

EXPANDED AGENDA

June 7, 2017

		<u>Res. #</u>
4:00 p.m. Page 5	A. <u>Development Corporation Annual Meetings</u>	
12	1. Alexander House Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-002 _{AH} (pg 11)
19	2. Barclay Apartments Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{BC} (pg 18)
26	3. Glenmont Crossing Development – Annual Meeting and Approval of FY 18 Budget	17-001 _{GC} (pg 25)
33	4. Glenmont Westerly Development – Annual Meeting and Approval of FY 18 Budget	17-001 _{GW} (pg 32)
40	5. Magruder’s Discovery Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{MD} (pg 39)
47	6. The Metropolitan Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{ME} (pg 46)
54	7. Montgomery Arms Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{MA} (pg 53)
61	8. The Oaks at Four Corners Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{OC} (pg 60)
68	9. Paddington Square Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{PS} (pg 67)
75	10. Pooks Hill Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{PH} (pg 74)
88	11. RAD 6 Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{RD6} (pg 87)
95	12. Scattered Site One Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{SS1} (pg 94)
102	13. Scattered Site Two Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{SS2} (pg 101)
109	14. Sligo Hills Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{SH} (pg 108)
119	15. TPM Development Corporation – Annual Meeting & Approval of FY 18 Budget	17-001 _{TPM} (pg 118)
126	16. VPC One Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{VPC1} (pg 125)
133	17. VPC Two Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{VPC2} (pg 132)
140	18. Wheaton Metro Development Corporation – Annual Meeting and Approval of FY 18 Budget	17-001 _{WM} (pg 139)
146	19. Chevy Chase Lake Development Corporation – Annual Meeting and Approval to Accept Extension of HOC \$60 Million Line of Credit	17-001 _{CCL} (pg 144) 17-002 _{CCL} (pg 145)
	20. Damascus Gardens Development Corporation – Annual Meeting	17-001 _{DG} (pg 150)
Page 152	B. <u>Limited Partnership Annual Meetings</u>	
159	1. Brookside Glen Limited Partnership Annual Meeting and Approval of FY 18 Budget	17-001 _{BG} (pg 158)
	2. Diamond Square Limited Partnership Annual Meeting and Approval of FY 18 Budget	17-001 _{DS} (pg 165)
5:00 p.m.	<u>Adjourn</u>	
	<u>Recess</u>	
5:05 p.m.	I. <u>CONSENT ITEMS</u>	
Page 169	A. Approval of Minutes of May 3, 2017 HOC Meeting	

5:10 p.m. 178 182	II. <u>INFORMATION EXCHANGE</u> A. Report of the Executive Director B. Calendar C. Correspondence and Printed Matter D. Commissioner Exchange E. Resident Advisory Board F. Community Forum G. Status Report	
5:25 p.m.	III. <u>ITEMS REQUIRING DELIBERATION and/or ACTION</u>	
Page 185	1. Approval of New HOC Procurement Policy	17-33(pg 189)
5:35 p.m.	IV. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u>	
Page 280 296 302 307 313 320 324	A. Budget, Finance & Audit Committee – Com. Nelson, Chair 1. Acceptance of Third Quarter FY’17 Budget to Actual Statements 2. Approval of FY’17 Third Quarter Budget Amendment 3. Acceptance of Calendar Year (CY) 2016 Tax Credit Partnership Audits 4. Approval of Loans and Advances to Non-HOC Owned Entities 5. Authorization to Write Off Bad Debt Related to Tenant Accounts Receivable 6. Approval to Extend the \$60 Million PNC Bank Line of Credit and the \$90 Million Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation and Ambassador Apartments 7. Approval of Amendment to FY’18 Agency Budget	17-34(pg 289) 17-35(pg 300) 17-36(pg 305) 17-37(pg 310) 17-38(pg 323) 17-39(pg 345) 17-40a(pg 338) 17-40b(pg 339) 17-40c(pg 340)
5:45 p.m. 346 369 378 395	B. Development and Finance Committee – Com. Simon, Chair 1. Approval of the Financing Plan and Budget, Feasibility and Public Purpose for Greenhills Apartments, and Authorization for the Commission to Make Loans and for Greenhills Apartments Limited Partnership to Accept Loans in Accordance with the Financing Plan 2. Authorization to Contract for Alarm and Sprinkler Installation at Bauer Park Apartments and Approval to Advance Funds from the Opportunity Housing Reserve Fund (OHRF) to Fully Fund the Contract 3. Approval to Increase Predevelopment Budget and Funding for the Submission of the Detailed Site Plan for Elizabeth House III, Elizabeth House IV, and South County Regional Recreation and Aquatic Center (“SCRRAC”) and to Complete Construction Development Plans for Elizabeth House III and SCRRAC 4. Adoption of Resolution in Support of Holy Cross Health’s Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development	17-41a(pg 363) 17-41b(pg 367) 17-42(pg 376) 17-43(pg 392) 17-44(pg 398)
6:00 p.m. 400	C. Financial Advisor Evaluation Committee 1. Approval of Firm to Serve as Financial Advisor to the Housing Opportunities Commission of Montgomery County and Authorization for the Executive Director to Execute a Contract with Recommended Firm	17-45(pg 407)
6:05 p.m. Page 411	V. <u>*FUTURE ACTION ITEMS</u> 1. Approval of Renovation Budget and Scope of Work for Seven (7) Public Housing Units at Tobytown and Authorization to Select General Contractor for Renovation of Tobytown in accordance with IFB #2066	

6:10 p.m.	VI. <u>INFORMATION EXCHANGE (continued)</u> A. Community Forum		
6:15 p.m.	VII. <u>NEW BUSINESS</u> 1.		
	VIII. <u>AMINISTRATIVE SESSION FINDINGS</u>		
6:20 p.m.	<u>ADJOURN</u>		

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.
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Development Corporation Annual Meetings

Alexander House Development Corporation

ALEXANDER HOUSE DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

OPERATING & CAPITAL BUDGETS

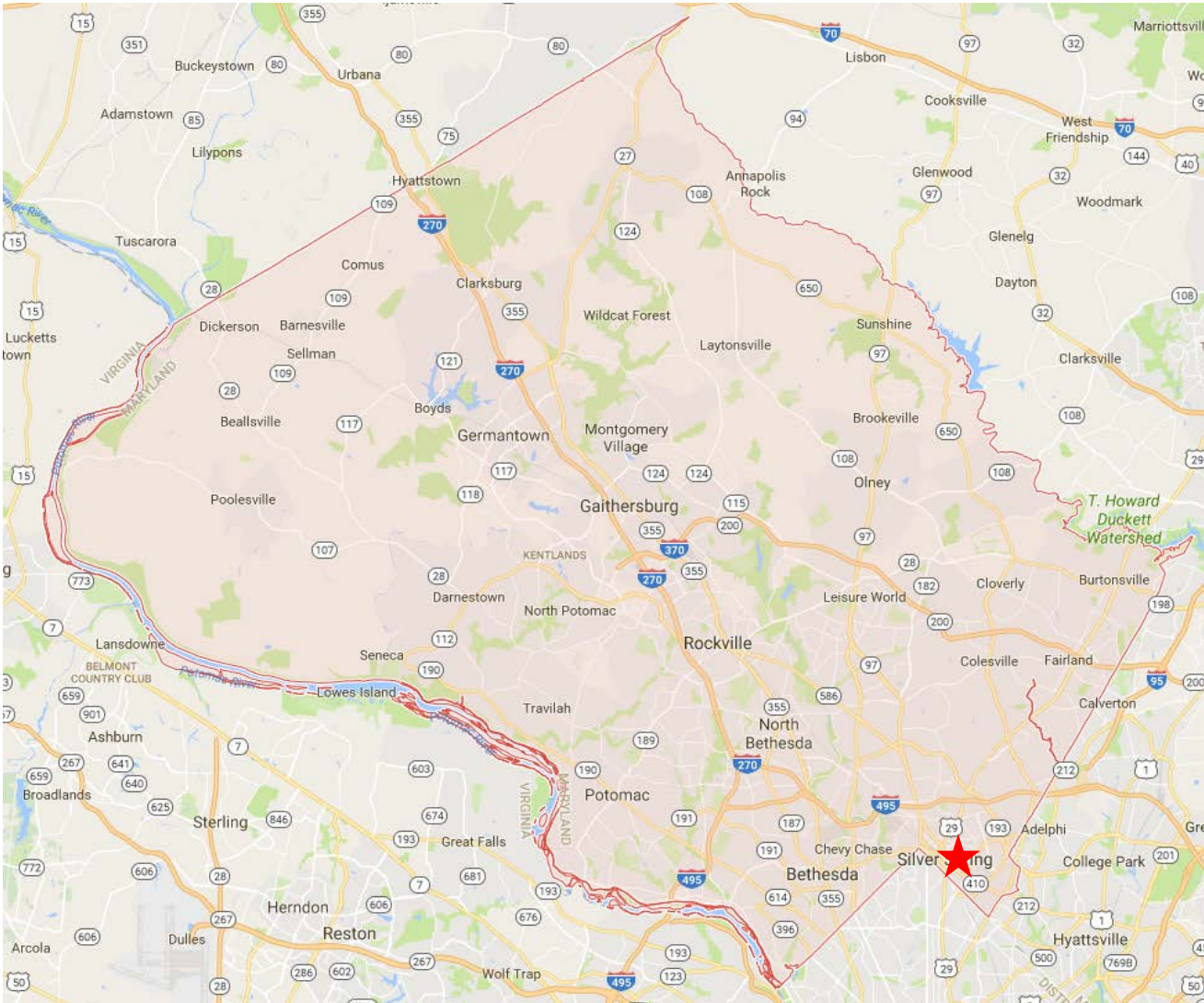


Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance



Alexander House Development Corporation



Property Snapshot:

- Located in Downtown Silver Spring.
- Originally constructed in 1992.
- Refinanced on Jan 31, 2017.
- Comprehensive renovations are currently underway.
- The estimated substantial completion date for the project is August 2018.

Alexander House Development Corporation – FY 2018 Overview

Background

- **November 6, 1996** - Commission authorized the creation of Alexander House Development Corporation and approved the Articles of Incorporation.
- **December 11, 1996** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **January 22, 1997** - Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **April 23, 1997** - Board of Directors approved a resolution that allowed for the incorporation of the Alexander House annual budget preparation and presentation into the HOC budget process.
- **January 31, 2017** - Alexander House was refinanced using tax exempt bond financing in the amount of \$48,788,075. The property now consists of two entities:
 - Alexander House Development Corporation - 183 market rate units.
 - Alexander House Apartments Limited Partnership - 122 affordable tax credit units.
- Equity from the refinancing will contribute to funding the affordable housing component of Elizabeth House III.



8560 2nd Avenue, Silver Spring, MD 20910
 Manager: Avison Young

Unit Mix	Market	Affordable	Total
Studio	16	14	30
1BR	93	67	160
2BR	74	41	115
Total Units	183	122	305

The regulatory agreement restricts 6 units at or below 30% AMI, 6 units at or below 40% AMI, 8 units at or below 50% AMI, and 102 units at or below 60% AMI.

Alexander House Development Corporation – FY 2018 Update

Property Management

- Management staff is working with residents and the Real Estate/Construction team to coordinate resident relocations within the building. The first set of moves is scheduled to occur in May/June 2017.
- Current residents are completing certifications to determine their income eligibility for affordable units.
- A lease-up plan will be implemented upon completion of the certifications.

Turnover	Avg. Occupancy CY 2016	Current Occupancy
33%	82%	75%

Capital Improvements

- The Development Budget includes funds to repair the balconies, update the fire system, kitchens and baths, flooring and carpeting, and lighting. In addition, common area upgrades include a business center, fitness center, and garden patio area for outdoor entertaining.
- A small budget has been established for urgent capital needs during the renovations.

Maintenance

- The largest volume of work tickets was for plumbing (21%) followed by general maintenance – hardware, drywall damage, flooring, etc. (16%), and appliances (15%).

Total Work Orders CY 2016	Average Days to Close
1,611	3

Redevelopment/Refinancing

- Alexander House is currently under renovations. The in-place renovations are being completed in phases. Phase I includes 45 units. The estimated substantial completion date for the project is August 2018.

