $90 million Real Estate Line of Credit (RELOC) with PNC Bank, N.A. to prepay the outstanding mortgage of $20,343,101 at the property as a part of the refinancing and redevelopment strategy, effectively reducing the debt service to reflect the payment of interest on the draw on the RELOC. While the draw on the RELOC bears interest only at 68.5% of the one-month LIBOR plus 58 basis points, when stressed at a fully amortizing 6.5% rate over a 30-year term, the property demonstrates that it can support a full debt service payment. The difference between the actual interest cost and the stressed scenario will be reserved as Debt Service Reserve in the Opportunity Housing Bond Fund.

Alexander House has been managed by McShea Management, Inc. (McShea) since June 1, 2006. However, McShea was acquired in 2013 by Avison Young, a large, independently-owned Canadian-based real estate services firm. The McShea staff have been incorporated into the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there has been no measurable effect on the management of the property. In November 2013, the Board of Directors approved the assignment of the existing Management Agreement with McShea to Avison Young.

ISSUES FOR CONSIDERATION:
Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Alexander House Development Corporation?

BUDGET IMPACT:
The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for the Alexander House Development Corporation by the Board of Directors.

ALEXANDER HOUSE DEVELOPMENT CORPORATION

RESOLUTION NO. __________

RE: Alexander House Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets

WHEREAS, the Alexander House Development Corporation held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

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

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to include the Alexander House annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for the Alexander House Development Corporation.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Alexander House Development Corporation

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Alexander House Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$5,735,552	$6,075,231	($339,679)	(5.6%)
Expenses:				
Operating - Admin	$510,931	$510,931	$0	
Operating - Fees	$186,416	$186,166	$250	
Tenant & Protective Services	$138,279	$138,279	$0	
Taxes, Insurance & Utilities	$467,136	$483,855	($16,719)	
Maintenance	$735,400	$735,400	$0	
Subtotal - Operating Expenses	**$2,038,162**	**$2,054,631**	**($16,469)**	**(0.8%)**
Net Operating Income (NOI)	**$3,697,390**	**$4,020,600**	**($323,210)**	**(8.0%)**
Debt Service	$167,605	$1,804,131	($1,636,526)	
Debt Service Reserve	$1,437,324	$0	$1,437,324	
Replacement reserves	$150,000	$150,000	$0	
Asset Management Fees	$234,110	$254,630	($20,520)	
Development Corporation Fees	$1,281,263	$1,811,839	($530,576)	
Excess Cash Flow Restricted	$427,088	$0	$427,088	
Subtotal - Expenses Below NOI	**$3,697,390**	**$4,020,600**	**($323,210)**	**(8.0%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$189,458**	**$189,458**	**$0**	**0.0%**

BARCLAY APARTMENTS DEVELOPMENT CORPORATION ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY'16 $1,302,010.

- Revenue is projected to decrease by 4.6%.

MEMORANDUM

TO:	Board of Directors of Barclay Apartments Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Barclay Apartments Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for Barclay Apartments Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
On July 7, 2004, the Housing Opportunities Commission (HOC) authorized the establishment of Barclay One Associates Limited Partnership (the "Partnership") in which HOC is its General Partner for the purpose of owning a 157-unit apartment building, subject to a Ground Lease with Montgomery County, to benefit from low income tax credits permitted by Section 42 of the Internal Revenue Code of 1986. The Partnership created a condominium known as The Barclay consisting of 157 individual units subject to a Ground Lease and performed substantial renovations on the property.

On July 7, 2004, HOC authorized the creation of a wholly controlled corporate instrumentality known as Barclay Apartments Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation and the By-laws for the Barclay Apartments Development Corporation. The Commission also approved the appointment of the seven Commissioners as the Corporation's Board of Directors (the "Board").

At its meeting of June 13, 2007, the Board approved the purchase of 76 units at The Barclay from the Partnership and authorized the execution of the appropriate documents necessary to purchase the property and secure the loans from HOC. The Board also authorized the execution of an Asset Management Agreement by and between Barclay Apartments Development Corporation (the Owner) and HOC (the Agent). One of the duties required of the

Agent under that Agreement is to submit to the Owner an annual budget 90 days prior to each fiscal year.

As of September 1, 2007, the Corporation acquired 76 units in the condominium subject to the Ground Lease. At the same time, it assumed a portion of the existing financing which is insured under the FHA Risk Sharing Program. The Barclay consists of 157 units, which are distributed as follows:

- 81 tax credit units owned by Barclay One Associates Limited Partnership (HOC is the General Partner); and

- 76 units owned by Barclay Apartments Development Corporation.

At its meeting of June 13, 2007, the Board also approved a resolution allowing the annual budget preparation, presentation and approval process for Barclay Apartments Development Corporation to be included with the HOC budget process. The Operating and Capital Budgets are presented to the Budget, Finance and Audit Committee of the Housing Opportunities Commission for their review and approval then submitted to the full Commission, as the Board of Directors, for its final approval.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Barclay Apartments Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

The amended FY'16 budget projects that operating revenue will decline by 4.6%. The Barclay Apartments are located in the very competitive Bethesda submarket where new developments delivered in FY'15 totaled 850 units and another 600 units are scheduled for FY'16 in this submarket according to the Delta Associates Report (3/31/2015). This significant supply has been the primary driver for maintaining concessions and not being able to increase rents without losing occupancy. Although it is situated in a very desirable location, built in 1954, this property does not currently offer the amenities now being offered to command higher rents while keeping high occupancy while this construction surge continues. The budget projected a 3-4% vacancy, but the aforementioned market impact coupled with weakness in property management caused the vacancy numbers to be adjusted down for the amended budget.

The Barclay Apartments are located in the Bethesda Central Business District (CBD) which is currently in the midst of a Master Plan Revision process. This process has the potential to yield a much higher density and height for the Barclay Apartments. Staff anticipates that the plan will take 24-36 months to be approved and implemented. During the course of this plan, it will be important for HOC to participate and for staff to engage design, legal and construction professionals to evaluate all of the Commission's options and recommend the best outcome for the site.

Management of the property transitioned from Winn Residential to Edgewood Management Corporation effective July 1, 2013.

ISSUES FOR CONSIDERATION:
Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Barclay Apartments Development Corporation?

BUDGET IMPACT:
The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for Barclay Apartments Development Corporation by the Board of Directors.

BARCLAY APARTMENTS DEVELOPMENT CORPORATION

RESOLUTION NO. _____ **RE: Barclay Apartments Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the Barclay Apartments Development Corporation held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the FY'16 Barclay Apartments annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets was adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of HOC on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for Barclay Apartments Development Corporation.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Barclay Apartments Development Corporation

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Barclay Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$1,302,010	$1,365,089	($63,079)	(4.6%)
Expenses:				
Operating - Admin	$85,536	$81,125	$4,411	
Operating - Fees	$48,604	$48,129	$475	
Tenant & Protective Services	$9,084	$9,084	$0	
Taxes, Insurance & Utilities	$126,338	$124,901	$1,437	
Ground Rent	$0	$0	$0	
Maintenance	$120,611	$129,232	($8,621)	
Subtotal - Operating Expenses	**$390,173**	**$392,471**	**($2,298)**	**(0.6%)**
Net Operating Income (NOI)	**$911,837**	**$972,618**	**($60,781)**	**(6.2%)**
Debt Service	$681,089	$681,298	($209)	
Replacement reserves	$22,800	$22,800	$0	
Asset Management Fees	$57,210	$62,220	($5,010)	
Development Corporation Fees	$150,738	$206,300	($55,562)	
Excess Cash Flow Restricted	$0	$0	$0	
Subtotal - Expenses Below NOI	**$911,837**	**$972,618**	**($60,781)**	**(6.2%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$29,266**	**$29,266**	**$0**	**0.0%**

CHEVY CHASE LAKE DEVELOPMENT CORPORATION
ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

  - Rental Income,
  - Personnel Complement,
  - Indirect Cost Model Allocations, and
  - Property Insurance.

- Total Revenue budgeted at:

  - FY'16 $115,573.

- Revenue is projected to decrease by 91.4%.

MEMORANDUM

TO:	Board of Directors of Chevy Chase Lake Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Chevy Chase Lake Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:

Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for the Chevy Chase Lake Development Corporation by the Corporation's Board of Directors.

BACKGROUND:

On August 4, 2004, the Commission authorized the creation of a wholly controlled corporate instrumentality known as Chevy Chase Lake Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation for the Development Corporation. The Board of Directors for the Development Corporation adopted the By-laws on September 1, 2004 which provide for the operations and functions of the Corporation and elected officers.

The Corporation executed the Asset Management Agreement by and between the Chevy Chase Lake Development Corporation (Owner) and HOC (Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget 90 days prior to each fiscal year.

The Board of Directors approved a resolution that allowed for the incorporation of the Chevy Chase Lake annual budget preparation, presentation and approval process into the HOC budget process. This means that the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Chevy Chase Lake Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

At the October 2013 Commission meeting, the Commission authorized the Executive Director to enter into a Purchase and Sale Agreement (PSA) with EYA to sell approximately 3.3 acres to be redeveloped into townhomes. The remaining land will continue to be owned by HOC or an affiliate on which staff has proposed the development of a mid-rise multifamily building. The proposal is for a 200-unit development with 20% of the units (40) restricted for families earning less than 60% of the area median income (AMI) and another 20% (40 units) as workforce housing units restricted to households earning between 60% and 100% AMI (this was a requirement of the zoning approval). The remaining units (60%) will be offered to households without regard to income.

On June 13, 2014, the Commission authorized the Executive Director to enter into exclusive negotiations with EYA and Federal Capital Partners (FCP) to assist in the development of the HOC multi-family building. On June 3, 2015, staff will recommend that the Commission select EYA as a development partner.

After the Commission entered into the PSA, staff began to inform residents of the potential redevelopment of the community. While no notices to vacate have been issued, some residents have elected to move now into new accommodations. As of April 30, 2015, 22 of the 68 households have relocated off-site. Based on the terms of the PSA and the current schedule for entitlement approvals, it is likely that the entire site will be vacated by September 30, 2015.

Due to the impending decommissioning of the building, declining operations will continue through the end of September 2015, resulting in the 91.4% projected decrease in operating revenue in the FY'16 Budget Amendment.

It is anticipated that the existing first mortgage of $6,975,000 will be prepaid using a draw on the $90 million Real Estate Line of Credit with PNC Bank, N.A.

Chevy Chase Lakes Apartments has been managed by McShea Management, Inc. (McShea) since September 1, 2013. However, McShea was acquired in 2013 by Avison Young, a large, independently-owned Canadian-based real estate services firm. The McShea staff have been incorporated into the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there has been no measurable effect on the management of the property. In November 2013, the Board of Directors authorized the assignment of the existing Management Agreement with McShea to Avison Young.

ISSUES FOR CONSIDERATION:
Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Chevy Chase Lake Development Corporation?

BUDGET IMPACT:
The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for the Chevy Chase Lake Development Corporation by the Board of Directors.

CHEVY CHASE LAKE DEVELOPMENT CORPORATION

RESOLUTION NO._____ **RE: Chevy Chase Lake Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the Chevy Chase Lake Development Corporation held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

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

WHEREAS, by resolution at the September 1, 2004 Board of Directors meeting, the Corporation agreed to include the Chevy Chase Lake annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for the Chevy Chase Lake Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Chevy Chase Lake Development Corporation that:

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Chevy Chase Lake Development Corporation at a meeting conducted on Wednesday, June 3, 2015.

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Secretary to the Board of Chevy Chase Lake Development Corporation

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Chevy Chase Lake Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$115,573	$1,343,030	($1,227,457)	(91.4%)
Expenses:				
Operating - Admin	$36,112	$132,426	($96,314)	
Operating - Fees	$23,216	$46,304	($23,088)	
Tenant & Protective Services	$959	$2,955	($1,996)	
Taxes, Insurance & Utilities	$40,776	$115,539	($74,763)	
Maintenance	$44,556	$185,936	($141,380)	
Subtotal - Operating Expenses	**$145,619**	**$483,160**	**($337,541)**	**(69.9%)**
Net Operating Income (NOI)	**($30,046)**	**$859,870**	**($889,916)**	**(103.5%)**
Debt Service	$34,488	$533,434	($498,946)	
Replacement reserves	$8,499	$33,996	($25,497)	
Asset Management Fees	$0	$55,670	($55,670)	
Development Corporation Fees	$0	$236,770	($236,770)	
Excess Cash Flow Restricted	$0	$0	$0	
Subtotal - Expenses Below NOI	**$42,987**	**$859,870**	**($816,883)**	**(95.0%)**
NET INCOME	**($73,033)**	**$0**	**($73,033)**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$2,833**	**$62,727**	**($59,894)**	**(95.5%)**

GLENMONT CROSSING DEVELOPMENT CORPORATION ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY'16 $1,998,773.