Alexander House Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$3,769,819	\$5,711,034	\$5,582,922	\$5,183,011	\$5,550,414
Expenses:					
Operating - Admin	292,452	516,190	500,723	456,706	463,414
Operating - Fees	151,827	201,176	195,592	190,027	182,245
Tenant & Protective Services	106,920	144,005	153,661	179,312	149,821
Taxes, Insurance & Utilities	276,960	466,218	452,843	435,199	452,405
Maintenance	333,012	685,910	670,816	606,754	694,184
Subtotal - Operating Expenses	\$1,161,171	\$2,013,499	\$1,973,635	\$1,867,998	\$1,942,069
Net Operating Income (NOI)	\$2,608,648	\$3,697,535	\$3,609,287	\$3,315,013	\$3,608,345
Debt Service	-	450,505	450,505	284,425	717,134
Debt Service Reserves	-	1,154,412	1,154,412	1,290,968	-
Replacement Reserves	64,050	150,000	150,000	150,000	300,000
Asset Management Fees	197,040	114,640	185,930	234,110	242,510
Development Corporation Fees	500,000	500,000	893,795	1,281,263	1,499,308
Excess Cash Flow Restricted	1,847,558	1,327,978	774,645	74,247	849,393
Subtotal - Expenses Below NOI	\$2,608,648	\$3,697,535	\$3,609,287	\$3,315,013	\$3,608,345
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Computer Equipment	-	-	-	-	986
Kitchen and Bath Supplies	-	-	-	820	26,279
Grounds/Landscaping Sup.-Cap.	-	-	-	-	8,032
Doors	-	-	8,500	-	2,927
Paint and Wallcoverings	-	-	-	-	880
HVAC Equipment	12,000	26,928	26,400	36,704	33,015
Appliance Equipment	-	60,037	58,860	34,709	51,562
Tools	-	-	-	2,332	-
Miscellaneous Equipment	-	-	-	-	15,171
Plumbing Contracts	-	-	-	3,689	3,700
HVAC Contracts	12,000	28,764	28,200	-	12,660
Flooring/Carpet Contracts	30,000	86,904	85,200	51,333	69,063
Miscellaneous Contracts	-	-	-	-	18,904
Total Capital Budget	\$54,000	\$202,633	\$207,160	\$129,587	\$243,179

Issues for Consideration

- Rent increases are budgeted at 1.8% while the property is under renovation. Residents who relocate to a renovated unit will receive a 5% annual rent increase until the rental amount reaches market rent.
- Property cash flow is budgeted at \$2,347,558 of which \$1,847,558 is restricted.
- The operating budget will not bear any debt service in FY'18.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Alexander House Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for Alexander House Development Corporation by the Board of Directors.

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

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 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 FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for the Alexander House Development Corporation and wishes to approve them.

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

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of Alexander House Development Corporation

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Barclay Apartments Development Corporation

BARCLAY APARTMENTS DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

OPERATING & CAPITAL BUDGETS

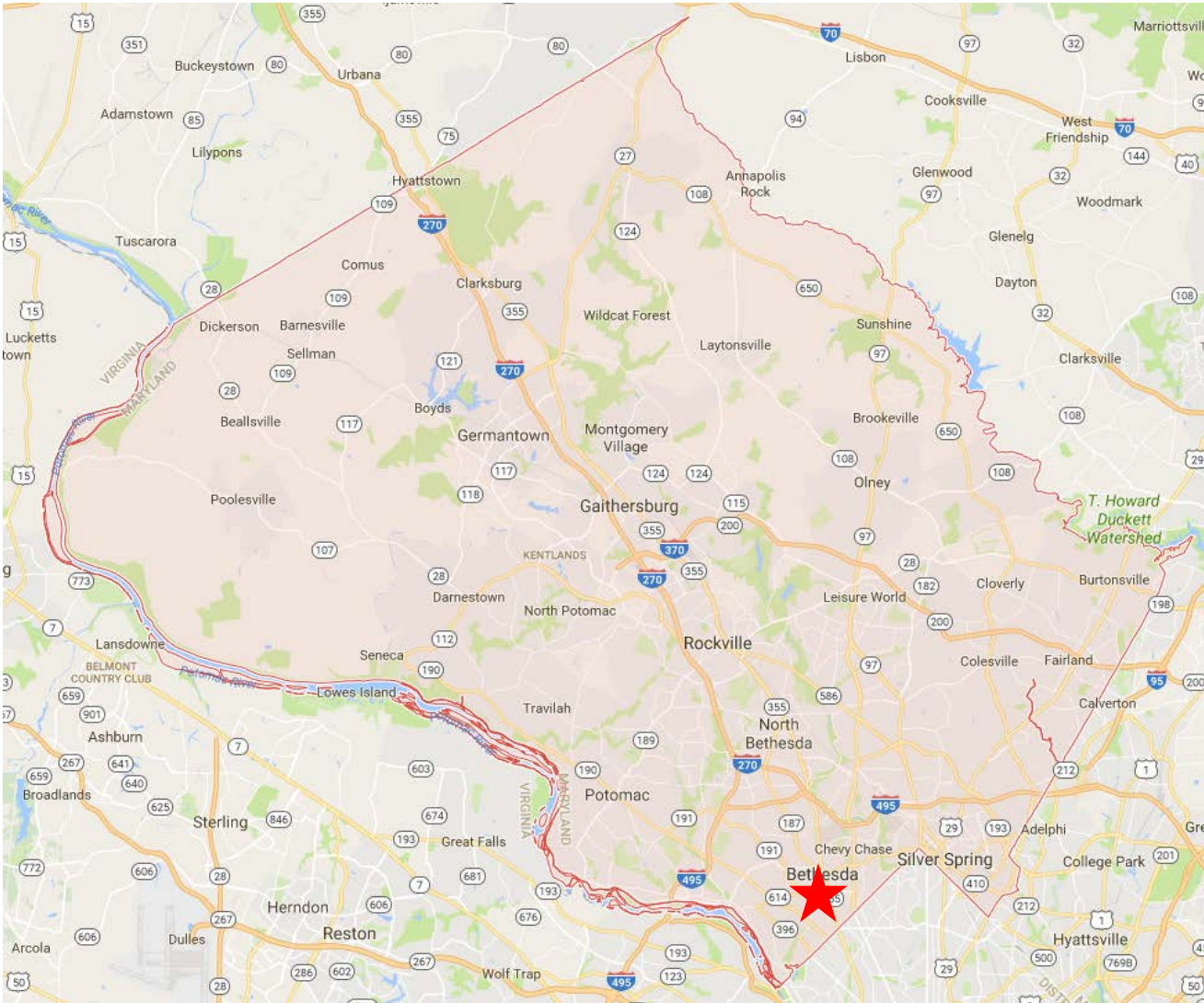


Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance



Barclay Development Corporation



Property Snapshot:

- Located in Chevy Chase, Bethesda Central Business District which is in the midst of Master Plan Revisions.
- Constructed in 1955, interiors updated in 2005.
- Amenities include a Community Room, Fitness Room, Business Center, Controlled Building Access, and 24 Hour Laundry Facilities.

Barclay Development Corporation – FY 2018 Overview

Background

- **July 7, 2004** – Commission established Barclay One Associates Limited Partnership (the “Partnership”). The Commission also authorized the creation of Barclay Apartments Development Corporation (the “Corporation”) and approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **June 13, 2007** - Corporation approved the purchase of 76 units from the Partnership and authorized the execution of the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year. The Board also approved a resolution that allowed for the incorporation of the Barclay Apartments annual budget preparation and presentation into the HOC budget process.
- The Barclay consists of 157 units which are distributed as follows:
 - 81 tax credit units owned by Barclay One Associates LP with HOC as the General Partner.
 - 76 units owned by Barclay Development Corporation.



4716 Bradley Blvd., Chevy Chase, MD 20815
Manager: Edgewood

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

The regulatory agreement restricts 25 units at or below 30% AMI and 56 units at or below 60% AMI.

Barclay Development Corporation – FY 2018 Update

Property Management

- Occupancy continues to remain stable despite competition in the submarket. Aging unit finishes and lack of community amenities present some challenges to keeping the community leased.

Turnover	Avg. Occupancy CY 2016	Current Occupancy
27%	96%	97%

Maintenance

- The largest volume of work tickets was for plumbing (31%) and appliances (25%), and general work orders (19%).

Total Work Orders CY 2016	Average Days to Close
1,502	2

Capital Improvements

- Most of the proposed capital funding is to support routine turnover activity to include replacement of kitchen countertops, unit flooring, and appliances. Additionally, common area carpeting and painting will continue throughout the community.

Redevelopment/Refinancing

- Development plans deferred pending Bethesda CBD Master Plan Revision regarding height and density increases.

Barclay Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$1,241,133	\$1,215,046	\$1,198,021	\$1,262,931	\$1,253,595
Expenses:					
Operating - Admin	116,513	118,091	115,068	106,659	107,512
Operating - Fees	48,071	48,011	47,228	47,310	40,384
Tenant & Protective Services	7,797	7,797	7,644	11,042	6,730
Taxes, Insurance & Utilities	121,909	122,584	119,071	120,593	117,432
Maintenance	145,041	147,845	144,541	114,791	117,037
Subtotal - Operating Expenses	\$439,331	\$444,328	\$433,552	\$400,395	\$389,095
Net Operating Income (NOI)	\$801,802	\$770,718	\$764,469	\$862,536	\$864,500
Debt Service	678,409	678,410	679,777	681,298	682,539
Replacement Reserves	22,800	22,800	22,800	22,800	22,800
Asset Management Fees	81,830	60,070	57,210	57,210	59,260
Development Corporation Fees	18,763	9,438	4,682	101,228	99,901
Subtotal - Expenses Below NOI	\$801,802	\$770,718	\$764,469	\$862,536	\$864,500
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	7,200	1,800	1,800	2,170	350
Electrical Supplies	-	-	-	-	430
Grounds/Landscaping Sup.-Cap.	3,500	3,500	4,120	1,767	-
Windows and Glass	-	-	-	-	754
Doors	2,400	2,400	1,500	-	-
Flooring and Carpeting	36,460	11,460	11,460	8,149	5,324
Paint and Wallcoverings	10,000	-	-	-	-
Plumbing Equipment	1,082	1,082	1,082	-	-
HVAC Equipment	2,300	2,300	4,600	2,281	645
Appliance Equipment	7,560	2,900	2,530	2,167	567
Miscellaneous Equipment	1,300	1,300	2,680	1,370	-
Windows/Glass Contracts	800	800	800	-	3,286
Roofing/Gutter Contracts	-	-	-	2,285	-
Asphalt/Concrete Contracts	2,000	2,000	6,000	668	-
Miscellaneous Contracts	4,000	4,000	-	-	375
Total Capital Budget	\$78,602	\$33,542	\$36,572	\$20,857	\$11,731

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$18,763.
- DSCR is 1.18.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Barclay Apartments Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for Barclay Apartments Development Corporation by the Board of Directors.

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

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY'18 Barclay Apartments annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of HOC on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for Barclay Apartments Development Corporation and wishes to approve them.

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

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of Barclay Apartments Development Corporation

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Glenmont Crossing Development Corporation

GLENMONT CROSSING DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

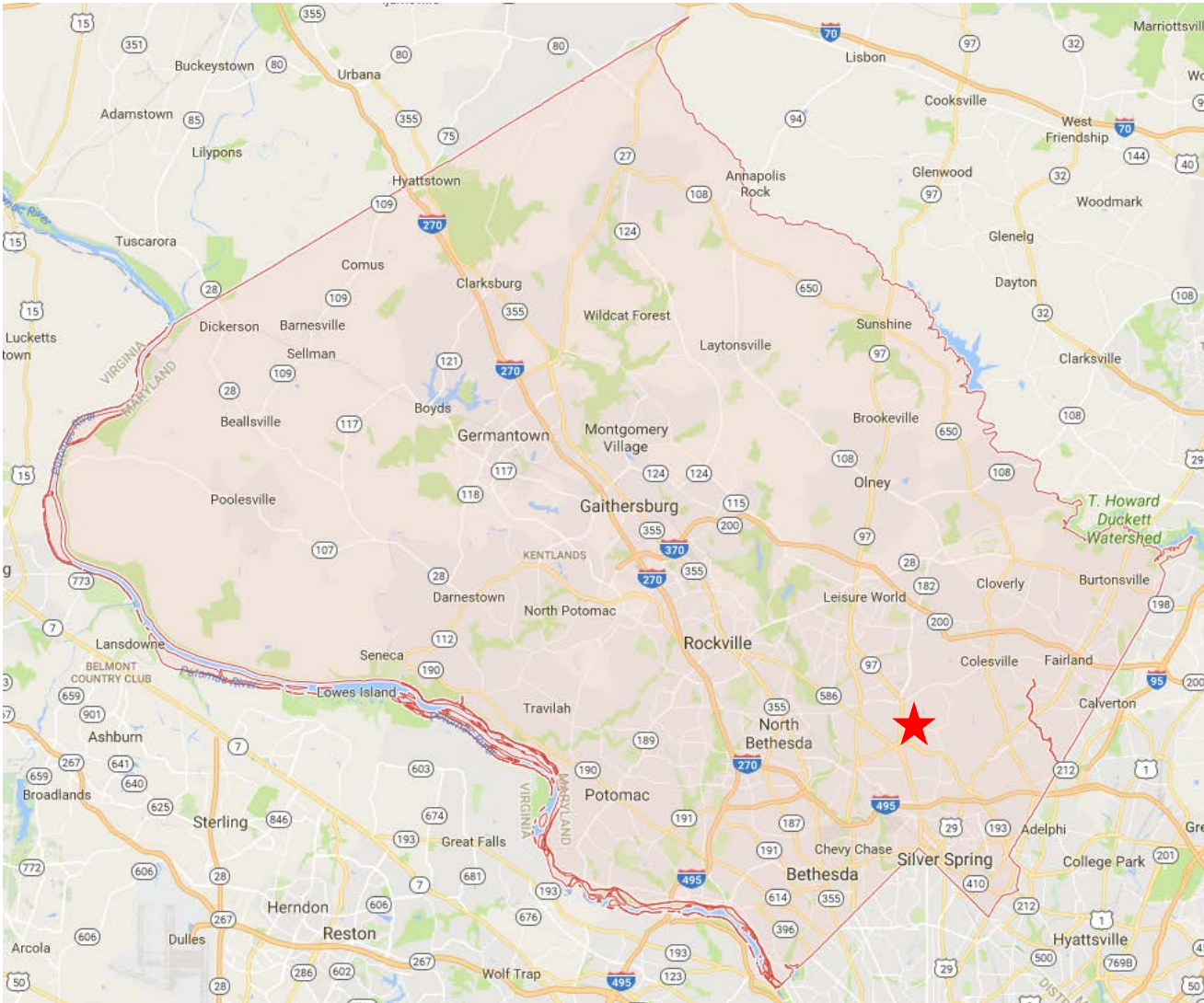
OPERATING & CAPITAL BUDGETS



Stacy L. Spann, Executive Director

**Property Management
Real Estate
Mortgage Finance
Finance**

Glenmont Crossing Development Corporation



Property Snapshot:

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

Glenmont Crossing Development Corporation – FY 2018 Overview

Background

- October 3, 2012** - Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly).
- November 20, 2012** - Glenmont Crossing Development Corporation was formed to acquire the 97 townhome unit portion of the project, referred to as “Woodberry” and the second parcel containing 102 garden units referred to as “Westerly” was acquired by Glenmont Westerly Development Corporation.
- December 5, 2012** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation, and elected the seven Commissioners as the officers.
- December 31, 2012** - Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- March 6, 2013** - Board of Directors approved a resolution that allowed for the incorporation of the Glenmont Crossing annual budget preparation and presentation into the HOC budget process.



2309 Shorefield Road, Wheaton, MD 20902
 Manager: Avison Young

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

The regulatory agreement restricts 18 units at or below 50% AMI and 32 units at or below 80% AMI.

Glenmont Crossing Development Corporation – FY 2018 Update

Property Management

- Glenmont Crossing maintains consistent occupancy of 95% or greater. Property staff aggressively treats periodic infestation issues.

Turnover Rate	Avg. Occupancy CY 2016	Current Occupancy
8%	96%	94%

Maintenance

- The largest volume of work tickets was related to kitchen and bath repairs (22%), plumbing (18%), and HVAC (10%).

Total Work Orders CY 2016	Average Days to Close
651	3

Capital Improvements

- The Capital Budget includes appliance and flooring replacements at turnover, or as needed, as well as replacing one water heater and two condensing units.
- Waterproofing the foundations at four townhomes will be completed in FY 2018.

Redevelopment/Refinancing

- Immediate capital needs were addressed following acquisition.
- Funds set aside for additional capital needs will be used for reconstruction of HVAC closets and kitchen upgrades.

Glenmont Crossing Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
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Total Revenue	\$2,044,357	\$2,069,324	\$2,022,889	\$1,974,836	\$1,964,978
Expenses:					
Operating - Admin	192,644	198,065	192,552	158,017	172,228
Operating - Fees	72,601	72,611	71,229	69,933	70,403
Tenant & Protective Services	7,466	7,466	7,320	4,175	4,294
Taxes, Insurance & Utilities	255,611	256,831	246,795	234,629	233,620
Maintenance	369,912	349,816	340,915	328,429	282,912
Subtotal - Operating Expenses	\$898,234	\$884,789	\$858,811	\$795,183	\$763,457
Net Operating Income (NOI)	\$1,146,123	\$1,184,535	\$1,164,078	\$1,179,653	\$1,201,521
Debt Service	828,912	828,912	828,912	828,914	828,913
Replacement Reserves	58,200	58,200	58,200	58,200	58,200
Asset Management Fees	104,450	76,670	73,020	73,020	75,640
Development Corporation Fees	-	56,503	39,696	20,482	-
Excess Cash Flow Restricted	154,561	164,250	164,250	199,038	238,768
Subtotal - Expenses Below NOI	\$1,146,123	\$1,184,535	\$1,164,078	\$1,179,654	\$1,201,521
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
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Capital Budget:					
Computer Equipment	1,836	1,836	1,800	-	-
Kitchen and Bath Supplies	-	-	-	13,643	16,669
Grounds/Landscaping Sup.-Cap.	-	-	-	2,900	5,600
Doors	1,836	1,836	1,800	800	1,600
Miscellaneous Supplies	11,832	11,832	11,600	-	-
Appliance Equipment	30,014	30,014	29,425	9,574	23,762
Miscellaneous Equipment	-	-	-	-	517
Plumbing Contracts	6,834	6,834	6,700	-	-
HVAC Contracts	5,202	5,202	5,100	-	-
Flooring/Carpet Contracts	55,304	55,304	54,220	41,640	55,918
Asphalt/Concrete Contracts	-	-	-	400	-
Miscellaneous Contracts	28,560	28,560	28,000	30,060	-
Total Capital Budget	\$141,418	\$141,418	\$138,645	\$99,017	\$104,066

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$154,561, all of which is restricted.
- DSCR is 1.38.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Glenmont Crossing Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for Glenmont Crossing Development Corporation by the Board of Directors.

RESOLUTION NO. 17-001_{GC}

RE: Glenmont Crossing Development Corporation Annual Meeting, Election of Officers and Adoption of FY'18 Operating and Capital Budgets

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

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY'18 Glenmont Crossing Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for Glenmont Crossing Development Corporation and wishes to approve them.

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

1. The Corporation approves the FY'18 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 June 7, 2017.

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Secretary to the Board of Glenmont Crossing Development Corporation

Glenmont Westerly Development Corporation

GLENMONT WESTERLY DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

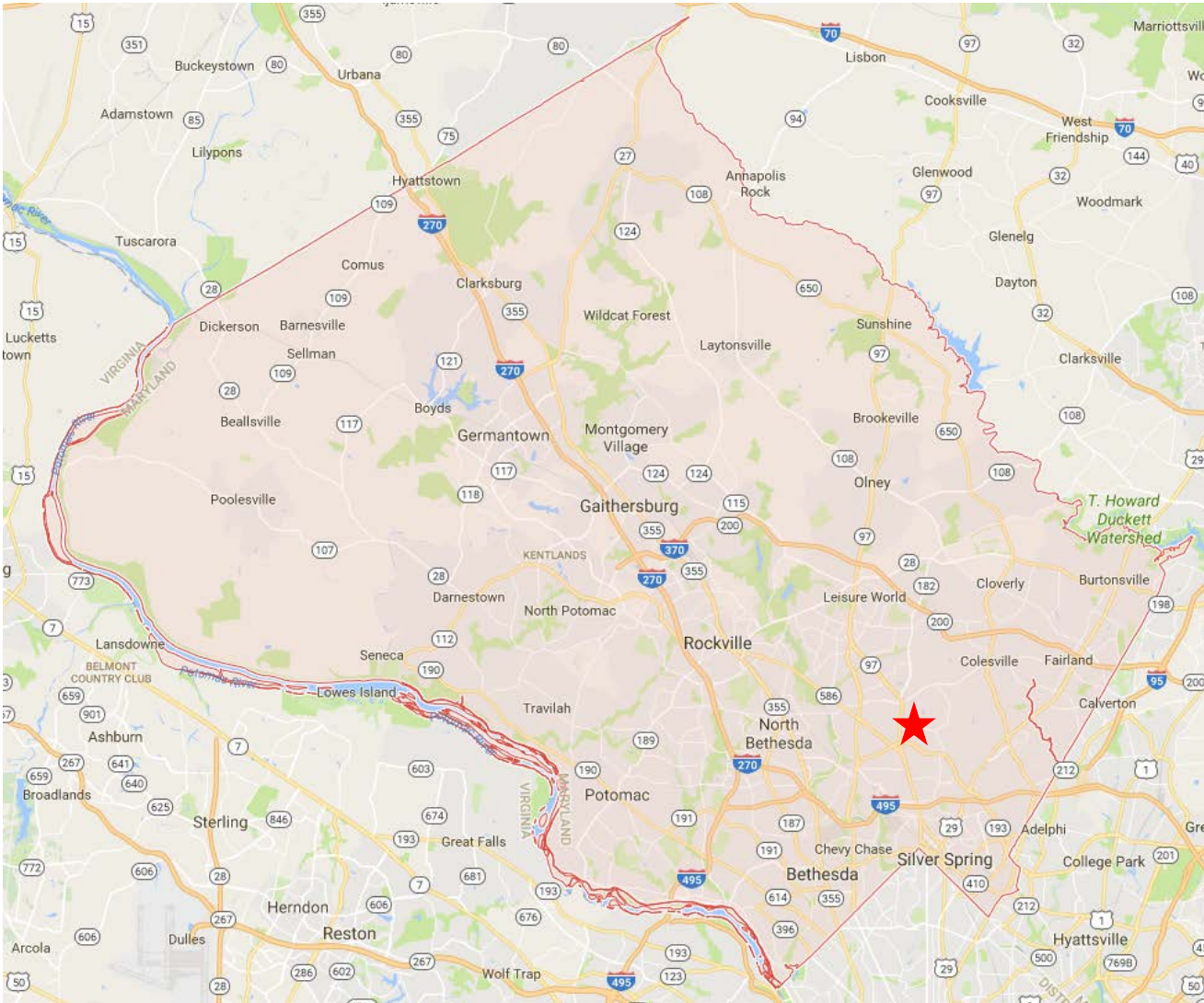
OPERATING & CAPITAL BUDGETS



Stacy L. Spann, Executive Director

**Property Management
Real Estate
Mortgage Finance
Finance**

Glenmont Westerly Development Corporation



Property Snapshot:

- Located in Wheaton.
- Constructed in 1965.
- Washer/Dryer in Unit, Free Onsite Parking, Outdoor Community Space.

Glenmont Westerly Development Corporation – FY 2018 Overview

Background

- October 3, 2012** - Commission authorized the formation of two single purpose entities, Glenmont Crossing Development Corporation and Glenmont Westerly Development Corporation, to acquire a 199-unit property in the Glenmont area of Silver Spring consisting of two parcels, one with 97 townhome units (Glenmont Crossing) and the second parcel containing 102 garden units (Glenmont Westerly).
- November 20, 2012** - Glenmont Crossing Development Corporation was formed to acquire the 97 townhome unit portion of the project, referred to as “Woodberry” and the second parcel containing 102 garden units referred to as “Westerly” was acquired by Glenmont Westerly Development Corporation.
- December 5, 2012** - The Board of Directors for the Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- December 31, 2012** - Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- March 6, 2013** - Board of Directors approved a resolution that allowed for the incorporation of the Glenmont Westerly annual budget preparation and presentation into the HOC budget process.



2309 Shorefield Road, Wheaton, MD 20902
 Manager: Avison Young

Unit Mix	Market	Affordable	Total
1BR	6	13	19
2BR	45	38	83
Total Units	51	51	102

The regulatory agreement restricts 18 units at or below 50% AMI and 33 units at or below 90% AMI.