- Revenue projections remain unchanged.

MEMORANDUM

TO:	Board of Directors of Glenmont Crossing Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Glenmont Crossing Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for Glenmont Crossing Development by the Corporation's Board of Directors.

BACKGROUND:
At its October 3, 2012 meeting, the Housing Opportunities Commission (HOC) exercised its Right of First Refusal to purchase Glenmont Crossing Apartments and authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire the property, a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units and the second parcel containing 102 garden units referred to as "Westerly" and to assume two existing loans secured against the Glenmont Crossing project. On November 20, 2012, Glenmont Crossing Development Corporation was formed to acquire the 97 townhome unit portion of the project, referred to as "Woodberry". On December 20, 2012, HOC closed on the acquisition of Glenmont Crossing Apartments, with Glenmont Crossing Development Corporation acquiring the 97 townhome units and the second parcel containing 102 garden units referred to as "Westerly" acquired by Glenmont Westerly Development Corporation.

An initial meeting was held to adopt the By-laws and appoint the officers.

The acquisition was funded from the assumption of an existing CBRE Fannie Mae backed loan, supplemental loan from CBRE, new CDBG loan from Montgomery County's Department of Housing and Community Affairs (DHCA), and an HOC contribution.

In conjunction with the CDBG loan for the property, an affordability component is being gradually introduced into the property with the goal of achieving 20% of the units at or below 50% of area median income within 37 months from the time of property acquisition. Management staff is meeting this requirement through certification of existing residents and at turnover.

The Development Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Glenmont Crossing was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance. The amended FY'16 budget does not project any changes to the revenue projections.

At acquisition, Glenmont Crossing was managed by McShea Management, Inc. McShea was acquired in 2013 by Avison Young, a large, independently-owned Canadian-based real estate services firm. The McShea staff have been incorporated into the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there has been no measurable effect on the management of the property. In November 2013, the Board of Directors approved the assignment of the existing Management Agreement with McShea to Avison Young.

ISSUES FOR CONSIDERATION:
Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for Glenmont Crossing Development Corporation?

BUDGET IMPACT:
The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for Glenmont Crossing Development Corporation by the Board of Directors.

GLENMONT CROSSING DEVELOPMENT CORPORATION

RESOLUTION NO. _____

RE: Glenmont Crossing Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets

WHEREAS, the Glenmont Crossing Development Corporation (the "Corporation") held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

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

WHEREAS, the Glenmont Crossing Development Corporation's annual budget preparation, presentation and approval process is incorporated into the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for Glenmont Crossing Development Corporation.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Glenmont Crossing Development Corporation

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Glenmont Crossing Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$1,998,773	$1,998,773	$0	0.0%
Expenses:				
Operating - Admin	$242,177	$242,177	$0	
Operating - Fees	$76,358	$72,738	$3,620	
Tenant & Protective Services	$6,647	$6,647	$0	
Taxes, Insurance & Utilities	$244,387	$243,396	$991	
Maintenance	$284,338	$284,338	$0	
Subtotal - Operating Expenses	**$853,907**	**$849,296**	**$4,611**	**0.5%**
Net Operating Income (NOI)	**$1,144,866**	**$1,149,477**	**($4,611)**	**(0.4%)**
Debt Service	$828,914	$828,913	$1	
Replacement reserves	$58,200	$58,200	$0	
Asset Management Fees	$73,020	$79,420	($6,400)	
Development Corporation Fees	$20,482	$18,694	$1,788	
Excess Cash Flow Restricted	$164,250	$164,250	$0	
Subtotal - Expenses Below NOI	**$1,144,866**	**$1,149,477**	**($4,611)**	**(0.4%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$93,312**	**$89,312**	**$4,000**	**4.5%**

GLENMONT WESTERLY DEVELOPMENT CORPORATION ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

  - Rental Income,
  - Personnel Complement,
  - Indirect Cost Model Allocations, and
  - Property Insurance.

- Total Revenue budgeted at:

  - FY'16 $1,685,825.

- Revenue is projected to decrease by 2.8%.

MEMORANDUM

TO:	Board of Directors of Glenmont Westerly Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Glenmont Westerly Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for Glenmont Westerly Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At its October 3, 2012 meeting, the Housing Opportunities Commission (HOC) exercised its Right of First Refusal and authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire the property, a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units and the second parcel containing 102 garden units referred to as "Westerly" and to assume two existing loans secured against the Glenmont Crossing project. On November 20, 2012, Glenmont Westerly Development Corporation was formed to acquire the 102 garden unit portion of the project, referred to as "Westerly". On December 20, 2012, HOC closed on the acquisition of Glenmont Crossing Apartments, with Glenmont Westerly Development Corporation acquiring the 102 garden units and the second parcel containing the 97 townhome units referred to as "Woodberry" acquired by Glenmont Crossing Development Corporation.

On December 5, 2012, the By-laws were approved and officers were appointed.

The acquisition was funded from the assumption of an existing CBRE Fannie Mae loan backed, a HIF contribution from Montgomery County's DHCA, and an HOC contribution.

The Development Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Glenmont Westerly was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

The amended FY'16 budget reflects a 2.8% reduction in revenue from the adopted budget and is deemed immaterial.

At acquisition, Glenmont Westerly was managed by McShea Management, Inc. McShea was acquired in 2013 by Avison Young, a large, independently-owned Canadian-based real estate services firm. The McShea staff have been incorporated into the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there has been no measurable effect on the management of the property. In November 2013, the Board of Directors approved the assignment of the existing Management Agreement with McShea to Avison Young for the remainder of the term of the existing agreement.

ISSUES FOR CONSIDERATION:
Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Glenmont Westerly Development Corporation?

BUDGET IMPACT:
The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for the Glenmont Westerly Development Corporation by the Board of Directors.

GLENMONT WESTERLY DEVELOPMENT CORPORATION

RESOLUTION NO. _____

RE: Glenmont Westerly Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets

WHEREAS, the Glenmont Westerly Development Corporation (the "Corporation") held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

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

WHEREAS, the Glenmont Westerly Development Corporation annual budget preparation, presentation and approval process is incorporated into the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for Glenmont Westerly Development Corporation.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Glenmont Westerly Development Corporation

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Glenmont Westerly Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$1,685,825	$1,734,044	($48,219)	(2.8%)
Expenses:				
Operating - Admin	$223,808	$223,808	$0	
Operating - Fees	$68,555	$64,995	$3,560	
Tenant & Protective Services	$8,690	$8,690	$0	
Taxes, Insurance & Utilities	$181,098	$171,641	$9,457	
Maintenance	$264,069	$269,229	($5,160)	
Subtotal - Operating Expenses	**$746,220**	**$738,363**	**$7,857**	**1.1%**
Net Operating Income (NOI)	**$939,605**	**$995,681**	**($56,076)**	**(5.6%)**
Debt Service	$538,812	$538,812	$0	
Replacement reserves	$61,200	$61,200	$0	
Asset Management Fees	$76,780	$83,510	($6,730)	
Development Corporation Fees	$134,524	$183,870	($49,346)	
Excess Cash Flow Restricted	$128,289	$128,289	$0	
Subtotal - Expenses Below NOI	**$939,605**	**$995,681**	**($56,076)**	**(5.6%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$81,061**	**$77,061**	**$4,000**	**5.2%**

MAGRUDER'S DISCOVERY DEVELOPMENT CORPORATION ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

  - Rental Income,
  - Personnel Complement,
  - Indirect Cost Model Allocations, and
  - Property Insurance.

- Total Revenue budgeted at:

  - FY'16 $2,337,606.

- Revenue is projected to increase by 1.2%.

MEMORANDUM

TO:	Board of Directors of Magruder's Discovery Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Magruder's Discovery Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for Magruder's Discovery Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At its August 2008 meeting, the Housing Opportunities Commission (HOC) authorized the establishment of Magruder's Discovery Development Corporation (Magruder's), a wholly controlled corporate instrumentality (the "Corporation"), and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation were filed on August 19, 2008.

At its annual meeting of June 3, 2009, the Board adopted the bylaws and elected Directors. The property was transferred to Magruder's Discovery Development Corporation on June 17, 2010. At the same time, the property was refinanced with a new 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 Magruder's Discovery annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

The 2010 financing generated funds that were used to complete the substantial renovation of the property, including the addition of a new community room which was completed in early 2013.
At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Magruder's Discovery Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

The amended FY'16 budget reflects a 1.2% increase in operating revenue over the adopted budget.

Magruder's Discovery is managed by the Housing Opportunities Commission of Montgomery County.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Magruder's Discovery Development Corporation?

BUDGET IMPACT:

The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:

For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Approval of amendment to the FY'16 Operating and Capital Budgets for Magruder's Discovery Development Corporation by the Board of Directors.

MAGRUDER'S DISCOVERY DEVELOPMENT CORPORATION

RESOLUTION NO. **RE: Magruder's Discovery Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the Magruder's Discovery Development Corporation held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for Magruder's Discovery Development Corporation.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Magruder's Discovery Development Corporation

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Magruder's Discovery Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$2,337,606	$2,308,801	$28,805	1.2%
Expenses:				
Operating - Admin	$137,426	$140,038	($2,612)	
Operating - Fees	$120,719	$118,450	$2,269	
Tenant & Protective Services	$35,780	$42,463	($6,683)	
Taxes, Insurance & Utilities	$133,080	$143,571	($10,491)	
Maintenance	$234,834	$254,790	($19,956)	
Subtotal - Operating Expenses	**$661,839**	**$699,312**	**($37,473)**	**(5.4%)**
Net Operating Income (NOI)	**$1,675,767**	**$1,609,489**	**$66,278**	**4.1%**
Debt Service	$939,730	$939,731	($1)	
Replacement reserves	$36,972	$36,978	($6)	
Development Corporation Fees	$699,065	$632,780	$66,285	
Excess Cash Flow Restricted	$0	$0	$0	
Subtotal - Expenses Below NOI	**$1,675,767**	**$1,609,489**	**$66,278**	**4.1%**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$46,961**	**$54,461**	**($7,500)**	**(13.8%)**

THE METROPOLITAN DEVELOPMENT CORPORATION ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY'16 $7,021,466.

- Revenue is projected to decrease by 3.6%.

MEMORANDUM

TO:	Board of Directors of The Metropolitan Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	The Metropolitan Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for The Metropolitan Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
On May 28, 1997, the Commission authorized the creation of a wholly controlled corporate instrumentality known as The Metropolitan Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation for the Development Corporation. The Commission also approved the appointment of the Corporation's Board of Directors.

At the Board of Directors meeting held on August 27, 1997, the Board approved the purchase of The Metropolitan development (216-units) from Housing Opportunities Commission (HOC) of Montgomery County and authorized the execution of the appropriate documents necessary to purchase the property and secure the loans from HOC. The Board also authorized the execution of an Asset Management Agreement by and between The Metropolitan Development Corporation (the Owner) and HOC (the Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget 90 days prior to each fiscal year.

The entire The Metropolitan development consists of 308-units, which are distributed as follows:

- 92 tax credit units owned by The Metropolitan of Bethesda Limited Partnership (HOC is the General Partner); and

- 216-units and five retail units owned by The Metropolitan Development Corporation.

The development was financed with loans from tax exempt bond funds insured under the FHA Risk Sharing Program (January 8, 1998 loan closing). The total amount of the two original loans on the entire property is $38,896,396. The Development Corporation's loan amount is $31,425,878. The Limited Partnership's loan amount is $7,470,518.

On December 10, 1997, the Board of Directors for the Corporation approved a resolution allowing the annual budget preparation, presentation and approval process for The Metropolitan Development Corporation to be included with the HOC budget process. The Corporation's Operating and Capital Budgets are presented to the HOC Budget, Finance and Audit Committee of the Housing Opportunities Commission for their review and approval and then submitted to the full Commission, as the Board of Directors, for their final approval.