Glenmont Westerly Development Corporation – FY 2018 Update

Property Management

- Glenmont Westerly maintains consistent occupancy of 95% or greater. Property staff aggressively treats periodic infestation issues and is exploring options to upgrade common areas.

Turnover Rate	Avg. Occupancy CY 2016	Current Occupancy
8%	96%	97%

Maintenance

- The largest volume of work tickets was related to kitchen and bath repairs (22%), plumbing (18%), and HVAC (10%).

Total Work Orders CY 2016	Average Days to Close
651	3

Capital Improvements

- The Capital Budget includes appliance and flooring replacements at turnover, or as needed, as well as replacing one water heater and two condensing units.
- Exterior foundation waterproofing and interior sealant in four buildings will be completed in FY 2018.

Redevelopment/Refinancing

- Immediate capital needs were addressed following acquisition.
- Funds set aside for additional capital needs will be used for exterior door replacements in four buildings and kitchen upgrades.

Glenmont Westerly Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$1,736,149	\$1,758,954	\$1,719,502	\$1,689,971	\$1,673,856
Expenses:					
Operating - Admin	203,866	203,866	198,157	157,950	167,404
Operating - Fees	65,272	65,292	64,059	60,837	60,245
Tenant & Protective Services	8,670	8,670	8,500	7,101	7,310
Taxes, Insurance & Utilities	209,107	202,490	195,859	164,175	198,784
Maintenance	349,663	341,274	332,660	308,911	281,961
Subtotal - Operating Expenses	\$836,578	\$821,592	\$799,235	\$698,974	\$715,704
Net Operating Income (NOI)	\$899,571	\$937,362	\$920,267	\$990,997	\$958,152
Debt Service	538,813	538,813	538,812	538,812	538,812
Replacement Reserves	61,200	61,200	61,200	61,200	61,200
Asset Management Fees	109,830	80,620	76,780	76,780	79,540
Development Corporation Fees	61,439	128,440	115,186	134,524	138,902
Excess Cash Flow Restricted	128,289	128,289	128,289	179,681	139,698
Subtotal - Expenses Below NOI	\$899,571	\$937,362	\$920,267	\$990,997	\$958,152
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Computer Equipment	1,530	1,530	1,500	-	-
Kitchen and Bath Supplies	23,664	23,664	23,200	17,259	15,969
Doors	867	867	850	800	1,500
Miscellaneous Supplies	11,832	11,832	11,600	-	-
Appliance Equipment	30,014	30,014	29,425	20,327	13,873
Miscellaneous Equipment	-	-	-	-	543
Plumbing Contracts	6,834	6,834	6,700	-	-
Grounds/Landscaping Contr-Cap.	-	-	-	-	690
Flooring/Carpet Contracts	66,072	66,072	64,776	39,430	52,606
Asphalt/Concrete Contracts	3,000	3,000	9,200	1,400	-
Miscellaneous Contracts	28,560	28,560	28,000	-	-
Total Capital Budget	\$172,373	\$172,373	\$175,251	\$79,216	\$85,181

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$189,728 of which \$128,289 is restricted.
- DSCR is 1.67.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Glenmont Westerly Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for Glenmont Westerly Development Corporation by the Board of Directors.

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

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY'18 Glenmont Westerly Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for Glenmont Westerly Development Corporation and wishes to approve them.

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

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of Glenmont Westerly Development Corporation

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Magruder's Discovery Development Corporation

MAGRUDER'S DISCOVERY DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

OPERATING & CAPITAL BUDGETS

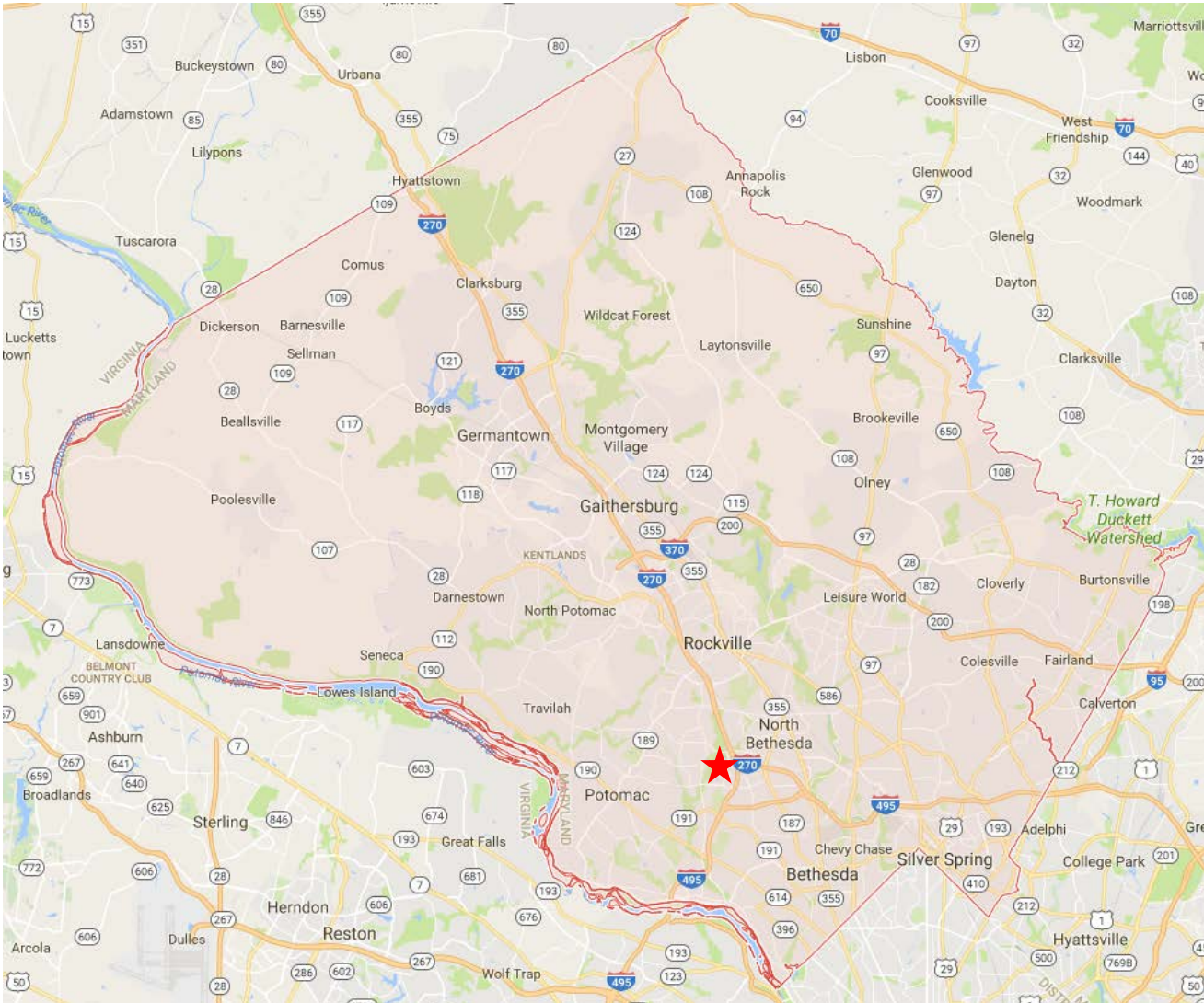


Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance



Magruder's Discovery Development Corporation



Property Snapshot:

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

Magruder's Discovery Development Corporation – FY 2018 Overview

Background

- **August 2008** - Commission authorized the establishment of Magruder's Discovery Development Corporation, a wholly controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.
- **June 3, 2009** - the Board adopted the By-laws and elected Directors. The property was transferred to Magruder's Discovery Development Corporation on June 17, 2010 and was refinanced with a new loan in the amount of \$11,780,518 secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.
- The Corporation executed an Asset Management Agreement which requires submission of an annual budget to the Owner an annual budget 90 days prior to each fiscal year and approved a resolution that allowed for the incorporation of the annual budget preparation and presentation into the HOC budget process.
- Magruder's Discovery Development Corporation consists of 134 units all of which are Project-Based/New Construction.



10508 Westlake Dr., Bethesda, MD 20817
Manager: HOC

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

Magruder's Discovery Development Corporation – FY 2018 Update

Property Management

- Occupancy continues to remain stable.
- The current waiting list is being purged and new applicants will be pulled from Housing Path starting in FY18.

Turnover Rate	Avg. Occupancy CY 2016	Current Occupancy
4%	96%	96%

Maintenance

- The largest volume of work tickets was for plumbing (17%) followed by interior window and lock repairs (16%), and appliance repairs (13%).

Total Work Orders CY 2016	Average Days to Close
1,125	5

Capital Improvements

- Budget for FY 2018 includes flooring and appliance replacements, landscaping redesign, and HVAC upgrades.

Redevelopment/Refinancing

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

Magruder's Discovery Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$2,394,143	\$2,393,850	\$2,346,957	\$2,314,304	\$2,173,362
Expenses:					
Operating - Admin	96,426	95,114	90,802	102,445	135,885
Operating - Fees	116,994	124,019	123,171	120,306	113,819
Tenant & Protective Services	36,501	39,738	37,819	30,048	33,416
Taxes, Insurance & Utilities	143,631	141,993	139,286	128,430	120,333
Maintenance	232,046	222,388	213,745	313,215	192,108
Subtotal - Operating Expenses	\$625,598	\$623,252	\$604,823	\$694,444	\$595,561
Net Operating Income (NOI)	\$1,768,545	\$1,770,598	\$1,742,134	\$1,619,860	\$1,577,801
Debt Service	928,110	928,108	929,054	929,941	943,483
Replacement Reserves	38,844	38,843	37,896	36,972	36,072
Development Corporation Fees	801,591	803,647	775,184	652,947	563,980
Excess Cash Flow Restricted	-	-	-	-	34,266
Subtotal - Expenses Below NOI	\$1,768,545	\$1,770,598	\$1,742,134	\$1,619,860	\$1,577,801
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	4,000	3,672	3,600	150	165
Electrical Supplies	-	-	-	251	26
Appliance Supplies	-	-	-	291	-
Plumbing Supplies	-	-	-	1,466	-
Cleaning/Janitorial Supplies	-	-	-	244	-
Health and Safety Materials	-	490	480	-	-
Doors	-	-	-	2,460	-
HVAC Supplies	-	-	-	-	1,309
Flooring and Carpeting	3,000	6,120	6,000	7,662	3,411
Paint and Wallcoverings	-	6,120	6,000	3,600	220
Miscellaneous Supplies	-	-	-	11	-
Plumbing Equipment	2,000	-	-	-	-
HVAC Equipment	-	-	-	11	517
Appliance Equipment	6,000	3,672	3,600	6,820	2,874
Maintenance Equipment	-	-	-	126	-
Electrical Contracts	-	-	-	-	4,786
Appliance Contracts	2,000	-	-	-	-
Plumbing Contracts	2,000	-	-	-	275
Grounds/Landscaping Contr-Cap.	-	3,672	3,600	-	-
Windows/Glass Contracts	-	-	-	-	440
HVAC Contracts	6,120	6,120	6,000	-	-
Flooring/Carpet Contracts	15,000	12,240	12,000	16,680	9,047
Paint/Wallcovering Int. Cont.	-	-	-	880	1,898
Paint/Wallcovering Ext. Cont	-	-	-	-	938
Asphalt/Concrete Contracts	-	-	-	62,355	-
Total Capital Budget	\$40,120	\$42,106	\$41,280	\$103,007	\$25,906

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$801,591
- DSCR is 1.91

Time Frame

The FY'18 Amended Operating and Capital Budgets for Magruder's Discovery Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for Magruder's Discovery Development Corporation by the Board of Directors.

WHEREAS, the Magruder’s Discovery Development Corporation (the “Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the “Commission”); and

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY’18 Magruder’s Discovery Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY’18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY’18 Operating and Capital Budgets for Magruder’s Discovery Development Corporation and wishes to approve them.