At its meeting of December 6, 2007, HOC approved a plan for renovation of the market rate units at The Metropolitan in the amount of $4,831,000 to be funded by property cash flow. Renovation of the market rate units was completed on schedule on June 30, 2012.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

In accordance with the above mentioned resolution, an amendment to the FY'16 Operating and Capital Budgets for The Metropolitan Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

Due to the highly desirable new construction product being delivered in the Bethesda submarket (in FY'15 850 new units were delivered with another 600 units scheduled for FY'16), the property has not reached its FY'15 budgeted revenue projections and is currently projected to experience a 3.6% reduction in operating revenue in FY'16. The management agent uses Yieldstar to price market units; therefore, rents are updated on a daily basis. This system has successfully kept vacancy rates near the budgeted levels (6.8% vs 6.5%) in competitive market conditions, but at necessarily lower than budgeted rents.

The property has been managed by Bozzuto Management Company since October 1, 2001.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for The Metropolitan Development Corporation?

BUDGET IMPACT:
The FY'16 Operating and Capital Budgets establish an achievable financial plan for the coming financing year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for The Metropolitan Development Corporation by the Board of Directors.

THE METROPOLITAN DEVELOPMENT CORPORATION

RESOLUTION NO. _____ **RE: The Metropolitan Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, The Metropolitan Development Corporation held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation entered into an Asset Management Agreement with the Housing Opportunities Commission (HOC) of Montgomery County; and

WHEREAS, by resolution at the December 10, 1997 Board of Directors meeting, the Corporation agreed to the incorporation of The Metropolitan annual budget preparation, presentation and approval process with the HOC budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'16 Operating and Capital Budgets for The Metropolitan Development Corporation; and

WHEREAS, the Corporation has budgeted to grant/transfer $646,601 of the available cash flow to HOC, as allowed for in the By-laws, so that HOC may fund The Metropolitan of Bethesda Limited Partnership's anticipated operating deficit.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of The Metropolitan Development Corporation

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Metropolitan Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$7,021,466	$7,283,335	($261,869)	(3.6%)
Expenses:				
Operating - Admin	$610,218	$638,655	($28,437)	
Operating - Fees	$201,236	$194,183	$7,053	
Tenant & Protective Services	$116,066	$116,066	$0	
Taxes, Insurance & Utilities	$637,000	$649,517	($12,517)	
Maintenance	$470,462	$470,462	$0	
Subtotal - Operating Expenses	**$2,034,982**	**$2,068,883**	**($33,901)**	**(1.6%)**
Net Operating Income (NOI)	**$4,986,484**	**$5,214,452**	**($227,968)**	**(4.4%)**
Debt Service	$2,315,073	$2,315,073	$0	
Replacement reserves	$97,200	$97,200	$0	
Asset Management Fees	$66,982	$71,344	($4,362)	
Development Corporation Fees	$946,257	$420,826	$525,431	
Excess Cash Flow Restricted	$1,560,972	$2,310,009	($749,037)	
Subtotal - Expenses Below NOI	**$4,986,484**	**$5,214,452**	**($227,968)**	**(4.4%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$172,470**	**$213,513**	**($41,043)**	**(19.2%)**

MONTGOMERY ARMS DEVELOPMENT CORPORATION ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY'16 $1,867,351.

- Revenue is projected to decrease by 6.1%.

MEMORANDUM

TO:	Board of Directors of Montgomery Arms Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Montgomery Arms Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for Montgomery Arms Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At the Commission meeting held on July 17, 2002, the Commission authorized the creation of a wholly controlled corporate instrumentality known as Montgomery Arms Development Corporation and passed a resolution approving the Articles of Incorporation for the Montgomery Arms Development Corporation and By-laws.

On May 23, 2003, the FHA issued its Firm Approval Letter (Commitment) to provide mortgage insurance for the property. On May 21, 2003, the Commission priced and sold its Multifamily Housing Development Bonds, 2003 Series A, to finance a mortgage in the amount of $10,400,000 for the Montgomery Arms Apartments development.

At its June 11, 2003 meeting, the Commission adopted a resolution which authorized 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 in order to finance a loan for the property and execute any and all documents necessary to close the real estate loan for the property.

The incorporators of the Montgomery Arms Development Corporation are the Commissioners of the Housing Opportunities Commission (HOC) of Montgomery County. The Board of Directors for the Montgomery Arms Development Corporation adopted a resolution at its June 4, 2003 initial meeting which approved By-laws for the Corporation, accepted the transfer of the Montgomery Arms property, accepted the assignment of all other contracts pertaining to the property, approved the execution by the Executive Director, as Secretary/Treasurer of the Commission, of an HOC commitment and an FHA Firm Approval Letter to finance a loan in the amount of $10,400,000 and, lastly, authorized the financing.

Montgomery Arms Development Corporation and HOC entered into an Asset Management Agreement as part of the financing. One of the duties required of HOC under that Agreement is to submit to the Montgomery Arms Development Corporation an annual budget 90 days prior to each fiscal year.

The Montgomery Arms Development Corporation annual budget preparation, presentation and approval process is incorporated into the HOC budget process. This means that the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the HOC Budget, Finance and Audit Committee.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Montgomery Arms Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

The FY'16 amended budget projections reflect operating revenue that is 6.1% less than the adopted budget, primarily due to vacancy, which is approximately over budget by 189%. The Property's vacancy has historically operated at approximately 7%. The FY'16 budget was overly optimistic, budgeting vacancy at 2%. In addition, the downtown Silver Spring market has 650 units in active lease-up and new starts of 1,100 additional units are approved for the first half of FY'16. The amended budget adjusts for these market factors.

On September 1, 2013, Edgewood was selected as the third-party property management company for the property. The property was previously managed by Gables Residential. A Management Review conducted by the U.S. Department of Housing & Urban Development in 2013 rated the property as superior.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Montgomery Arms Development Corporation?

BUDGET IMPACT:
The FY'16 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for Montgomery Arms Development Corporation by the Board of Directors.

MONTGOMERY ARMS DEVELOPMENT CORPORATION

RESOLUTION NO._____

RE: Montgomery Arms Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets

WHEREAS, the Montgomery Arms Development Corporation (the Corporation) held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the Montgomery Arms Development Corporation annual budget preparation, presentation and approval process is incorporated into the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for Montgomery Arms Development Corporation.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Montgomery Arms Development Corporation

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Montgomery Arms Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$1,867,351	$1,989,327	($121,976)	(6.1%)
Expenses:				
Operating - Admin	$244,236	$223,456	$20,780	
Operating - Fees	$72,420	$72,320	$100	
Tenant & Protective Services	$7,292	$7,292	$0	
Taxes, Insurance & Utilities	$109,630	$155,738	($46,108)	
Maintenance	$243,730	$248,222	($4,492)	
Subtotal - Operating Expenses	**$677,308**	**$707,028**	**($29,720)**	**(4.2%)**
Net Operating Income (NOI)	**$1,190,043**	**$1,282,299**	**($92,256)**	**(7.2%)**
Debt Service	$691,480	$691,480	$0	
Replacement reserves	$46,200	$46,200	$0	
Asset Management Fees	$97,110	$105,620	($8,510)	
Development Corporation Fees	$355,253	$438,999	($83,746)	
Excess Cash Flow Restricted	$0	$0	$0	
Subtotal - Expenses Below NOI	**$1,190,043**	**$1,282,299**	**($92,256)**	**(7.2%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$31,583**	**$95,979**	**($64,396)**	**(67.1%)**

THE OAKS AT FOUR CORNERS DEVELOPMENT CORPORATION ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY’16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY’15-16 at the June 4, 2014 Annual Meeting.

- The FY’16 budget is being presented for amendment.

- The FY’16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY’16 $1,318,808.

- Revenue is projected to decrease by 2.4%.

MEMORANDUM

TO:	Board of Directors of The Oaks at Four Corners Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	The Oaks at Four Corners Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for The Oaks at Four Corners Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At the Commission meeting held on August 21, 1996, the Commission authorized the creation of a wholly controlled corporate instrumentality known as The Oaks at Four Corners Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation for the Development and By-laws. On September 3, 1996, the Housing Opportunities Commission of Montgomery County (HOC) executed a Contract of Sale Agreement with The Oaks at Four Corners Development Corporation (The Oaks), whereby The Oaks at Four Corners Development Corporation purchased the improvements known as The Oaks at Four Corners, subject to a ground lease.

The Oaks at Four Corners was refinanced in August 1996. There are two Leasehold Deeds of Trust. One is in the amount of $3,695,000 and is insured under the FHA Risk Sharing Program. The other was an assumption of the Leasehold Deed of Trust between Montgomery County and HOC in the amount of $2,349,725. The latter note is a cash flow loan.

At The Oaks at Four Corners Development Corporation Board of Directors meeting held on December 11, 1996, the Board adopted the Amended and Restated By-laws and broadened the membership on its Board to include all of the Commissioners of the HOC.

At the Corporation's Board meeting of March 26, 1997, the Board approved the execution of an Asset Management Agreement by and between The Oaks at Four Corners Development Corporation (Owner) and HOC (Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget 90 days prior to the start of each fiscal year.

At the Board meeting held April 23, 1997, the Corporation approved a resolution which allowed for the incorporation of The Oaks at Four Corners annual budget preparation, presentation and approval process into the HOC budget process. This means that the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

There are no immediate plans for recapitalization or rehabilitation of the property; however, given the age of the building (construction in 1985), it will require updates and upgrade of the units and systems very soon.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for The Oaks at Four Corners Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

The amended FY'16 budget reflects a 2.4% reduction in operating revenue from the adopted budget and is deemed immaterial.

Edgewood Management Corporation has been the management company for The Oaks at Four Corners since June 1, 2006.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for The Oaks at Four Corners Development Corporation?

BUDGET IMPACT:

The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:

For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Approval of amendment to the FY'16 Operating and Capital Budgets for The Oaks at Four Corners Development Corporation by the Board of Directors.

THE OAKS AT FOUR CORNERS DEVELOPMENT CORPORATION

RESOLUTION NO._____ **RE: The Oaks at Four Corners Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, The Oaks at Four Corners Development Corporation held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, by resolution at the April 23, 1997 Board of Directors meeting, the Corporation agreed to the incorporation of The Oaks at Four Corners annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for The Oaks at Four Corners Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by The Oaks at Four Corners Development Corporation that:

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of The Oaks at Four Corners Development Corporation at a meeting conducted on Wednesday, June 3, 2015.

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Secretary to the Board of The Oaks at Four Corners Development Corporation

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The Oaks at Four Corners Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$1,318,808	$1,351,266	($32,458)	(2.4%)
Expenses:				
Operating - Admin	$222,788	$219,288	$3,500	
Operating - Fees	$74,230	$74,581	($351)	
Tenant & Protective Services	$56,927	$56,927	$0	
Taxes, Insurance & Utilities	$121,084	$127,033	($5,949)	
Ground Rent	$0	$0	$0	
Maintenance	$293,021	$287,758	$5,263	
Subtotal - Operating Expenses	**$768,050**	**$765,587**	**$2,463**	**0.3%**
Net Operating Income (NOI)	**$550,758**	**$585,679**	**($34,921)**	**(6.0%)**
Debt Service	$285,119	$285,119	$0	
Replacement reserves	$172,000	$172,000	$0	
Asset Management Fees	$90,330	$98,250	($7,920)	
Excess Cash Flow Restricted	$3,309	$30,310	($27,001)	
Subtotal - Expenses Below NOI	**$550,758**	**$585,679**	**($34,921)**	**(6.0%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

Capital Budget

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$182,893**	**$182,893**	**$0**	**0.0%**

PADDINGTON SQUARE DEVELOPMENT CORPORATION ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY'16 $2,827,557.

- Revenue is projected to decrease by 1.9%.

MEMORANDUM

TO:	Board of Directors of Paddington Square Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Paddington Square Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for the Paddington Square Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
On February 4, 2004, the Articles of Incorporation for the Paddington Square Development Corporation was signed and the Board of Directors adopted the By-laws. The sole purpose and function of the Corporation was to acquire, own, operate and maintain the Paddington Square Apartments (hereinafter the "Property") located at 8800 Lanier Drive in Silver Spring Maryland. Final settlement for the acquisition of Paddington Square Apartments took place on March 5, 2004.

Section 3 Article VII of the By-laws allowed the Corporation to enter into a Management Contract with the Housing Opportunities Commission of Montgomery County. One of the duties required of the Management Agent under that Agreement is to submit to the Owner an annual budget prior to each fiscal year.

A comprehensive renovation of Paddington Square Apartments was completed on December 6, 2011 including 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.

Since the acquisition in 2004 and the substantial renovation between 2005 and 2012, a total of $28 million from various financial sources was invested to reposition the Property, which dedicates 40% of its units for households earning 60% or less of the Area Median Income. Post-renovation, the Property struggled to stabilize (greater than or equal to 93% occupancy for a sustained period) making it difficult to secure permanent financing. By 2013, the Property's average occupancy improved to 90%, making it a candidate for a refinancing program under FHA.

On December 18, 2014 and with the Commission's approval, Paddington Square Development Corporation successfully 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%. Under these terms and including the mortgage insurance premium, Paddington Square Development Corporation is expected to achieve a Debt Service Coverage Ratio (DSCR) of 1.40 its first year of the refinancing, which exceeds the 223(f) program's DSCR target of 1.176.

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.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Paddington Square Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

The amended FY'16 budget projects a decrease in operating revenue by 1.9% which is deemed immaterial.

Equity Management has managed the property since its selection in January 10, 2013. HOC staff has responsibility for the maintenance of the property.

ISSUES FOR CONSIDERATION:
Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Paddington Square Development Corporation?

BUDGET IMPACT:
The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for the Paddington Square Development Corporation by the Board of Directors.

PADDINGTON SQUARE DEVELOPMENT CORPORATION

RESOLUTION NO._____

RE: Paddington Square Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets

WHEREAS, the Paddington Square Development Corporation held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the Paddington Square Development Corporation annual budget preparation, presentation and approval process is incorporated into the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for Paddington Square Development Corporation.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Paddington Square Development Corporation

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Paddington Square Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$2,827,557	$2,882,636	($55,079)	(1.9%)
Expenses:				
Operating - Admin	$277,623	$254,661	$22,962	
Operating - Fees	$104,089	$104,146	($57)	
Tenant & Protective Services	$32,320	$34,089	($1,769)	
Taxes, Insurance & Utilities	$192,047	$216,119	($24,072)	
Maintenance	$412,364	$381,370	$30,994	
Subtotal - Operating Expenses	**$1,018,443**	**$990,385**	**$28,058**	**2.8%**
Net Operating Income (NOI)	**$1,809,114**	**$1,892,251**	**($83,137)**	**(4.4%)**
Debt Service	$1,165,870	$1,206,120	($40,250)	
Replacement reserves	$58,104	$58,104	$0	
Asset Management Fees	$104,970	$108,640	($3,670)	
Development Corporation Fees	$240,085	$259,694	($19,609)	
Excess Cash Flow Restricted	$240,085	$259,693	($19,608)	
Subtotal - Expenses Below NOI	**$1,809,114**	**$1,892,251**	**($83,137)**	**(4.4%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$92,270**	**$82,083**	**$10,187**	**12.4%**

POOKS HILL DEVELOPMENT CORPORATION
ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY'16 $2,803,057.

- Revenue is projected to decrease by 4.9%.

MEMORANDUM

TO:	Board of Directors of Pooks Hill Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Pooks Hill Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for the Pooks Hill Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
Several years ago, when the Commission constructed the Pooks Hill Mid-Rise 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 (hereinafter the "Corporation") to provide a separate single purpose entity to own that land and condominium. On October 12, 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 selected and the By-laws adopted.

The sole purpose and function of the Corporation is to own, operate and maintain the Pooks Hill Apartments located at 3 Pooks Hill Road in Bethesda Maryland. Built around 1946 as the first high-rise building in Montgomery County, HOC purchased Pooks Hill Apartments in 1992 through the issuance of tax-exempt fixed rate bonds. The property has undergone a major multi-phased renovation from June 2006 through May 2010 substantially improving unit interiors, common areas and upgrading and replacing major systems.

The financing completed in 2012 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. Fifty-seven units (30%) provide housing for persons at or below

50% of area median income (AMI). The remainder of the units provide workforce housing for persons earning between 80% and 120% of AMI.

Although the permanent financing was completed in 2012, some exterior repairs and site work continued and were completed in 2013. The work involved complete replacement of the front steps to the building to remediate water infiltration. It also included work to the site and landscaping to address water flow across the property.

At the June 4, 2014, Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

In accordance with the above mentioned resolution, an amendment to the FY'16 Operating and Capital Budgets for Pooks Hill Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

Total Revenue in FY'15 is currently lower than budget primarily due to concessions, which have exceeded budget by 113%. Concessions were necessary to keep pace with the highly competitive North Bethesda/Rockville submarket in which 2,000 new units were delivered in FY'15. An additional 1,000 units are scheduled to be completed in FY'16. As a consequence, the FY'16 operating revenue has been adjusted downward by 4.9% to reflect overall market conditions.

The Property is managed by Vantage Management since September 1, 2013. Edgewood Management expanded its brand by launching Vantage Management in 2012 to focus solely on an existing portfolio of nearly 4,000 market rate units located in the Maryland, Virginia, and the Washington DC area. Vantage specializes in third-party management of conventional multifamily properties utilizing proven solutions developed during their 40 years of experience plus today's sophisticated technologies to address the complex needs of property owners. Vantage Management is positioned to compete in the market place for higher-end accounts it has not traditionally serviced.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Pooks Hill Development Corporation?

BUDGET IMPACT:

The FY'16 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:

For Board action on June 3, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for the Pooks Hill Development Corporation by the Board of Directors.

POOKS HILL DEVELOPMENT CORPORATION

RESOLUTION NO._____ **RE: Pooks Hill Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the Pooks Hill Development Corporation (the "Corporation") held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation owns the high rise building known as Pooks Hill High-Rise located at 3 Pooks Hill Road, Bethesda, Maryland (the "Property"); and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Housing Opportunities Commission provides asset management services to the Corporation for the property; and

WHEREAS, the Pooks Hill Development Corporation annual budget preparation, presentation and approval process is incorporated into the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'16 Operating and Capital Budgets for Pooks Hill Development Corporation.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Pooks Hill Development Corporation

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Pooks Hill Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$2,803,057	$2,948,394	($145,337)	(4.9%)
Expenses:				
Operating - Admin	$327,145	$327,052	$93	
Operating - Fees	$109,025	$105,498	$3,527	
Tenant & Protective Services	$12,248	$13,755	($1,507)	
Taxes, Insurance & Utilities	$248,818	$257,518	($8,700)	
Maintenance	$348,585	$357,562	($8,977)	
Subtotal - Operating Expenses	**$1,045,821**	**$1,061,385**	**($15,564)**	**(1.5%)**
Net Operating Income (NOI)	**$1,757,236**	**$1,887,009**	**($129,773)**	**(6.9%)**
Debt Service	$1,032,906	$1,032,906	$0	
Replacement reserves	$152,262	$152,262	$0	
Asset Management Fees	$142,270	$154,740	($12,470)	
Loan Management Fees	$47,779	$47,779	$0	
Development Corporation Fees	$382,019	$499,322	($117,303)	
Excess Cash Flow Restricted	$0	$0	$0	
Subtotal - Expenses Below NOI	**$1,757,236**	**$1,887,009**	**($129,773)**	**(6.9%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$343,524**	**$181,074**	**$162,450**	**89.7%**

RAD 6 DEVELOPMENT CORPORATION
ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY'16 $2,876,621.

- Revenue is projected to decrease by 2.9%.

MEMORANDUM

TO:	Board of Directors of RAD 6 Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	RAD 6 Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual meeting and approval of amendment to the FY'16 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

BACKGROUND:
At its June 4, 2014 meeting, the Housing Opportunities Commission (HOC) of Montgomery County authorized the establishment of RAD 6 Development Corporation, a wholly-controlled corporate instrumentality (the "Corporation") and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation were filed and recorded on June 10, 2014. The Board of Directors for the Corporation adopted the By-laws on August 6, 2014 which provide for the operations and functions of the Corporation and elected officers.

The Corporation was established 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") which were undergoing conversion from Public Housing under the Rental Assistance Demonstration (RAD) Program.

Ken Gar Apartments consist 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 that are principally located at 10731 Shaftsbury Street in Kensington, MD.

Parkway Woods is a 24-unit townhome community located in Rockville, MD. It was constructed in 1981 and consists of four buildings. There are nine two-bedroom units, nine three-bedroom units and six four-bedroom units. It is located on 2.0 acres at 12933 Twinbrook Parkway in Rockville, MD.

Sandy Spring Meadow is located in a small community of single family homes. It 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. It was originally constructed in 1980 and located on 14.2 acres at the intersection of Skymeadow Way and Olney Sandy Spring Rd. in Sandy Spring, MD.

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 and is principally located at 3502 Morningwood Drive in Olney, MD.

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 19568 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 at 8343 Fairhaven Drive in Gaithersburg, MD.

The Corporation’s annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY’15-16 that set the financial plan for the next two years.

In accordance with the above mentioned resolution, an amendment to the FY’16 Operating and Capital Budgets for RAD 6 Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY’16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

On August 6, 2014, the Commission 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.

On November 6, 2014, the Commission approved the Financing Plan which combined a Construction Note with a permanent mortgage insured by the Federal Housing Administration under its (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 transaction provides HOC with 209 affordable units at or below 60% of the Washington Metropolitan Statistical Area Median Income (AMI) and 59 opportunity housing units at or below 80% AMI.

The renovation commenced on February 2, 2015 and the scope entails the green renovation of 268 single-family and townhome dwellings in six (6) principal locations within Montgomery County. The properties are being positioned to be financially sustainable and competitive within the Montgomery County rental marketplace.

The renovations include 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 includes the replacement of windows, roofs, gutters and downspouts, siding, and stormwater management improvements. Work will also be completed on the sidewalks, stoops, fencing and concrete walks. The anticipated financial impact to operations from the renovations is reflected in amendment of the FY’16 Operating Budget and reflects a 2.9% reduction in revenue from the adopted budget, which is deemed immaterial.

Additional Salient Project Features:

Project:	**RAD 6 Exteriors**
Number of Units:	123

STATUS: COMPLETED

Project:	**RAD 6 Playgrounds**
Number of Properties:	5

STATUS:

- Contractor encountered poor weather during the months of February and March which delayed the schedule by an estimated 4-5 weeks.
- Projected Completion Date: August 2015

Project:	**RAD 6 Interiors**
Number of Units:	268
General Contractor:	Hamel Builders

Schedule:

Property	Start Date	Finish Date
Seneca Ridge	3/30/15	9/24/15
Washington Square	4/8/15	10/13/15
Parkway Woods	6/15/15	8/21/15
KenGar	7/6/15	9/11/15
Sandy Spring Meadow	9/25/15	1/17/16
Towne Centre Place Olney	8/24/15	2/2/16

The Property is co-managed by the Housing Opportunities Commission and Edgewood Property Management.

ISSUES FOR CONSIDERATION:
Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the RAD 6 Development Corporation?

BUDGET IMPACT:
The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 DEVELOPMENT CORPORATION

RESOLUTION NO. **RE: RAD 6 Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the RAD 6 Development Corporation conducted its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the RAD 6 Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for RAD 6 Development Corporation.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of RAD 6 Development Corporation

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RAD 6 Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$2,876,621	$2,962,841	($86,220)	(2.9%)
Expenses:				
Operating - Admin	$250,248	$255,712	($5,464)	
Operating - Fees	$290,123	$301,132	($11,009)	
Tenant & Protective Services	$112,541	$110,839	$1,702	
Taxes, Insurance & Utilities	$275,605	$209,172	$66,433	
Maintenance	$743,445	$730,927	$12,518	
Subtotal - Operating Expenses	**$1,671,962**	**$1,607,782**	**$64,180**	**4.0%**
Net Operating Income (NOI)	**$1,204,659**	**$1,355,059**	**($150,400)**	**(11.1%)**
Debt Service	$252,975	$956,852	($703,877)	
Replacement reserves	$122,499	$91,094	$31,405	
Transfers	$0	$0	$0	
Loan Management Fees	$0	$34,507	($34,507)	
Excess Cash Flow Restricted	$829,185	$272,606	$556,579	
Subtotal - Expenses Below NOI	**$1,204,659**	**$1,355,059**	**($150,400)**	**(11.1%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$27,500**	**$0**	**$27,500**	**0.0%**

SCATTERED SITE ONE DEVELOPMENT CORPORATION ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY’16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY’15-16 at the June 4, 2014 Annual Meeting.