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

1. The Corporation approves the FY’18 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 June 7, 2017.

Secretary to the Board of Magruder’s Discovery Development Corporation

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The Metropolitan Development Corporation

METROPOLITAN DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

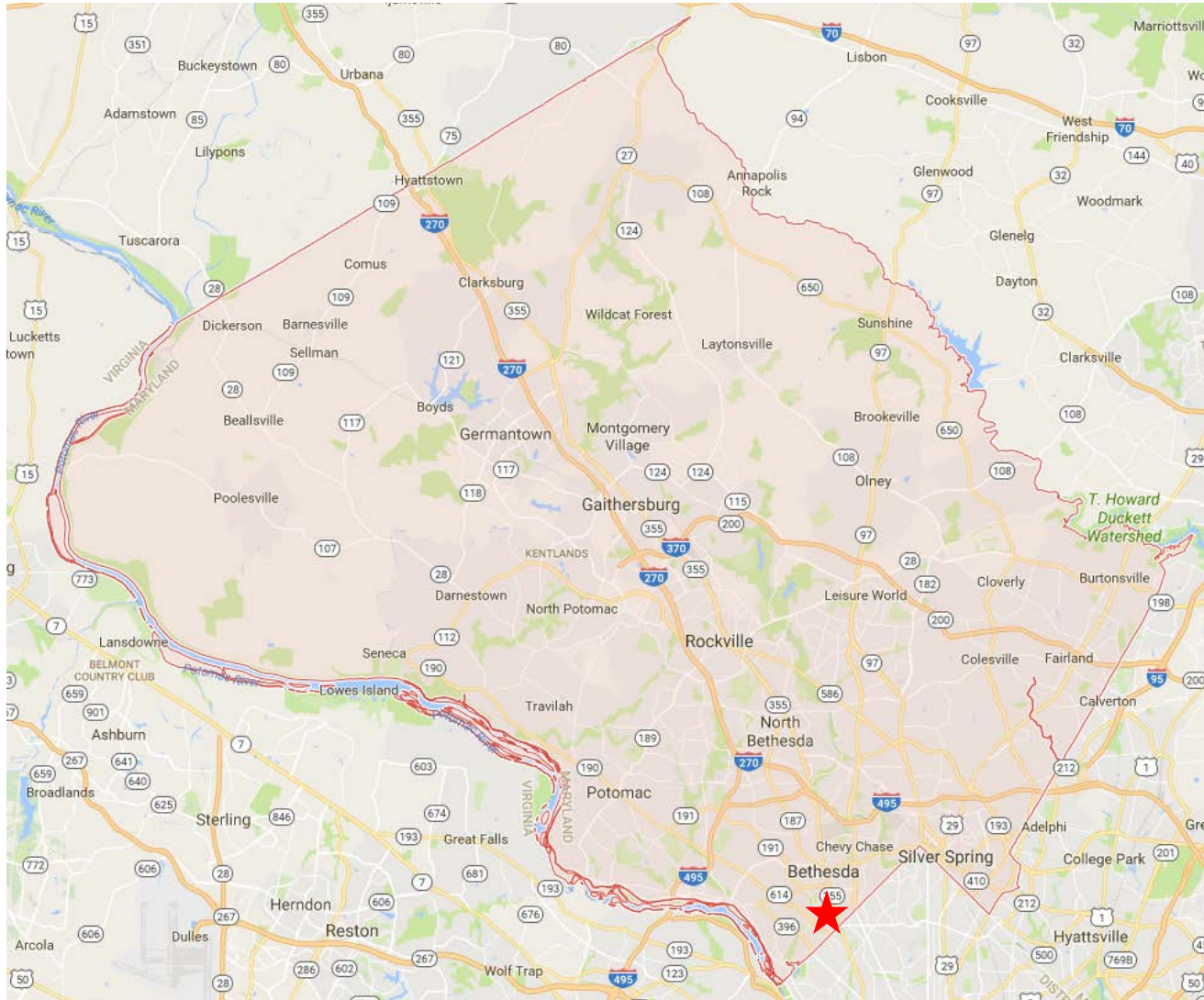
OPERATING & CAPITAL BUDGETS



Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

Metropolitan Development Corporation



Property Snapshot:

- Located in Downtown Bethesda.
- Luxury High-Rise community.
- Constructed in 1998.
- Renovations of market units completed 2012.
- Amenities include a Club Room, Fitness Center, Business Center, Garage Parking, Onsite Storage, 24-hour Concierge and Rooftop Swimming Pool.

Metropolitan Development Corporation – FY 2018 Overview

Background

- **May 28, 1997** - Commission authorized the creation of a wholly-controlled corporate instrumentality known as The Metropolitan Development Corporation, adopted By-laws which provide for the operations and functions of the Corporation, and approved the appointment of the Commissioners as the Corporation’s Board of Directors.
- **August 27, 1997** - Board approved the purchase of The Metropolitan Apartment Development (216 units) from HOC and authorized the execution of the appropriate documents necessary to purchase the property and secure the loans from HOC.
- **August 27, 1997** – Board authorized the execution of the Asset Management Agreement which requires submission of an annual budget to the Owner 90 days prior to each fiscal year and approved a resolution that allowed for incorporation of the annual budget preparation and presentation into the HOC budget process.
- The Metropolitan consists of 308 units distributed as follows:
 - 92 tax credit units owned by the Metropolitan of Bethesda LP with HOC as the General Partner.
 - 216 units owned by the Metropolitan Development Corporation, including five retail spaces .



7620 Old Georgetown Road, Bethesda, 20814

Manager: Bozzuto (utilizes Yieldstar)

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

The regulatory agreement restricts 43 units at or below 30% AMI, 30 units at or below 40% AMI, and 19 units at or below 50% AMI.

Metropolitan Development Corporation – FY 2018 Update

Property Management

- Property occupancy remains stable despite the highly competitive nature of the Downtown Bethesda submarket.
- Leasing strategies include a robust online media plan, strong social media and reputation management strategies, and extensive outreach to local businesses and employers.

Turnover	Avg. Occupancy CY 2016	Current Occupancy
50%	95%	96%

Capital Improvements

- The FY 18 capital budget includes funding renovations of the patio and outdoor seating area, replacing HVAC units at turnover and sewer pump replacement.

Maintenance

- The largest volume of work tickets was related to lighting and electrical (19.6%), appliances (7%) followed by general maintenance – hardware, drywall damage, flooring, etc. (16%).

Total Work Orders CY 2016	Average Days to Close
2,829	2

Redevelopment/Refinancing

- Renovation of the market rate units was completed in June 2012.
- Appliance replacements for the tax credit units are done at turnover; however, the affordable units require a similar level of rehabilitation.

Metropolitan Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$6,876,399	\$7,155,954	\$7,078,969	\$7,039,850	\$6,871,638
Expenses:					
Operating - Admin	638,579	638,579	626,058	630,205	634,112
Operating - Fees	204,378	207,265	203,262	215,442	176,777
Tenant & Protective Services	105,444	105,444	103,406	102,686	126,860
Taxes, Insurance & Utilities	561,296	566,267	551,994	518,099	514,269
Maintenance	485,876	485,876	476,348	472,158	504,298
Subtotal - Operating Expenses	\$1,995,573	\$2,003,431	\$1,961,068	\$1,938,590	\$1,956,316
Net Operating Income (NOI)	\$4,880,826	\$5,152,523	\$5,117,901	\$5,101,260	\$4,915,322
Debt Service	2,308,930	2,308,932	2,312,101	2,315,073	2,317,863
Replacement Reserves	97,200	97,200	97,200	97,200	97,200
Asset Management Fees	62,020	68,215	66,680	68,320	67,950
Development Corporation Fees	940,808	1,060,903	1,047,022	946,257	408,577
Excess Cash Flow Restricted	1,471,868	1,617,273	1,594,898	1,674,410	2,023,732
Subtotal - Expenses Below NOI	\$4,880,826	\$5,152,523	\$5,117,901	\$5,101,260	\$4,915,322
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Electrical Supplies	-	-	-	-	568
Doors	10,461	10,461	10,256	949	14,071
HVAC Equipment	24,480	24,480	24,000	23,013	43,074
Appliance Equipment	8,568	8,568	8,400	4,909	4,543
Miscellaneous Equipment	-	-	2,100	-	9,037
Electrical Contracts	-	-	-	-	8,503
Plumbing Contracts	25,900	25,900	8,400	10,613	26,605
Grounds/Landscaping Contr-Cap.	-	-	-	2,484	-
Roofing/Gutter Contracts	-	-	48,807	-	-
HVAC Contracts	14,000	14,000	41,300	-	22,144
Flooring/Carpet Contracts	33,000	33,000	43,995	31,926	42,527
Asphalt/Concrete Contracts	3,724	3,724	3,651	-	-
Miscellaneous Contracts	66,067	66,067	117,240	42,578	86,868
Security System	-	-	18,149	9,766	-
Total Capital Budget	\$186,200	\$186,200	\$326,298	\$126,238	\$257,940

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive’s voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at \$2,412,676 of which \$1,471,868 is restricted.
- DSCR is 2.11.

Time Frame

The FY’18 Amended Operating and Capital Budgets for Metropolitan Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY’18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’18 Amended Operating and Capital Budgets for Metropolitan Development Corporation by the Board of Directors.

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

WHEREAS, The Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 Commission; 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 Housing Opportunities Commission (HOC) budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for The Metropolitan Development Corporation and wishes to approve them; and

WHEREAS, the Corporation has budgeted to grant/transfer of \$531,060 for FY'18 of the available cash flow to the Housing Opportunities Commission, 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 FY'18 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 June 7, 2017.

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Secretary to the Board of The Metropolitan Development Corporation

Montgomery Arms Development Corporation

MONTGOMERY ARMS DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

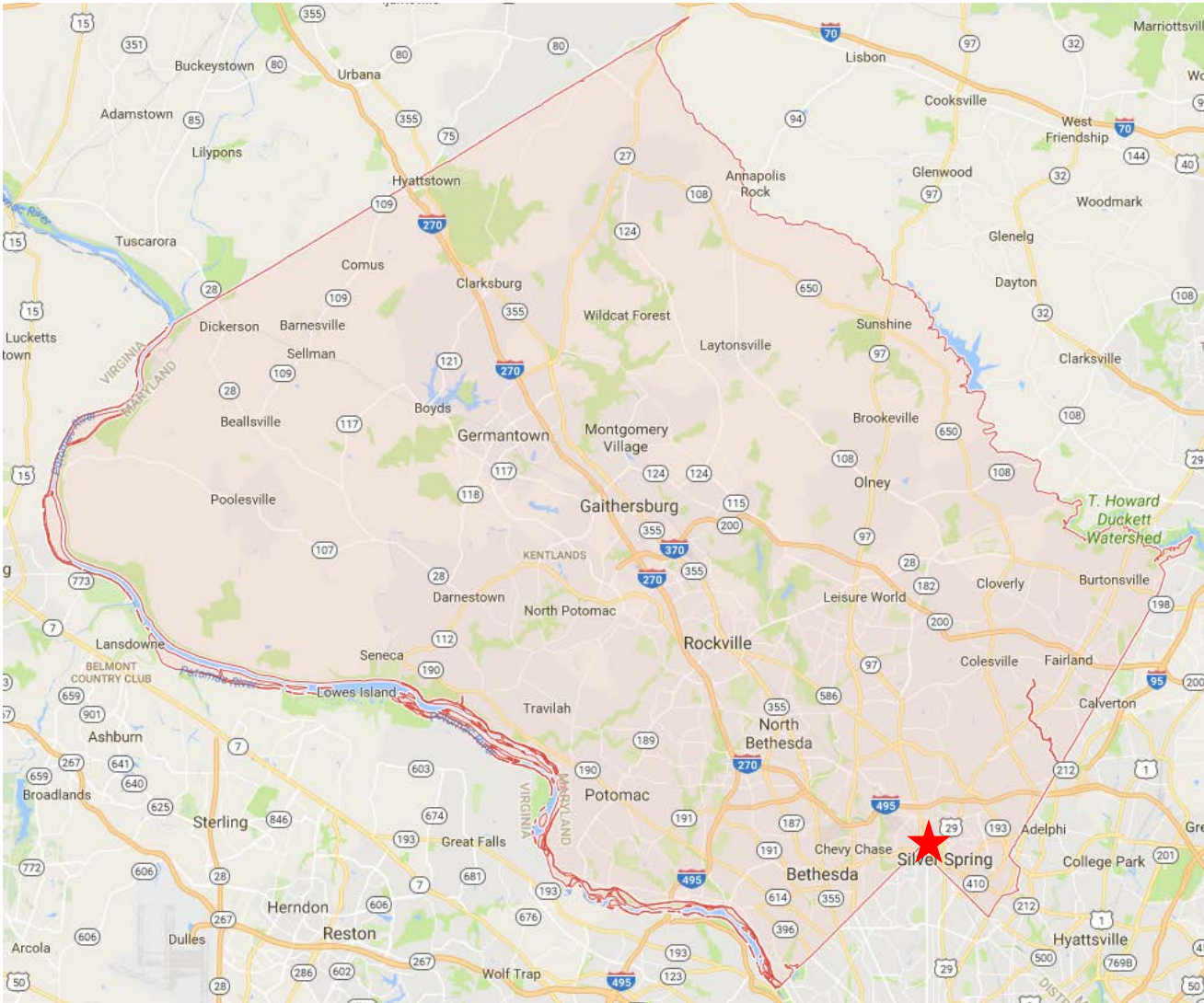
OPERATING & CAPITAL BUDGETS



Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

Montgomery Arms Development Corporation



Property Snapshot:

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

Montgomery Arms Development Corporation – FY 2018 Overview

Background

- **July 17, 2002** - Commission authorized the creation of Montgomery Arms Development Corporation and passed a resolution approving the Articles of Incorporation for the Montgomery Arms Development Corporation and By-laws.
- **May 21, 2003** - Commission priced and sold its Multi-family Housing Development Bonds to finance a mortgage of \$10,400,000 for the Montgomery Arms Apartments Development.
- **June 11, 2003** – Commission adopted a resolution authorizing the transfer of the property and the assignment of all assets and liabilities associated with the property to the Montgomery Arms Development Corporation. The resolution further authorized the Executive Director of the Commission to issue a loan commitment to the Montgomery Arms Development Corporation to finance a loan for the property and allowed for the incorporation of Montgomery Arms annual budget preparation and presentation into the HOC budget process.