- The FY’16 budget is being presented for amendment.

- The FY’16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY’16 $2,402,450.

- Revenue is projected to decrease by 7.8%.

MEMORANDUM

TO:	Board of Directors of Scattered Site One Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Scattered Site One Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for Scattered Site One Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At its October 5, 2011 meeting, the Housing Opportunities Commission (HOC) of Montgomery County authorized the establishment of Scattered Site One Development Corporation, a wholly controlled corporate instrumentality (the "Corporation"), and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation were filed on October 11, 2011.

At its first meeting on November 2, 2011, the Board adopted the Bylaws and elected Directors. The 190 scattered site units were transferred to Scattered Site One Development Corporation in early July 2012 financed with a new 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.

In February 2013, a renovation plan of Scattered Site One began, completing approximately 25% of the units. Staff paused the renovation process to reevaluate the scope of work necessary to achieve the newly established HOC renovation standards, so that the remaining units could be completed in a similar fashion as the 669 scattered site units. Areas to address include plumbing, water infiltration, kitchen and bath renovations, and mold. Staff plans to restart the renovations during FY'16 when a revised renovation plan will be brought forward for Commission approval.

The Corporation’s annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the HOC Budget, Finance and Audit Committee.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY’15-16 that set the financial plan for the next two years.

An amendment to the FY’16 Operating and Capital Budgets for Scattered Site One Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY’16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

In FY’15, total revenue is currently 12% under budget due mostly to vacancy loss, which is 205% over budget. The property is currently 13% vacant for a total of 24-units. The current vacancy level is due mostly to the longer time after turnovers until new certified referrals are processed. The adopted budget projected an annualized vacancy factor of 4% which can no longer reasonably be expected to be achieved given the current occupancy status and certification process timing parameters, although they are improving. Combined with the postponed renovations noted above, the FY’16 amended budget anticipates operating revenue reduction of 7.8% from the adopted budget as these improved leasing efforts are not projected to be able to recover the current occupancy shortfalls until the third quarter of FY’16.

The Property is managed by the Housing Opportunities Commission.

ISSUES FOR CONSIDERATION:
Does the Board of Directors wish to approve the amendment to the FY’16 Operating and Capital Budgets for the Scattered Site One Development Corporation?

BUDGET IMPACT:
The FY’16 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Approval of amendment to the FY’16 Operating and Capital Budgets for Scattered Site One Development Corporation by the Board of Directors.

SCATTERED SITE ONE DEVELOPMENT CORPORATION

RESOLUTION NO. **RE: Scattered Site One Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the Scattered Site One Development Corporation conducted its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission of Montgomery County (HOC); and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for Scattered Site One Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Scattered Site One Development Corporation that:

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Scattered Site One Development Corporation

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Scattered Site One Dev Corp
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$2,402,450	$2,605,626	($203,176)	(7.8%)
Expenses:				
Operating - Admin	$215,992	$231,175	($15,183)	
Operating - Fees	$628,309	$694,855	($66,546)	
Tenant & Protective Services	$62,856	$64,001	($1,145)	
Taxes, Insurance & Utilities	$101,515	$167,429	($65,914)	
Maintenance	$392,505	$382,406	$10,099	
Subtotal - Operating Expenses	**$1,401,177**	**$1,539,866**	**($138,689)**	**(9.0%)**
Net Operating Income (NOI)	**$1,001,273**	**$1,065,760**	**($64,487)**	**(6.1%)**
Debt Service	$566,993	$566,896	$97	
Replacement reserves	$114,000	$94,956	$19,044	
Loan Management Fees	$22,992	$23,004	($12)	
Development Corporation Fees	$297,288	$380,904	($83,616)	
Excess Cash Flow Restricted	$0	$0	$0	
Subtotal - Expenses Below NOI	**$1,001,273**	**$1,065,760**	**($64,487)**	**(6.1%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$184,781**	**$106,849**	**$77,932**	**72.9%**

SCATTERED SITE TWO DEVELOPMENT CORPORATION ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY’16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY’15-16 at the June 4, 2014 Annual Meeting.

- The FY’16 budget is being presented for amendment.

- The FY’16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY’16 $729,548.

- Revenue is projected to decrease by 7.8%.

MEMORANDUM

TO:	Board of Directors of Scattered Site Two Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Scattered Site Two Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for Scattered Site Two Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At its December 5, 2012 meeting, the Housing Opportunities Commission (HOC) of Montgomery County authorized the establishment of Scattered Site Two Development Corporation, a wholly controlled corporate instrumentality (the "Corporation") and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation have been executed and filed with the state of Maryland.

At its first meeting on January 9, 2013, the Board adopted the bylaws and elected Directors. The 54 scattered site units were transferred to Scattered Site Two Development Corporation in June 2013 financed with a new taxable loan from PNC Bank N.A. for $4,900,000 guaranteed by HOC. Staff closed on the loan June 13, 2013.

While it was anticipated that a comprehensive renovation would begin with tenants in place during the first quarter of FY2014, the renovation schedule was established before the Commission developed new renovation standards. A revised scope of work will be developed subsequent to which the renovation work will commence in FY'16. The anticipated financial impact to operations from the renovations is reflected in the proposed FY'16 Operating Budget.

The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Scattered Site Two Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

Scattered Site Two Development Corporation consists of 16 expired Low Income Housing Tax Credit (LIHTC) units and 38 MPDU units. The expired Tax Credit units are 28 years old with no comprehensive renovation. Plumbing issues, appliance repairs, window replacements and water infiltration issues created delays in unit turnover in this aging portfolio of properties. Twenty-seven of the MPDU units are located in Clarksburg or Boyds – communities at the northern most sectors of the County. New residents must be willing to live in communities that are not close to employment centers and lack public transportation. Because some of the units have HOME funding, applicants must pass through a comprehensive certification process. The physical challenges in preparing these units for new occupancy resulted in longer turnover times, higher maintenance expenses and increased vacancy which was not captured in the initial budget forecast. The amended FY'16 budget reflects the challenges described herein, resulting in a decrease in projected revenue of 7.8%. The average occupancy for the past 15 months was 90%.

The units are managed by the Housing Opportunities Commission.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Scattered Site Two Development Corporation?

BUDGET IMPACT:

The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:

For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Approval of amendment to the FY'16 Operating and Capital Budgets for Scattered Site Two Development Corporation by the Board of Directors.

SCATTERED SITE TWO DEVELOPMENT CORPORATION

RESOLUTION NO.

RE: Scattered Site Two Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets

WHEREAS, the Scattered Site Two Development Corporation conducted its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for Scattered Site Two Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Scattered Site Two Development Corporation that:

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Scattered Site Two Development Corporation

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Scattered Site Two Dev Corp
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$729,548	$791,136	($61,588)	(7.8%)
Expenses:				
Operating - Admin	$56,947	$62,563	($5,616)	
Operating - Fees	$182,222	$204,436	($22,214)	
Tenant & Protective Services	$17,993	$18,808	($815)	
Taxes, Insurance & Utilities	$28,407	$23,118	$5,289	
Maintenance	$123,449	$112,987	$10,462	
Subtotal - Operating Expenses	**$409,018**	**$421,912**	**($12,894)**	**(3.1%)**
Net Operating Income (NOI)	**$320,530**	**$369,224**	**($48,694)**	**(13.2%)**
Debt Service	$298,789	$298,788	$1	
Replacement reserves	$74,400	$74,405	($5)	
Development Corporation Fees	$0	$0	$0	
Subtotal - Expenses Below NOI	**$373,189**	**$373,193**	**($4)**	**(0.0%)**
NET INCOME	**($52,659)**	**($3,969)**	**($48,690)**	**(1226.8%)**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$71,173**	**$44,599**	**$26,574**	**59.6%**

SLIGO HILLS DEVELOPMENT CORPORATION
(MPDU III)
ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY'16 $271,436.

- Revenue is projected to decrease by 7.1%.

MEMORANDUM

TO:	Board of Directors of Sligo Hills Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Sligo Hills Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:

Annual Meeting and approval of amendment of the FY'16 Operating and Capital Budgets for Sligo Hills Development Corporation by the Corporation's Board of Directors.

BACKGROUND:

At the Housing Opportunities Commission meeting held on December 11, 1996, the 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 of the Development.

At the Board of Directors meeting held on June 11, 1997, the 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 the appropriate documents necessary to consummate the purchase of the properties and the loan from HOC. The Board also authorized the execution of an Asset Management Agreement by and between Sligo Hills Development Corporation (Owner) and HOC (Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget 90 days prior to each fiscal year.

On August 1, 1997**,** documents were signed transferring the properties from HOC to the Sligo Hills Development Corporation. Endorsement from FHA and recordation of this transaction took place on or about August 19, 1997. The 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, where HOC assumes 90% of the risk and FHA assumes the remaining 10%.

Under this financing, the public purpose extended to at least 20% of the households (15 units) who must have incomes at or below 50% of the Washington Metropolitan Statistical Area Median Income (AMI). At the Board meeting held 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. This means that the Operating and Capital Budgets are presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

On 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 outstanding debt against the Development Corporation was paid off and the mortgage insurance cancelled at the time of purchase. The Development Corporation retains the lien free title to MPDU III (23 scattered sites); therefore, the FY'16 budget amendment reflects only the operations of the 23 scattered site MPDUs.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

In accordance with the above mentioned resolution, an amendment to the FY'16 Operating and Capital Budgets for Sligo Hills Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

Sligo Creek Development Corporation is a small property consisting of 23 scattered site MPDUs. Revenue shortfall was mainly driven by vacancy, resulting in a 7.1% decrease from the adopted budget. There have been no comprehensive renovations on any of the units which range from 20 to 33 years old. Some of the one and two-bedroom units are being held for relocation of displaced residents from Chevy Chase Lake. Applicants are sought from the Opportunity Housing Waiting List, from which we have struggled to attract and certify qualified applicants. The average occupancy for the past 15 months was 86.4%.

The properties are managed by the Housing Opportunities Commission.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Sligo Hills Development Corporation?

BUDGET IMPACT:

The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for Sligo Hills Development Corporation by the Board of Directors.

SLIGO HILLS DEVELOPMENT CORPORATION

RESOLUTION NO._____ **RE: Sligo Hills Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the Sligo Hills Development Corporation held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its properties; and

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

WHEREAS, by resolution at the June 23, 1997 Board of Directors meeting, the Corporation agreed to include the Sligo Hills Development Corporation annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for the Sligo Hills Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by Sligo Hills Development Corporation that:

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Sligo Hills Development Corporation

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Sligo Dev Corp - MPDU III
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$271,436	$292,142	($20,706)	(7.1%)
Expenses:				
Operating - Admin	$28,274	$31,064	($2,790)	
Operating - Fees	$108,877	$113,309	($4,432)	
Tenant & Protective Services	$7,607	$7,646	($39)	
Taxes, Insurance & Utilities	$7,189	$9,204	($2,015)	
Maintenance	$58,645	$70,570	($11,925)	
Subtotal - Operating Expenses	**$210,592**	**$231,793**	**($21,201)**	**(9.1%)**
Net Operating Income (NOI)	**$60,844**	**$60,349**	**$495**	**0.8%**
Replacement reserves	$9,192	$8,000	$1,192	
Development Corporation Fees	$51,652	$52,349	($697)	
Excess Cash Flow Restricted	$0	$0	$0	
Subtotal - Expenses Below NOI	**$60,844**	**$60,349**	**$495**	**0.8%**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$92,462**	**$84,675**	**$7,787**	**9.2%**

TPM DEVELOPMENT CORPORATION (TIMBERLAWN CRESCENT, POMANDER COURT AND MPDU II) ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

  - Rental Income,
  - Personnel Complement,
  - Indirect Cost Model Allocations, and
  - Property Insurance.

- Total Revenue budgeted at:

  - FY'16 $2,932,250.

- Revenue is projected to decrease by 10.6%.

MEMORANDUM

TO:	Board of Directors of TPM Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	TPM Development Corporation (Timberlawn Crescent, Pomander Court and MPDU II) Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for the TPM Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At the Housing Opportunities Commission meeting held on November 4, 1998, the Commission authorized the creation of a wholly controlled corporate instrumentality known as TPM Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation of the Development.