11175 Georgia Avenue, Silver Spring, MD 20902
 Manager: Edgewood

Unit Mix	Market	Affordable	Total
Studio	4	3	7
1BR	41	58	99
2BR	10	13	23
Total Units	55	74	129

The regulatory agreement restricts 22 units at or below 30% AMI and 52 units at or below 60% AMI. Restricted units include 12 Project-Based Section 8 units and 10 McKinney units.

Montgomery Arms Development Corporation– FY 2018 Update

Property Management

- The property maintained 95% occupancy in 2016 in a competitive market in downtown Silver Spring. The property received a 2016 REAC score of 95B.

Turnover	Avg. Occupancy CY 2016	Current Occupancy
28%	97%	97%

Maintenance

- The largest volume of work tickets was for turnover and REAC/HQS Inspections (34.7%); followed by plumbing (22.5%); general maintenance – hardware; drywall damage, flooring, etc. (10%); and, appliances (9.3%).

Total Work Orders CY 2016	Average Days to Close
831	2

Capital Improvements

- Most of the proposed capital funding is to support routine turnover activity to include replacement of kitchen countertops, HVAC units, and appliances. Additionally, a new retention wall will be built in front of the management office to reduce water infiltration.

Redevelopment/ Refinancing

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

Montgomery Arms Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$1,954,351	\$1,942,123	\$1,900,197	\$1,856,945	\$1,858,860
Expenses:					
Operating - Admin	244,409	236,216	229,920	245,772	230,441
Operating - Fees	77,867	79,284	77,599	77,170	76,350
Tenant & Protective Services	2,880	2,876	2,820	3,532	4,186
Taxes, Insurance & Utilities	128,633	130,697	128,218	136,490	119,449
Maintenance	240,774	238,431	240,400	320,427	229,496
Subtotal - Operating Expenses	\$694,563	\$687,504	\$678,957	\$783,391	\$659,922
Net Operating Income (NOI)	\$1,259,788	\$1,254,619	\$1,221,240	\$1,073,554	\$1,198,938
Debt Service	688,553	688,059	689,522	695,763	702,287
Replacement Reserves	46,200	46,200	46,200	46,200	46,200
Asset Management Fees	138,900	101,960	97,110	97,110	100,590
Development Corporation Fees	386,135	418,400	388,408	234,481	349,861
Subtotal - Expenses Below NOI	\$1,259,788	\$1,254,619	\$1,221,240	\$1,073,554	\$1,198,938
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	1,650	1,650	1,500	5,685	4,450
Electrical Supplies	-	-	-	-	4,049
Grounds/Landscaping Sup.-Cap.	5,000	9,180	9,000	5,384	-
Doors	1,000	1,326	1,300	-	-
Flooring and Carpeting	19,695	20,465	20,064	24,266	21,455
Plumbing Equipment	-	-	-	2,950	-
HVAC Equipment	5,000	5,100	5,000	1,971	6,928
Appliance Equipment	5,097	5,097	4,556	3,042	4,620
Miscellaneous Equipment	1,200	1,200	2,400	23,864	1,201
Roofing/Gutter Contracts	-	-	-	2,250	-
Paint/Wallcovering Int. Cont.	-	-	8,000	4,176	-
Asphalt/Concrete Contracts	7,000	-	-	12,145	7,730
Miscellaneous Contracts	-	-	8,000	31,275	14,137
Total Capital Budget	\$45,642	\$44,018	\$59,820	\$117,008	\$64,570

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$386,135.
- DSCR is 1.83.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Montgomery Arms Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for Montgomery Arms Development Corporation by the Board of Directors.

WHEREAS, the Montgomery Arms Development Corporation (“The Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the “Commission”); and

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY'18 Montgomery Arms annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for Montgomery Arms Development Corporation and wishes to approve them.

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

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of Montgomery Arms Development Corporation

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The Oaks at Four Corners Development Corporation

OAKS AT FOUR CORNERS DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

OPERATING & CAPITAL BUDGETS

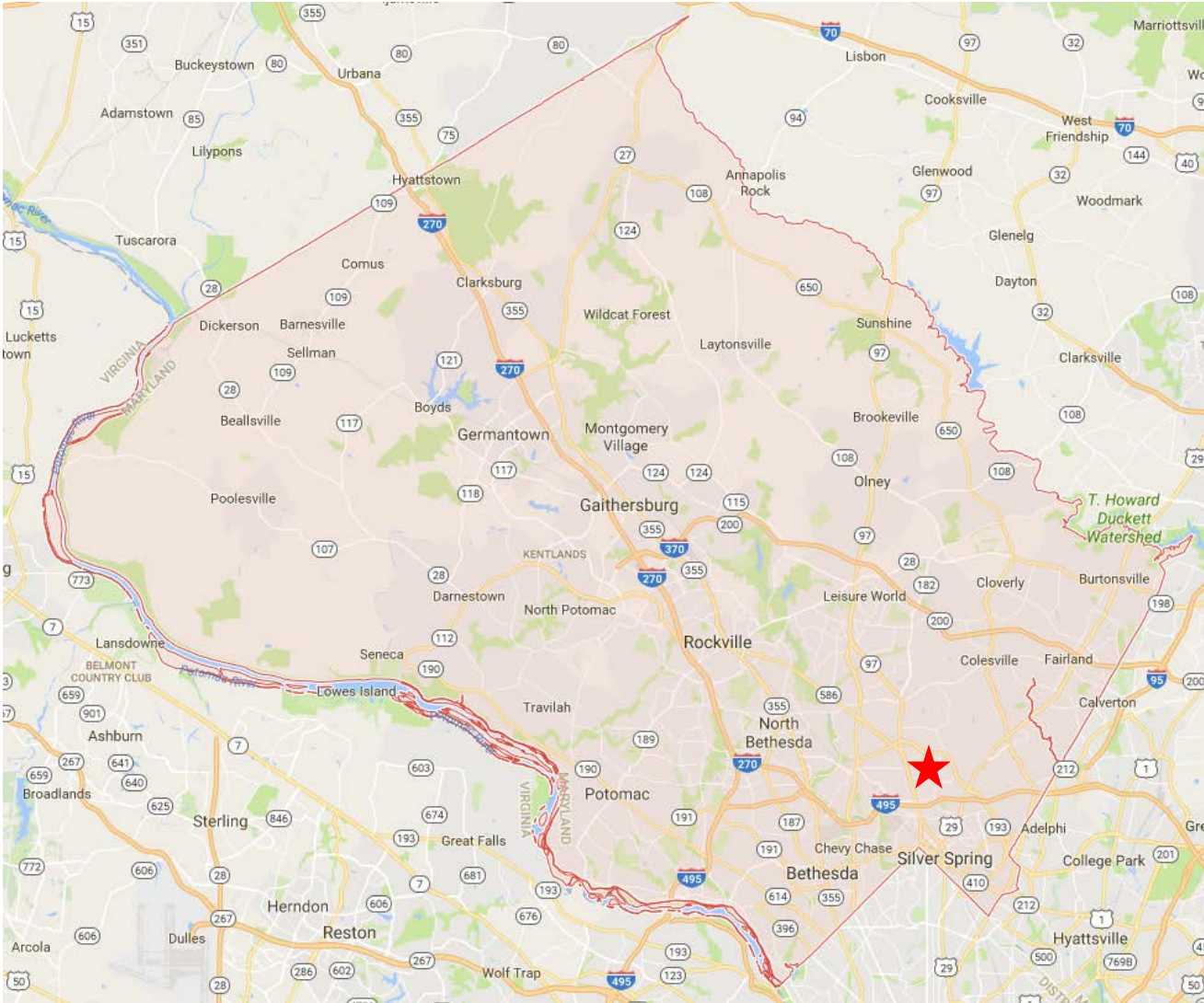


Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance



Oaks at Four Corners Development Corporation



Property Snapshot:

- Located in West Silver Spring.
- Low-rise apartment community constructed in 1985 for residents 62 years of age or older.
- Community Room, Business Center, Free Parking, Outdoor Recreational Space, Pet Friendly.

Oaks at Four Corners Development Corporation – FY 2018 Overview

Background

- **August 21, 1996** - Commission authorized the creation of The Oaks at Four Corners Corporation and passed a resolution approving the Articles of Incorporation for the Development and By-laws.
- **September 3, 1996** - The Housing Opportunities Commission (HOC) executed a Contract of Sale Agreement with the Corporation whereby the Corporation purchased the improvements known as The Oaks at Four Corners together with a ground lease.
- **December 11, 1996**- The Board of Directors for The Oaks at Four Corners Development Corporation adopted the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.
- **March 26, 1997** - Corporation executed the Asset Management Agreement which requires the Corporation to submit to the Owner an annual budget 90 days prior to each fiscal year.
- **April 23, 1997** - Board of Directors approved a resolution that allowed for the incorporation of The Oaks at Four Corners annual budget preparation and presentation into the HOC budget process.
- The Oaks is an apartment building for seniors, age 62 or older.



321 University Boulevard, Silver Spring, MD 20910
 Manager: Edgewood

Unit Mix	Market	Affordable	Total
1BR	56	35	91
2BR	16	13	29
Total Units	72	48	120

The regulatory agreement restricts 48 units at or below 60% AMI.

Oaks at Four Corners Development Corporation – FY 2018 Update

Property Management

- The property maintained a 99% occupancy rate in 2016 with a strong competitive market in downtown Silver Spring. The property received a 2016 REAC score of 99A.

Turnover	Avg. Occupancy CY 2016	Current Occupancy
19%	99%	100%

Maintenance

- The largest volume of work tickets was for preventive maintenance (55%) followed by plumbing (3.15%), general maintenance – hardware, doors/locks, flooring, etc. (4.77%), and appliances (1.89%).

Total Work Orders CY 2016	Average Days to Close
2,541	2

Capital Improvements

- The property replaced all of the common area electrical fixtures from cool fluorescent light to LED. The property is also upgrading to a fob system for the entry doors.
- The capital budget includes funding for landscaping; gutter, sidewalk and siding replacements; carpeting and flooring; and installation of a security camera at the loading dock entrance.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for Oaks at Four Corners.