On February 24, 1999, by-laws were adopted by the TPM Development Corporation's Board of Directors. Those by-laws provide for the operations and functions of the Corporation and the election of officers. At the same meeting, the Board also approved the purchase of Timberlawn Crescent, Pomander Court, and MPDU II from the Housing Opportunities Commission. The Board assumed loans from HOC in the amount of $10,824,525, such loans were insured by FHA under its Risk Sharing Program. The Board also assumed two subordinate loans from the State of Maryland and Montgomery County and authorized the execution of the appropriate documents necessary to consummate the purchase of the properties from HOC.

Additionally, the Board authorized the execution of an Asset Management Agreement by and between TPM Development Corporation (Owner) and HOC (Agent). One of the duties required of the Agent under that Agreement is to submit to the Owner an annual budget 90 days prior to each fiscal year.

Final endorsement from FHA and recordation of the transaction took place on March 17, 1999. The mortgage, in the amount of $10,824,525, was insured by FHA under its Risk Sharing Program. HOC assumed 90% of the insurance risk and FHA assumed the remaining 10%. At least 40% of the households (76 units) at the three projects were required to have incomes at or below 60% of the Washington Metropolitan Statistical Area Median Income (AMI).

Timberlawn Crescent consists of 107 townhouses and flats. Phase I was built by HOC in 1989 and Phase II was constructed in 1991. The community building houses the rental office and daycare facilities. The property is located on Luxembourg Street in Bethesda, just off Tuckerman Lane.

A comprehensive renovation of Timberlawn Crescent started in FY 2014 and is estimated to be completed in FY 2016. The renovation plan includes new siding, decks and fencing, exterior and interior painting, window replacement, bathroom and kitchen upgrades with new flooring and appliances, replacement of individual unit HVAC systems, club house redesign, and landscape upgrades to be completed by the end of 2016.

The property carries a $1,000,000 Rental Housing Production Project (RHPP) Promissory Note from the State of Maryland and a $1,000,000 loan, secured by a Note and Deed of Trust, from Montgomery County.

Pomander Court, built in 1967, was acquired by HOC in late 1975 to prevent its conversion to condominiums. It has 24 townhouse units, each unit having three bedrooms. The property is located on University Boulevard in Silver Spring, east of the Wheaton central business district.

A comprehensive interior renovation of Pomander Court is planned for FY 2016. The renovation plan includes bathroom and kitchen upgrades with new flooring and appliances, revising the layout to provide a more open floor plan, replacement of individual unit HVAC systems – as needed – and interior painting by the end of 2016.

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 during FY’16.

At the Board meeting of June 23, 1999, the Corporation approved a resolution that allowed for the incorporation of the TPM Development Corporation’s annual budget preparation, presentation and approval process into the HOC budget process. The Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY’15-16 that set the financial plan for the next two years.

In accordance with the above mentioned resolution, an amendment to the FY'16 Operating and Capital Budgets for TPM Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

In the amended FY16 budget, operating revenue is projected to decrease by 10.6%. This sharp reduction in the operating revenue has a direct correlation to the expected 15% vacancy rate (more than normal rate of approx 5%-7%) in order to turn the units around quickly and efficiently.

Further, during the renovations at Timberlawn Crescent and Pomander Court, the project is expected to experience delayed lease up due to the reluctance by potential renters to live among ongoing construction. While the projected vacancy rate has increased for the MPDUs, it is not the main driver of reduced FY'16 revenue.

The scattered site units in TPM Development Corporation have not contributed significantly to the reduced revenue projections and have enjoyed average occupancy of 95.5% for the past 15 months.

At the September 3, 2014 Commission meeting, predevelopment budget strategies for TPM and other properties under consideration for development were presented to and approved by the Commission. As a result, the Commission authorized the use of the $90 million Real Estate Line of Credit (RELOC) with PNC Bank, N.A. to prepay the outstanding mortgage of $7,308,345 at the property as a part of the refinancing and redevelopment strategy, effectively reducing the debt service to reflect the payment of interest on the draw on the RELOC. While the draw on the RELOC bears interest only at 68.5% of the one-month LIBOR plus 58 basis points, when stressed at a fully amortizing 6.5% rate over a 30-year term, the property demonstrates that it can support a full debt service payment. The difference between the actual interest cost and the stressed scenario will be reserved as Debt Service Reserve in the Opportunity Housing Bond Fund.

Timberlawn Crescent has been managed by Bozzuto Management since October 1, 2001. MPDU II and Pomander Court are managed by HOC.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the TPM Development Corporation?

BUDGET IMPACT:

The FY'16 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION:
Approval of amendment to the FY'16 Operating and Capital Budgets for the TPM Development Corporation by the Board of Directors.

TPM DEVELOPMENT CORPORATION
(TIMBERLAWN CRESCENT, POMANDER COURT, AND MPDU II)

RESOLUTION NO._____

RE: TPM Development Corporation (Timberlawn Crescent, Pomander Court and MPDU II) Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets

WHEREAS, the TPM Development Corporation held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

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

WHEREAS, by resolution at the June 23, 1999 Board of Directors meeting, the Corporation agreed to include the TPM Development Corporation annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'16 Operating and Capital Budgets for TPM Development Corporation.

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

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of TPM Development Corporation

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TPM Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$2,932,250	$3,280,911	($348,661)	(10.6%)
Expenses:				
Operating - Admin	$347,127	$335,464	$11,663	
Operating - Fees	$271,660	$304,644	($32,984)	
Tenant & Protective Services	$45,491	$46,970	($1,479)	
Taxes, Insurance & Utilities	$195,324	$206,269	($10,945)	
Maintenance	$403,091	$392,220	$10,871	
Subtotal - Operating Expenses	**$1,262,693**	**$1,285,567**	**($22,874)**	**(1.8%)**
Net Operating Income (NOI)	**$1,669,557**	**$1,995,344**	**($325,787)**	**(16.3%)**
Debt Service	$35,837	$1,247,357	($1,211,520)	
Debt Service Reserve	$514,252	$0	$514,252	
Replacement reserves	$51,648	$51,648	$0	
Asset Management Fees	$80,550	$87,610	($7,060)	
Loan Management Fees	$0	$44,960	($44,960)	
Development Corporation Fees	$608,539	$563,769	$44,770	
Excess Cash Flow Restricted	$378,731	$0	$378,731	
Subtotal - Expenses Below NOI	**$1,669,557**	**$1,995,344**	**($325,787)**	**(16.3%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$147,218**	**$124,829**	**$22,389**	**17.9%**

VPC ONE DEVELOPMENT CORPORATION
ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

  - Rental Income,
  - Personnel Complement,
  - Indirect Cost Model Allocations, and
  - Property Insurance.

- Total Revenue budgeted at:

  - FY'16 $6,147,733.

- Revenue is projected to increase by 2.5%.

MEMORANDUM

TO:	Board of Directors of VPC One Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	VPC One Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual meeting and approval of amendment to the FY'16 Operating and Capital Budgets for VPC One Development Corporation by the Board of Directors.

BACKGROUND:
At its July 18, 2012 meeting, the Housing Opportunities Commission (HOC) of Montgomery County authorized the establishment of VPC One Development Corporation, a wholly-controlled corporate instrumentality (the "Corporation" "VPC One") and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation were filed and recorded on July 25, 2012.

The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for the VPC One Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

At this time, 663 of the 669 units have been purchased from HUD with the remaining six in various stages of the transfer process. The portfolio is operational; however, with the on-going renovations, stabilized operations will not be achieved until FY 2017. The budget has been prepared based on the full complement of units being purchased.

VPC One Development Corporation is undergoing comprehensive unit renovations. Some of the units within the Corporation will begin receiving Project-based Section 8 assistance in the form of vouchers. These units will have been receiver units for the permanent relocation of some residents at HOC's multifamily Public Housing properties.

Occupying the VPC One units is a comprehensive process, requiring coordination among staff in several divisions: HRD for voucher issuance; Client Services for unit inspections, Real Estate Development for unit renovations, Compliance for certifications and approval, and Property Management for marketing, coordinating transfers, unit showings and lease signings.

As units are completed, residents are encouraged to transfer into renovated units; however, the renovation of units has outpaced transfers. To accelerate occupancy of renovated units, staff has initiated massive call-ups from the Opportunity Housing and Housing Choice Voucher Waiting Lists.

Of the 391 units in VPC One, 145 have completed renovation and 34 are currently under renovation. Due to the scope of the renovations, units are being completed while vacant to lessen the impact on residents. As such, this has created an artificially high vacancy. Staff believes this will be reduced via the new leasing strategy and reduced renovation bundle sizes. Nevertheless the amended FY'16 budget projects a 2.5% increase in operating revenue.

The Property is managed by the Housing Opportunities Commission.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the VPC One Development Corporation?

BUDGET IMPACT:

The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:

For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Approval of amendment to the FY'16 Operating and Capital Budgets for VPC One Development Corporation by the Board of Directors.

VPC ONE DEVELOPMENT CORPORATION

RESOLUTION NO. **RE: VPC One Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the VPC One Development Corporation conducted its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS, the VPC One Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission of Montgomery County budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets was adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for VPC One Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by VPC One Development Corporation that:

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of VPC One Development Corporation

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VPC One Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$6,147,733	$5,996,443	$151,290	2.5%
Expenses:				
Operating - Admin	$352,858	$360,767	($7,909)	
Operating - Fees	$1,250,830	$1,411,826	($160,996)	
Tenant & Protective Services	$129,097	$131,551	($2,454)	
Taxes, Insurance & Utilities	$135,138	$184,270	($49,132)	
Maintenance	$654,412	$685,959	($31,547)	
Subtotal - Operating Expenses	**$2,522,335**	**$2,774,373**	**($252,038)**	**(9.1%)**
Net Operating Income (NOI)	**$3,625,398**	**$3,222,070**	**$403,328**	**12.5%**
Debt Service	$0	$1,105,410	($1,105,410)	
Operating Reserves	$1,704,149	$0	$1,704,149	
Replacement reserves	$147,300	$117,000	$30,300	
Transfers	$0	$0	$0	
Development Corporation Fees	$1,330,463	$999,831	$330,632	
Excess Cash Flow Restricted	$443,486	$999,829	($556,343)	
Subtotal - Expenses Below NOI	**$3,625,398**	**$3,222,070**	**$403,328**	**12.5%**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$58,500**	**$0**	**$58,500**	**0.0%**

VPC TWO DEVELOPMENT CORPORATION
ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

  - Rental Income,
  - Personnel Complement,
  - Indirect Cost Model Allocations, and
  - Property Insurance.

- Total Revenue budgeted at:

  - FY'16 $4,285,042.

- Revenue is projected to decrease by 2.4%.

MEMORANDUM

TO:	Board of Directors of VPC Two Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	VPC Two Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual meeting, appointment of officers and approval of amendment to the FY'16 Operating and Capital Budgets for VPC Two Development Corporation by the Board of Directors.

BACKGROUND:
At its August 7, 2013 meeting, the Housing Opportunities Commission (HOC) of Montgomery County authorized the establishment of VPC Two Development Corporation, a wholly-controlled corporate instrumentality (the "Corporation" "VPC Two") and passed a resolution approving the Articles of Incorporation. The Articles of Incorporation were filed and recorded on August 20, 2013.

The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process. Therefore, the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for the VPC Two Development Corporation was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

At this time, 663 of the 669 units have been purchased from HUD with the remaining six in various stages of the transfer process. The portfolio is operational; however, with the on-going renovations, stabilized operations will not be achieved until FY 2017. The budget has been prepared based on the full complement of units being purchased.

VPC Two Development Corporation is undergoing comprehensive unit renovations. Some of the units within the Corporation will begin receiving Project-based Section 8 assistance in the form of vouchers. These units will have been receiver units for the permanent relocation of some residents at HOC's multifamily Public Housing properties.

Occupying the VPC Two units is a comprehensive process, requiring coordination among staff in several divisions: HRD for voucher issuance; Client Services for unit inspections, Real Estate Development for unit renovations, Compliance for certifications and approval, and Property Management for marketing, coordinating transfers, unit showings and lease signings.