Oaks at Four Corners Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$1,395,981	\$1,372,801	\$1,339,324	\$1,312,505	\$1,282,369
Expenses:					
Operating - Admin	222,534	221,807	216,783	200,575	208,922
Operating - Fees	73,891	74,892	73,243	72,329	59,888
Tenant & Protective Services	65,792	61,645	59,933	83,748	68,448
Taxes, Insurance & Utilities	126,097	117,418	114,793	110,343	116,528
Ground Rent	-	-	-	100	-
Maintenance	286,390	299,629	292,369	235,384	278,179
Subtotal - Operating Expenses	\$774,704	\$775,391	\$757,121	\$702,479	\$731,965
Net Operating Income (NOI)	\$621,277	\$597,410	\$582,203	\$610,026	\$550,404
Debt Service	283,630	283,629	284,399	285,119	274,743
Replacement Reserves	172,000	172,000	172,000	171,996	157,665
Asset Management Fees	129,210	94,850	90,330	90,330	93,570
Excess Cash Flow Restricted	36,437	46,931	35,474	62,581	24,426
Subtotal - Expenses Below NOI	\$621,277	\$597,410	\$582,203	\$610,026	\$550,404
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	2,400	3,856	3,780	2,620	1,985
Electrical Supplies	-	-	5,770	-	13,425
Grounds/Landscaping Sup.-Cap.	10,000	10,000	10,000	2,500	3,000
Windows and Glass	-	-	-	-	273
Doors	6,000	6,000	6,000	7,454	2,050
Flooring and Carpeting	26,280	26,280	26,280	14,102	25,724
Plumbing Equipment	5,480	2,220	1,850	16,684	279
HVAC Equipment	4,100	4,182	4,100	866	1,353
Appliance Equipment	4,975	4,975	4,475	2,797	8,416
Miscellaneous Equipment	1,644	1,680	8,194	6,916	6,618
Windows/Glass Contracts	3,060	4,905	4,808	1,196	32,586
Roofing/Gutter Contracts	25,000	25,000	25,000	19,873	80,050
Asphalt/Concrete Contracts	7,200	7,200	4,800	-	52,540
Miscellaneous Contracts	66,600	66,600	55,000	-	66,376
Security System	10,000	-	-	-	-
Total Capital Budget	\$172,739	\$162,898	\$160,057	\$75,008	\$294,675

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$36,437, all of which is restricted.
- DSCR is 2.19.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Oaks at Four Corners Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for Oaks at Four Corners Development Corporation by the Board of Directors.

WHEREAS, the Oaks at Four Corners Development Corporation (“The Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the “Commission”); and

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 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 FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for The Oaks at Four Corners Development Corporation and wishes to approve them.

NOW, THEREFORE, BE IT RESOLVED by The Oaks at Four Corners Development Corporation that:

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of The Oaks at Four Corners Development Corporation

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Paddington Square Development Corporation

PADDINGTON SQUARE DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

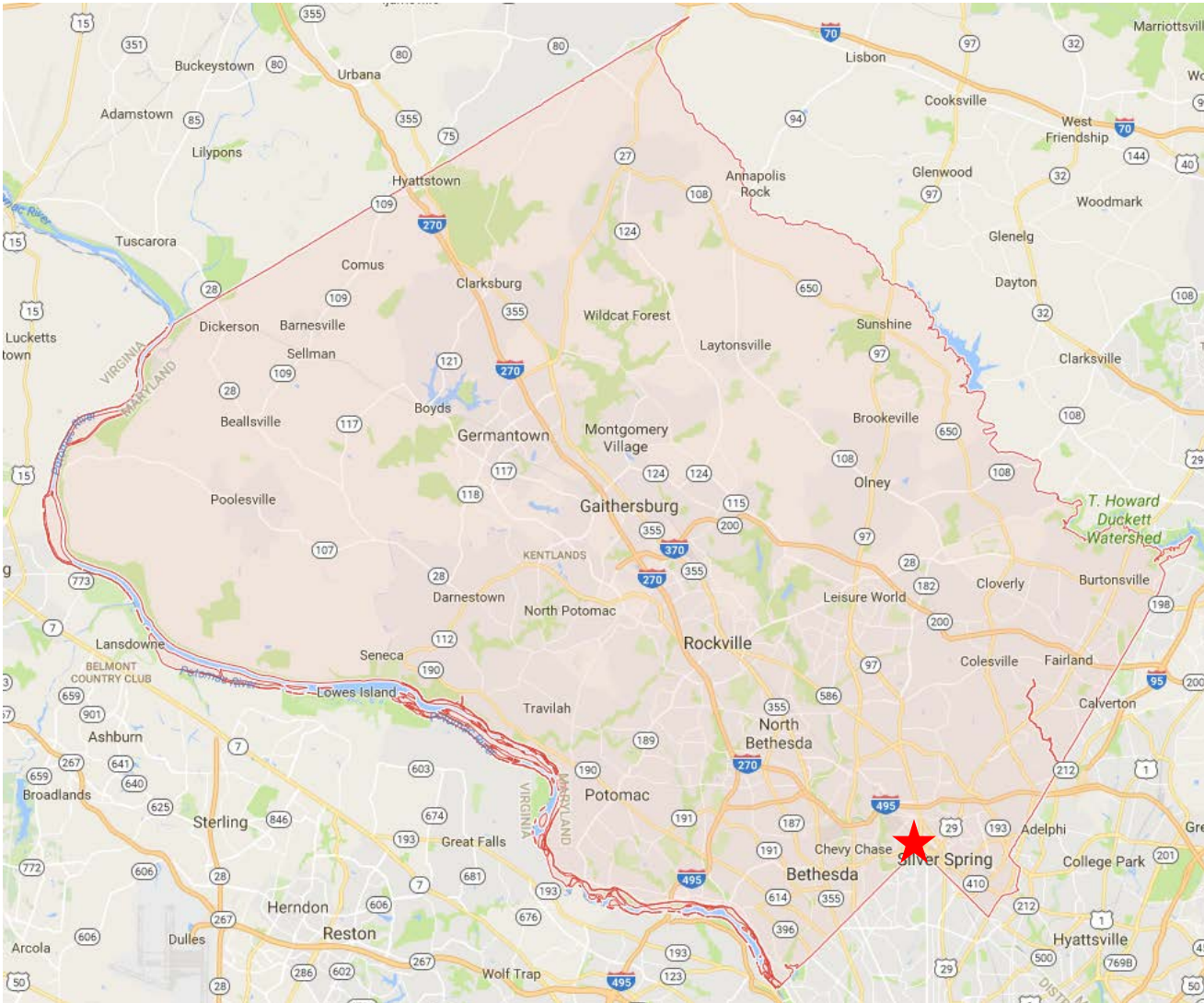
OPERATING & CAPITAL BUDGETS



Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

Paddington Square Development Corporation



Property Snapshot:

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

Paddington Square Development Corporation – FY 2018 Overview

Background

- February 4, 2004** - The Articles of Incorporation for the Paddington Square Development Corporation approved with the purpose of acquiring, owning, operating and maintaining the Paddington Square Apartments. The Board of Directors adopted the By-laws, and final settlement for the acquisition of Paddington Square Apartments occurred on March 5, 2004.
- December 6, 2011** - A comprehensive renovation of Paddington Square Apartments was completed to include window replacement, masonry repairs and building façade detail, replacement of individual unit HVAC systems, redesign of the leasing office and community center with handicap accessibility, and renovation of unit interiors and common areas. Repaving of the parking areas and landscape upgrades were completed prior to the close of FY'12.
- December 18, 2014** - With Commission approval, Paddington Square Development Corporation closed on a permanent mortgage in the amount of \$20,741,700, issued by Love Funding Corporation and insured by FHA's Section 223(f) program. The mortgage has a loan term of 35 years, amortizing for 35 years, with a fixed interest rate of 3.60%. Proceeds from the \$20.7 million loan funded the repayment of \$20 million in debt to HOC's PNC Bank Line of Credit, HOC's OHRF, HOC's County Revolving Fund, and DHCA's Housing Initiative Fund.
- Residential One (formerly Equity Management) has managed the property since its selection in 2013. HOC staff has responsibility for the maintenance of the property.
- Paddington Square consists of 165 units which are distributed as follows:
 - 67 units affordable units at or below 50%/60% of median under the County HIF program
 - 98 Market units



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

Unit Mix	Market	Affordable	Total
2BR	89	65	154
3BR	9	2	11
Total Units	98	67	165

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

Paddington Square Development Corporation – FY 2018 Update

Property Management

- With its close proximity to downtown Silver Spring and the benefit of residents with long-term tenancy, current occupancy is at 99%.

Turnover Rate	Avg. Occupancy CY 2016	Current Occupancy
16%	97%	99%

Maintenance

- The largest volume of work tickets was for plumbing (23%) followed by appliances (14%), electrical (12%), carpentry (10%), and HVAC (9%).

Total Work Orders CY 2016	Average Days to Close
1,514	6

Capital Improvements

- Due to associated costs in 2016, management staff is putting a plan in place to proactively address aging pipes throughout the property.
- The capital budget includes funding for asphalt/concrete replacements throughout the property flooring and appliance replacements, as needed, at turnover.

Redevelopment/Refinancing

- The County Council approved the Greater Lyttonsville Master Plan on February 7, 2017 including a CR 1.25 zoning for Paddington Square.

Paddington Square Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$2,936,290	\$2,892,486	\$2,883,281	\$2,876,439	\$2,758,220
Expenses:					
Operating - Admin	267,412	275,394	268,081	281,998	315,839
Operating - Fees	101,440	101,326	99,382	98,518	100,165
Tenant & Protective Services	29,628	30,016	28,654	32,104	30,872
Taxes, Insurance & Utilities	222,619	208,240	202,495	247,028	233,898
Maintenance	555,686	425,835	409,212	452,651	398,209
Subtotal - Operating Expenses	\$1,176,785	\$1,040,811	\$1,007,824	\$1,112,299	\$1,078,983
Net Operating Income (NOI)	\$1,759,505	\$1,851,675	\$1,875,457	\$1,764,140	\$1,679,237
Debt Service	1,167,606	1,167,606	1,167,606	1,167,605	919,095
Replacement Reserves	57,756	57,756	57,756	57,750	58,113
Asset Management Fees	104,970	108,640	104,970	104,970	104,970
Development Corporation Fees	429,173	517,673	545,125	240,085	273,823
Excess Cash Flow Restricted	-	-	-	193,730	323,236
Subtotal - Expenses Below NOI	\$1,759,505	\$1,851,675	\$1,875,457	\$1,764,140	\$1,679,237
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	11,748	1,836	1,800	4,971	1,807
Electrical Supplies	4,590	4,590	4,500	200	15,503
Appliance Supplies	-	-	-	-	3,407
Grounds/Landscaping Sup.-Cap.	-	-	-	3,135	-
Windows and Glass	-	-	-	409	788
Doors	4,284	4,284	4,200	1,595	-
Flooring and Carpeting	-	-	-	16,690	10,784
Miscellaneous Supplies	10,220	10,220	10,020	-	-
Appliance Equipment	3,390	3,390	3,324	2,407	3,686
Miscellaneous Equipment	-	-	-	343	-
Appliance Contracts	-	-	-	347	1,677
Plumbing Contracts	-	-	-	-	10,420
Grounds/Landscaping Contr-Cap.	4,080	4,080	4,000	-	-
Windows/Glass Contracts	-	-	-	-	175
HVAC Contracts	-	-	-	67	-
Flooring/Carpet Contracts	45,000	38,274	37,524	13,215	19,522
Fencing Contracts	4,080	4,080	4,000	-	-
Swimming Pool Contracts	6,120	6,120	6,000	4,550	5,123
Asphalt/Concrete Contracts	17,136	17,136	16,800	997	-
Miscellaneous Contracts	-	-	-	-	4,301
Total Capital Budget	\$110,648	\$94,010	\$92,168	\$48,926	\$77,193

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$429,173.
- DSCR is 1.51.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Paddington Square Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for Paddington Square Development Corporation by the Board of Directors.

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

WHEREAS, the Corporation held its Annual Meeting and elected Officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY'18 Paddington Square Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for Paddington Square Development Corporation and wishes to approve them.