As units are completed, residents are encouraged to transfer into renovated units; however, the renovation of units has outpaced transfers. To accelerate occupancy of renovated units, staff has initiated massive call-ups from the Opportunity Housing and Housing Choice Voucher Waiting Lists.

Of the 279 units in VPC Two, 84 have completed renovation and 44 are currently under renovation. Due to the scope of the renovations, units are being completed while vacant to lessen the impact on residents. As such, this has created an artificially high vacancy. Staff believes this will be reduced via the new leasing strategy and reduced renovation bundle sizes.

While the FY'16 Amended Budget projects a decline in operating revenue, the aggressive lease up strategy and plans to add a second contractor is expected to accelerate the delivery and lease up of renovated units.

The Property is managed by the Housing Opportunities Commission.

ISSUES FOR CONSIDERATION:
Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the VPC Two Development Corporation?

BUDGET IMPACT:
The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Approval of amendment to the FY'16 Operating and Capital Budgets for VPC Two Development Corporation by the Board of Directors.

VPC TWO DEVELOPMENT COPORATION

RESOLUTION NO. | **RE:** **VPC Two Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the State Department of Assessments and Taxation accepted the Articles of Incorporation of VPC Two Development Corporation (the "Corporation") on August 20, 2013; and

WHEREAS, the Corporation has adopted By-laws and elected Directors; and

WHEREAS, the VPC Two Development Corporation conducted its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS, the Corporation has entered into an Asset Management Agreement with the Housing Opportunities Commission of Montgomery County; and

WHEREAS, the VPC Two Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission of Montgomery County budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for VPC Two Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by VPC Two Development Corporation that:

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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E Secretary to the Board of VPC Two Development Corporation

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VPC Two Development Corporation
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$4,285,042	$4,392,132	($107,090)	(2.4%)
Expenses:				
Operating - Admin	$223,834	$227,301	($3,467)	
Operating - Fees	$758,304	$884,740	($126,436)	
Tenant & Protective Services	$92,512	$91,397	$1,115	
Taxes, Insurance & Utilities	$97,030	$116,911	($19,881)	
Maintenance	$632,247	$606,253	$25,994	
Subtotal - Operating Expenses	**$1,803,927**	**$1,926,602**	**($122,675)**	**(6.4%)**
Net Operating Income (NOI)	**$2,481,115**	**$2,465,530**	**$15,585**	**0.6%**
Debt Service	$0	$790,794	($790,794)	
Operating Reserves	$1,216,004	$0	$1,216,004	
Replacement reserves	$83,700	$83,700	$0	
Transfers	$0	$0	$0	
Development Corporation Fees	$886,059	$795,519	$90,540	
Excess Cash Flow Restricted	$295,352	$795,517	($500,165)	
Subtotal - Expenses Below NOI	**$2,481,115**	**$2,465,530**	**$15,585**	**0.6%**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$49,700**	**$0**	**$49,700**	**0.0%**

WHEATON METRO DEVELOPMENT CORPORATION
ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY'16 $2,601,232.

- Revenue is projected to decrease by 1.8%.

MEMORANDUM

TO:	Board of Directors of Wheaton Metro Development Corporation	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Wheaton Metro Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status [ ] Future Action [ ]

OVERALL GOAL & OBJECTIVE:
Annual Meeting and approval of amendment of the FY'16 Operating and Capital Budgets for Wheaton Metro Development Corporation by the Corporation's Board of Directors.

BACKGROUND:
At its May 2005 meeting, the Housing Opportunities Commission of Montgomery County (HOC) authorized the establishment of Wheaton Metro Limited Partnership (the "Partnership") under the low income housing tax credit program permitted by Section 42 of the Internal Revenue Code of 1986. HOC is the General Partner for the purpose of constructing and owning a 173-unit apartment facility, certain retail space and a parking garage above the Wheaton Metro station. The Partnership financed the construction with a loan in the amount of $36,350,000 which was credit enhanced by the County's full faith and credit of Montgomery County, as well as loans from the County's Housing Initiative Fund, the State of Maryland and HOC.

In 2003, HOC authorized the creation of a wholly controlled corporate instrumentality known as Wheaton Metro Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation and later, the By-laws for the Corporation. The Commission also approved the appointment of the seven Commissioners as the Corporation's Board of Directors (the "Board"). The Commission has made it a policy to have the officers of the development corporations be the Chair, Vice Chair and Chair Pro Tem of the Commission. To follow that format, the President, Secretary and Treasurer of the Corporation are the Chair, Vice-Chair and Chair Pro-Tem of the Commission, respectively pursuant to a Resolution adopted at its meeting of June 11, 2008.

As planned, a condominium was created and 120 units, the retail space and parking garage were transferred to the Corporation pursuant to a Contract of Sale dated March 1, 2007. Prior to the sale, long-term bonds in the amount of $36,350,000 were issued to retire the County backed construction financing with credit enhancement provided under the FHA Risk Sharing Program. A portion of that loan, $33,380,000, was assumed by the Corporation along with a portion of the other indebtedness as part of the acquisition, all pursuant to resolutions of the Corporation.

Following completion of construction, the property achieved initial lease-up on May 16, 2009.

The Board of Directors approved a resolution that allowed for the incorporation of the Wheaton Metro Development Corporation (for the property known as "MetroPointe") annual budget preparation, presentation and approval process into the HOC budget process. This means that the Operating and Capital Budgets are prepared and presented for approval to the Corporation by the Budget, Finance and Audit Committee of the Housing Opportunities Commission.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Wheaton Metro Development Corporation (MetroPointe) was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

The amended FY'16 budget reflects a 1.8% reduction in operating reserve from the adopted budget and is deemed immaterial.

Bozzuto Management Company has been the management agent for the property since June 1, 2008. In 2014, there has been active construction in the rental market in the Wheaton area. Several new properties, adjacent to MetroPointe, are in active lease-up. Despite the robust competition in the rental market, MetroPointe has remained competitive and retained stabilized occupancy. Bozzuto utilizes YieldStar revenue management system to inform its decision on rental rate adjustments up or down to allow it to remain competitive. This has had the benefit of maintaining average occupancy at 95.6% for calendar year 2013.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Wheaton Metro Development Corporation?

BUDGET IMPACT:

The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:

For Board action on June 3, 2015.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED:

Approval of amendment to the FY'16 Operating and Capital Budgets for the Wheaton Metro Development Corporation by the Board of Directors.

WHEATON METRO DEVELOPMENT CORPORATION

RESOLUTION NO. _____

RE: Wheaton Metro Development Corporation Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets

WHEREAS, the Wheaton Metro Development Corporation held its Annual Meeting on June 3, 2015; and

WHEREAS, the Corporation needs an annual budget which provides a sound financial and operating plan for operation of its property; and

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

WHEREAS, the Wheaton Metro Development Corporation (MetroPointe) annual budget preparation, presentation and approval process is incorporated into the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the amendment to the FY'16 Operating and Capital Budgets for Wheaton Metro Development Corporation.

NOW, THEREFORE, BE IT RESOLVED by the Wheaton Metro Development Corporation that:

1. The Corporation approves the amendment to the FY'16 Operating and Capital Budgets.
2. 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 Wednesday, June 3, 2015.

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Secretary to the Board of Wheaton Metro Development Corporation

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MetroPointe (Wheaton Metro)
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$2,601,232	$2,648,310	($47,078)	(1.8%)
Expenses:				
Operating - Admin	$241,526	$253,982	($12,456)	
Operating - Fees	$102,058	$102,010	$48	
Tenant & Protective Services	$23,449	$23,449	$0	
Taxes, Insurance & Utilities	$107,792	$170,287	($62,495)	
Maintenance	$249,470	$249,470	$0	
Subtotal - Operating Expenses	**$724,295**	**$799,198**	**($74,903)**	**(9.4%)**
Net Operating Income (NOI)	**$1,876,937**	**$1,849,112**	**$27,825**	**1.5%**
Debt Service	$1,955,492	$1,955,490	$2	
Replacement reserves	$30,000	$30,000	$0	
Asset Management Fees	$8,680	$8,680	$0	
Subtotal - Expenses Below NOI	**$1,994,172**	**$1,994,170**	**$2**	**0.0%**
NET INCOME	**($117,235)**	**($145,058)**	**$27,823**	**19.2%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$34,712**	**$34,712**	**$0**	**0.0%**

Limited Partnership Annual Meetings
And
Amendment of the FY'16 Operating and Capital Budgets

BROOKSIDE GLEN LIMITED PARTNERSHIP
ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.
- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.
- The FY'16 budget is being presented for amendment.
- The FY'16 Budget Amendment includes the impact of updates to the:
  - Rental Income,
  - Personnel Complement,
  - Indirect Cost Model Allocations, and
  - Property Insurance.
- Total Revenue budgeted at:
  - FY'16 $1,529,210.
- Revenue is projected to decrease by 2.1%.

MEMORANDUM

TO:	Board of Directors of Brookside Glen Limited Partnership	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer	Ext. 9480
	Bobbie DaCosta, Acting Director of Property Management	Ext. 9524
	Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9589
RE:	Brookside Glen Limited Partnership Annual Meeting and Approval of Amendment to FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for Brookside Glen Limited Partnership by the Partnership's Board of Directors.

BACKGROUND:
The Housing Opportunities Commission of Montgomery County established Brookside Glen Limited Partnership to own Brookside Glen. HOC is the limited partner owning 99.9% of the partnership interest. Brookside Glen Apartments Development Corporation is the general partner owning .1% of the interest in the Partnership. The limited partnership was established to own this property because the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation, under its regulations, even if controlled by HOC. As a result, the limited partnership was created and the development corporation used as the general partner.

The Partnership requires an annual budget which provides a sound financial and operating plan for operation of the property. The Partnership has entered into an Asset Management Agreement with the Housing Opportunities Commission and desires to include the annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process.

A comprehensive renovation of Brookside Glen was approved by the Maryland Community Development Administration (CDA) in March 2009, then approved by the Brookside Glen Limited Partnership Board of Directors in June 2009. The scope of the project includes interior renovations of all units, roof replacement, repair and sealing of the parking lot and replacement of mechanical systems. The project has been funded through Operating Cash, Replacement Reserves and the Operating Reserves. The renovation was managed by Bozzuto Management's Division of Maintenance and Technical Service and was completed in October 2014.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Brookside Glen Limited Partnership was presented to the HOC Budget, Finance and Audit Committee on May 13, 2015. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

The amended FY'16 budget reflects a 2.1% reduction in revenue from the adopted budget and is deemed immaterial.

Bozzuto Management Company has been the management agent for the property since October 1, 2001.

ISSUES FOR CONSIDERATION:
Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Brookside Glen Limited Partnership?

BUDGET IMPACT:
The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:
For Board action on June 3, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Approval of amendment to the FY'16 Operating and Capital Budgets for the Brookside Glen Limited Partnership by the Board of Directors.

BROOKSIDE GLEN LIMITED PARTNERSHIP

Resolution No. ______ **RE: Brookside Glen Limited Partnership Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the Housing Opportunities Commission of Montgomery County established Brookside Glen Limited Partnership to own Brookside Glen (the "Partnership"); and

WHEREAS*,* the Housing Opportunities Commission is the limited partner of the Partnership owning 99.9% of the partnership interest; and

WHEREAS*,* Brookside Glen Apartments Development Corporation is the general partner owning 0.1% of the interest in the Partnership; and

WHEREAS*,* Brookside Glen Apartments Development Corporation, the general partner, is a non-stock corporation whose directors are the seven (7) Commissioners of the Housing Opportunities Commission; and

WHEREAS*,* the Partnership held its Annual Meeting on June 3, 2015; and

WHEREAS*,* the Partnership requires an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS*,* the Partnership entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS*,* the Partnership desires to include the annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS, an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015; and

WHEREAS, the Partnership has reviewed the amendment to the FY'16 Operating and Capital Budgets for Brookside Glen Limited Partnership.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission as limited partner and on behalf of the general partner of the Partnership that:

1. The Partnership approves the amendment to the FY'16 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Limited Partnership at a meeting conducted on Wednesday, June 3, 2015.

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Secretary to the Board of Brookside Glen Limited Partnership

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Brookside Glen Limited Partnership
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$1,529,210	$1,561,609	($32,399)	(2.1%)
Expenses:				
Operating - Admin	$211,644	$211,644	$0	
Operating - Fees	$80,795	$80,715	$80	
Tenant & Protective Services	$15,721	$15,721	$0	
Taxes, Insurance & Utilities	$156,514	$163,207	($6,693)	
Maintenance	$184,800	$184,800	$0	
Subtotal - Operating Expenses	**$649,474**	**$656,087**	**($6,613)**	**(1.0%)**
Net Operating Income (NOI)	**$879,736**	**$905,522**	**($25,786)**	**(2.8%)**
Debt Service	$501,921	$501,921	$0	
Operating Reserves	$16,250	$16,250	$0	
Replacement reserves	$86,262	$86,262	$0	
Asset Management Fees	$67,750	$73,690	($5,940)	
Excess Cash Flow Restricted	$207,553	$227,399	($19,846)	
Subtotal - Expenses Below NOI	**$879,736**	**$905,522**	**($25,786)**	**(2.8%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$80,962**	**$86,262**	**($5,300)**	**(6.1%)**

DIAMOND SQUARE LIMITED PARTNERSHIP
ANNUAL MEETING AND APPROVAL OF AMENDMENT TO THE FY'16 OPERATING AND CAPITAL BUDGETS

June 3, 2015

- The By-laws require an Annual Meeting.

- The Board adopted a two-year budget for FY'15-16 at the June 4, 2014 Annual Meeting.

- The FY'16 budget is being presented for amendment.

- The FY'16 Budget Amendment includes the impact of updates to the:

    - Rental Income,
    - Personnel Complement,
    - Indirect Cost Model Allocations, and
    - Property Insurance.

- Total Revenue budgeted at:

    - FY'16 $1,247,978.

- Revenue is projected to decrease by 2.0%.

MEMORANDUM

TO:	Board of Directors of Diamond Square Limited Partnership	
VIA:	Stacy L. Spann, Executive Director	Ext. 9420
FROM:	Gail Willison, Chief Financial Officer Bobbie DaCosta, Acting Director of Property Management Kayrine Brown, Chief Investment and Real Estate Officer	Ext. 9480 Ext. 9524 Ext. 9589
RE:	Diamond Square Limited Partnership Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets	
DATE:	June 3, 2015	

STATUS: Consent [ ] Deliberation [X] Status Report [ ] Future Action [ ]

OVERALL GOAL AND OBJECTIVE:
Annual Meeting and approval of amendment to the FY'16 Operating and Capital Budgets for Diamond Square Limited Partnership by the Partnership's Board of Directors.

BACKGROUND:
On June 6, 1990, an Agreement was executed between Montgomery County, the City of Gaithersburg, and the Housing Opportunities Commission ("HOC") wherein an agreement was reached to jointly acquire the Quality Inn Motel located at 80 Bureau Drive in Gaithersburg. Per this Agreement, Montgomery County assigned its contract to purchase the property to HOC. The City agreed to contribute $500,000 in cash for its share of the purchase price. The parties have operated the property under the terms of the Agreement through a Board of Governance with title to the property held by HOC.

HOC established Diamond Square Limited Partnership to own Diamond Square Apartments in order to refinance the property in 2003. HOC is the limited partner owning 99.9% of the partnership interest. Diamond Square Development Corporation, a nonstock corporation whose board of directors are the Commissioners, is the general partner owning 0.1% of the interest in the Partnership. The limited partnership was established to own this property because the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation, under its regulations, even if controlled by HOC. As a result, the limited partnership was created and the development corporation used as the general partner.

The Partnership requires an annual budget which provides a sound financial and operating plan for operation of the property. The Partnership has entered into an Asset Management Agreement with HOC and desires to include the annual budget preparation, presentation and approval process with the HOC budget process.

At the June 4, 2014 Annual Meeting, the Board adopted two-year Operating and Capital Budgets for FY'15-16 that set the financial plan for the next two years.

An amendment to the FY'16 Operating and Capital Budgets for Diamond Square Limited Partnership was presented to the Budget, Finance and Audit Committee on May 13, 2015 and approved by the Diamond Square Board of Governance on the same date. The FY'16 Budget Amendment includes the impact of updates to the Rental Income, Personnel Complement, Indirect Cost Model Allocations, and Property Insurance.

The amended FY'16 budget reflects a 2.0% reduction in operating revenue from the adopted budget and is deemed immaterial.

McShea Management, Inc., which managed the property since 2002, was acquired in 2013 by Avison Young, a large, independently-owned Canadian-based real estate services firm. The McShea staff have been incorporated into the new entity, all principals of McShea are contractually obligated to remain for a period of at least five years, and there has been no measurable effect on the management of the property. In November 2013, the Board of Directors authorized the Executive Director to approve the assignment of the existing Management Agreement with McShea to Avison Young.

ISSUES FOR CONSIDERATION:

Does the Board of Directors wish to approve the amendment to the FY'16 Operating and Capital Budgets for the Diamond Square Limited Partnership?

BUDGET IMPACT:

The FY'16 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

TIME FRAME:

For Board action on June 3, 2015.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Approval of amendment to the FY'16 Operating and Capital Budgets for the Diamond Square Limited Partnership by the Board of Directors.

DIAMOND SQUARE LIMITED PARTNERSHIP

RESOLUTION NO. _____ **RE: Diamond Square Limited Partnership Annual Meeting and Approval of Amendment to the FY'16 Operating and Capital Budgets**

WHEREAS, the Housing Opportunities Commission of Montgomery County established Diamond Square Limited Partnership to own Diamond Square (the "Partnership"); and

WHEREAS, the Housing Opportunities Commission is the limited partner of the Partnership owning 99.9% of the partnership interest; and

WHEREAS, Diamond Square Development Corporation is the general partner owning 0.1% of the interest in the Partnership; and

WHEREAS*,* Diamond Square Development Corporation, the general partner, is a non-stock corporation whose directors are the seven (7) Commissioners of the Housing Opportunities Commission; and

WHEREAS, the Partnership held its Annual Meeting on June 3, 2015; and

WHEREAS*,* the Partnership requires an annual budget which provides a sound financial and operating plan for operation of its property; and

WHEREAS*,* the Partnership entered into an Asset Management Agreement with the Housing Opportunities Commission; and

WHEREAS*,* the Partnership desires to include the annual budget preparation, presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the two-year FY'15-16 Operating and Capital Budgets were adopted by the Board of Directors at the June 4, 2014 meeting; and

WHEREAS*,* an amendment to the FY'16 Operating and Capital Budgets was presented to the Budget, Finance and Audit Committee of the Commission on May 13, 2015 and approved by the Diamond Square Board of Governance on May 13, 2015; and

WHEREAS*,* the Partnership has reviewed and approved the amendment to the FY'16 Operating and Capital Budgets for Diamond Square Limited Partnership.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission, as limited partner and on behalf of the general partner of the Partnership that:

1. The Partnership approves the amendment to the FY'16 Operating and Capital Budgets.
2. This resolution shall take effect immediately.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Limited Partnership at a meeting conducted on Wednesday, June 3, 2015.

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Secretary to the Board of Diamond Square Limited Partnership

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Diamond Square Limited Partnership
FY 2016 Operating and Capital Budgets

	FY 2016 Amended Budget	FY 2016 Adopted Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Revenue	$1,247,978	$1,274,065	($26,087)	(2.0%)
Expenses:				
Operating - Admin	$215,379	$215,379	$0	
Operating - Fees	$62,935	$62,835	$100	
Tenant & Protective Services	$92,443	$92,443	$0	
Taxes, Insurance & Utilities	$240,806	$256,322	($15,516)	
Maintenance	$229,327	$229,327	$0	
Subtotal - Operating Expenses	**$840,890**	**$856,306**	**($15,416)**	**(1.8%)**
Net Operating Income (NOI)	**$407,088**	**$417,759**	**($10,671)**	**(2.6%)**
Debt Service	$118,704	$118,703	$1	
Operating Reserves	$19,920	$19,920	$0	
Replacement reserves	$95,752	$95,754	($2)	
Asset Management Fees	$22,460	$22,460	$0	
Excess Cash Flow Restricted	$150,252	$160,922	($10,670)	
Subtotal - Expenses Below NOI	**$407,088**	**$417,759**	**($10,671)**	**(2.6%)**
NET INCOME	**$0**	**$0**	**$0**	**0.0%**

	FY 2016 Amended Capital Budget	FY 2016 Adopted Capital Budget	FY 2016 Adopted to Amended $ Change	FY 2016 Adopted to Amended % Change
Total Capital Budget	**$237,401**	**$162,401**	**$75,000**	**46.2%**

Development Corporation Meetings

Annual Meeting for Damascus Gardens Development Corporation

June 3, 2015

- **Damascus Gardens Development Corporation was formed in August 1979.**

- **The purpose of the Corporation is "to engage in and assist in the development of low income housing and will be determined by HUD to constitute a "Public Housing Agency" within the meaning of Section 3(6) of the United States Housing Act of 1937".**

- **By-laws of the Corporation state that an annual meeting and election of officers must be held each year.**

MEMORANDUM

TO: Board of Directors of Damascus Gardens Development Corporation

VIA: Stacy L. Spann, Executive Director

FROM: Jim Atwell, Internal Auditor ext. 9426

RE: Annual Meeting for Damascus Gardens Development Corporation

DATE: June 3, 2015

STATUS: Consent_____ Deliberation X____Status Report ______Future Action ______

OVERALL GOAL & OBJECTIVE:
Conduct the Annual Meeting for Damascus Gardens Development Corporation.

BACKGROUND:
On August 29, 1979, HOC formed Damascus Gardens Development Corporation (Corporation), a nonprofit, non-stock corporation. As stated in the By-laws, the purpose of the Corporation is "to engage in and assist in the development of low-income housing and will be determined by HUD to constitute a "Public Housing Agency" within the meaning of Section 3(6) of the United States Housing Act of 1937".

In October of 1979, the Corporation issued, sold and delivered $4,090,700 aggregate principal amount of construction mortgage revenue limited obligation notes for the Damascus Gardens Project. Additionally, $4,439,400 aggregate principal amount of mortgage revenue limited obligation bonds was issued. The purpose of these transactions was to make a mortgage loan to provide interim and permanent financing of the cost of constructing a 104-unit housing project for persons and families of low income, to be owned by Damascus Gardens Associates.

On December 3, 1980, a HAP contract was entered into between the Housing Opportunities Commission (HOC) and Damascus K Partnership (Owner), with a contract term of 20 years.

In 1981, the Corporation refinanced the original issuance resulting in the Corporation issuing a Mortgage Revenue Limited Obligation Bond ($4,090,700).

On October 6, 1998, the Corporation defeased the mortgage and purchased an instrument which is pledged to the bonds. The result of the defeasance was that Mortgage Revenue Limited Obligation was issued in the amount of $3,810,000 and the Corporation received 100% of the bond fund residuals, which totaled $1,049,095. The Mortgage Revenue Limited Obligation was issued in Damascus Gardens Development Corporation's name. Therefore, the Corporation must remain active until the Obligation's retirement in August 2017. The defeasance account funds are currently maintained in HOC's Opportunity Housing Reserve Fund. The balance as of March 31, 2015 was $619,140.

ISSUES FOR CONSIDERATION:
The By-laws of the Damascus Gardens Development Corporation state that an annual meeting and election of officers must be held.

PRINCIPALS:
The Board of Directors of Damascus Gardens Development Corporation.

BUDGET IMPACT:
None.

TIME FRAME:
For Board action at the June 3, 2015 annual meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends the Board of Directors conduct an annual meeting and elect officers for FY'15.

DAMASCUS GARDENS DEVELOPMENT CORPORATION

RESOLUTION NO. **RE: Annual Meeting for Damascus Gardens Development Corporation**

WHEREAS, Damascus Gardens Development Corporation was formed in August 1979; and

WHEREAS, the purpose of the Corporation is to engage in and assist in the development of low-income housing; and

WHEREAS, the By-laws of the Corporation state that an annual meeting and election of officers must be held each year.

NOW, THEREFORE, BE IT RESOLVED by the Damascus Gardens Development Corporation that:

1. The Corporation has held an annual meeting on June 3, 2015.
2. Election of officers was held at the annual meeting on June 3, 2015.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Damascus Gardens Development Corporation at a meeting conducted on Wednesday, June 3, 2015.

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Secretary to the Board of Damascus Gardens Development Corporation

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Executive Session