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

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of Paddington Square Development Corporation

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Pooks Hill Development Corporation

POOKS HILL DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

OPERATING & CAPITAL BUDGETS

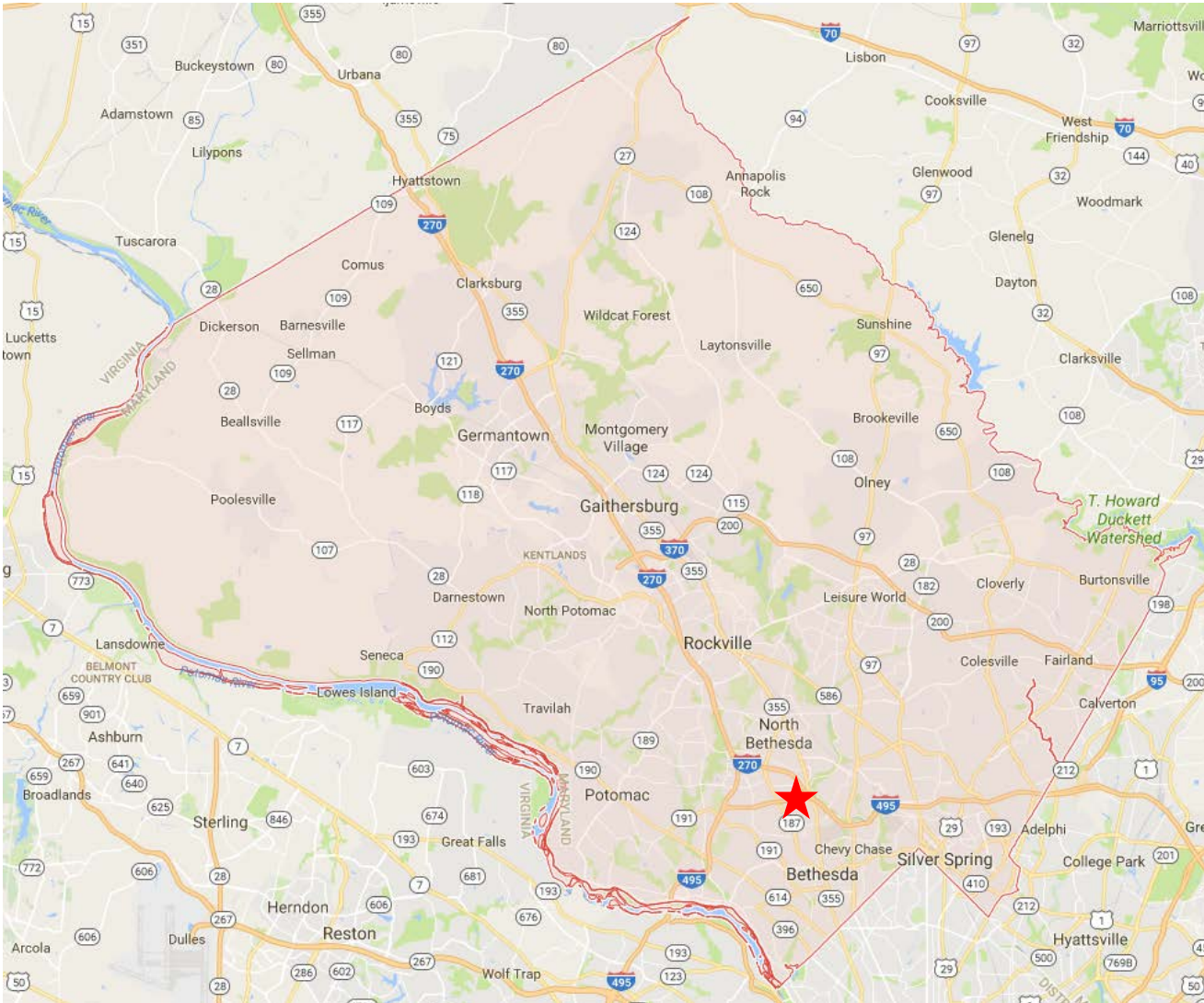


Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance



Pooks Hill Development Corporation



Property Snapshot:

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

Pooks Hill Development Corporation – FY 2018 Overview

Background

- **1992** - HOC purchased Pooks Hill Apartments in 1992 through the issuance of tax-exempt fixed rate bonds. When the Commission constructed the Pooks Hill midrise development, it created a land condominium dividing the parcel of land on Pooks Hill Road into two condominium units. This allowed for separate ownership and financing of the high rise building on one parcel and the midrise on another. When the Commission determined to renovate the Pooks Hill high rise, it authorized the creation of Pooks Hill Development Corporation to provide a separate single purpose entity to own that land condominium unit.
- **June 2006 thru May 2010** - The property received multi-phased renovations substantially renovating unit interiors, common areas and upgrading and replacing major building systems. However, current finishes are not competitive with other class B properties in the submarket.
- **October – December 2012** - the Articles of Incorporation for the Pooks Hill Development Corporation were approved by the Maryland Department of Assessments and Taxation. At its meeting on December 5, 2012, the Board of Directors and officers were elected and the By-laws were adopted. Financing completed with FHA Risk Sharing insurance provided a loan of \$18,200,000 to assist with renovation costs, pay off outstanding debt and permanently finance the property over 30 years.
- **2013** - Exterior repairs and site work continued involving landscaping to address water flow across the property and replacement of the front steps to the building to remediate water infiltration.



3 Pooks Hill Road, Bethesda, MD 20814
Manager: Vantage

Unit Mix	Market	Affordable	Total
Studio	53	2	55
1BR	45	53	98
2BR	19	14	37
Total Units	121	69	190

The regulatory agreement restricts 5 units at or below 30% AMI, 57 units at or below 50% AMI, 7 units at or below 60% AMI, and 57 units of workforce housing between 80% and 120% of AMI.

Pooks Hill Development Corporation – FY 2018 Update

Property Management

- Staff are working to maintain occupancy in a highly competitive submarket. Roof space has been leased to T-Mobile to install a new cellular antenna; installation is currently underway.

Turnover Rate	Avg. Occupancy CY 2016	Current Occupancy
46%	90%	94%

Maintenance

- The largest volume of work tickets was for plumbing (37%) followed by Appliance repairs (14%) and door repairs (11%).

Total Work Orders CY 2016	Average Days to Close
655	1

Capital Improvements

- Capital projects from 2015 - 2016 included roof replacement, resurfacing the parking lot and replacing elevators in the community.
- Capital replacements are done at unit turnover or as needed.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for Pooks Hill High-Rise.

Pooks Hill Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$2,919,799	\$2,939,291	\$2,873,382	\$2,654,516	\$2,803,296
Expenses:					
Operating - Admin	319,250	329,868	323,400	301,805	272,402
Operating - Fees	120,459	120,785	118,191	117,605	115,955
Tenant & Protective Services	14,442	14,443	14,160	10,204	11,227
Taxes, Insurance & Utilities	204,490	200,779	197,075	186,094	186,595
Maintenance	361,987	359,806	352,752	352,826	302,882
Subtotal - Operating Expenses	\$1,020,628	\$1,025,681	\$1,005,578	\$968,534	\$889,061
Net Operating Income (NOI)	\$1,899,171	\$1,913,610	\$1,867,804	\$1,685,982	\$1,914,235
Debt Service	1,028,814	1,028,814	1,030,894	1,032,906	1,034,854
Replacement Reserves	161,533	161,533	156,828	152,262	147,828
Asset Management Fees	203,510	149,390	142,270	142,270	147,370
Loan Management Fees	52,680	52,682	50,172	45,500	45,500
Development Corporation Fees	452,634	521,191	487,640	313,044	435,591
Excess Cash Flow Restricted	-	-	-	-	103,092
Subtotal - Expenses Below NOI	\$1,899,171	\$1,913,610	\$1,867,804	\$1,685,982	\$1,914,235
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	-	-	-	7,061	1,740
Electrical Supplies	15,000	15,000	-	-	-
Appliance Supplies	6,300	6,304	-	-	-
Plumbing Supplies	7,500	7,500	-	-	-
Grounds/Landscaping Sup.-Cap.	25,000	25,000	-	-	-
Windows and Glass	-	-	-	339	528
Doors	-	-	-	1,660	111
Flooring and Carpeting	45,288	45,288	-	24,231	24,310
Plumbing Equipment	-	-	-	33,589	11,650
HVAC Equipment	-	-	-	4,893	2,753
Appliance Equipment	-	-	-	2,875	1,150
Miscellaneous Equipment	-	-	-	2,412	5,114
Plumbing Contracts	18,360	18,360	-	-	-
Grounds/Landscaping Contr.-Cap.	10,400	10,404	-	-	1,861
Roofing/Gutter Contracts	-	-	30,000	378,517	20,314
HVAC Contracts	15,912	15,912	-	-	-
Flooring/Carpet Contracts	47,736	47,736	-	-	-
Paint/Wallcovering Int. Cont.	-	-	-	-	9,390
Asphalt/Concrete Contracts	-	-	-	-	99,753
Miscellaneous Contracts	70,920	70,920	83,000	464,256	294,545
Total Capital Budget	\$262,416	\$262,424	\$113,000	\$919,833	\$473,219

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$452,634.
- DSCR is 1.85.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Pooks Hill Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

- Adoption of the FY'18 Amended Operating and Capital Budgets for Pooks Hill Development Corporation by the Board of Directors.

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

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 Corporation has entered into an Asset Management Agreement with the Commission; and

WHEREAS, the FY'18 Pooks Hill Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners are all the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for Pooks Hill Development Corporation and wishes to approve them.

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

1. The Corporation approves the FY'18 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 June 17, 2017.

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Secretary to the Board of Pooks Hill Development Corporation

RAD 6

Development Corporation

RAD 6 DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

OPERATING & CAPITAL BUDGETS

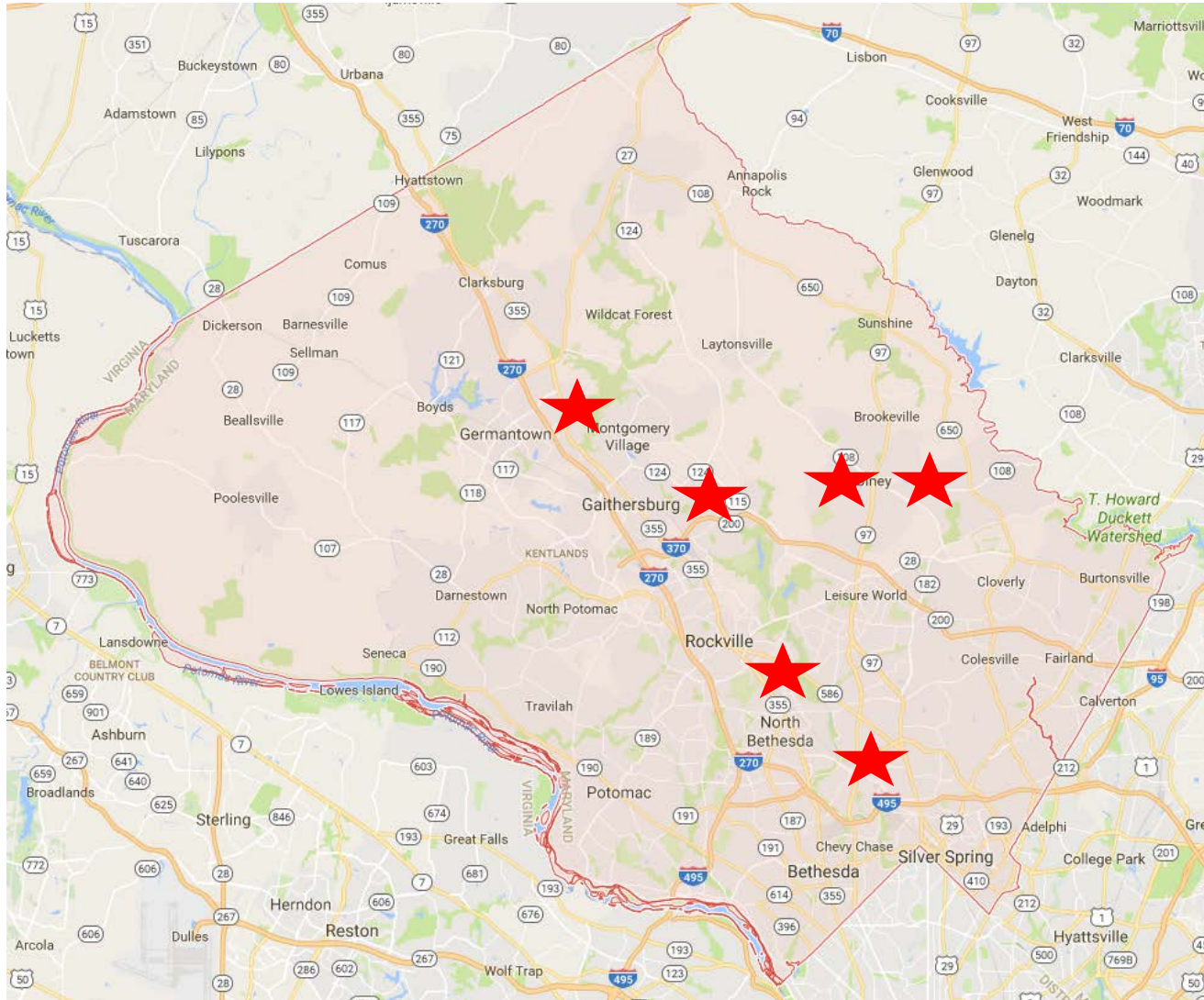


Stacy L. Spann, Executive Director

**Property Management
Real Estate
Mortgage Finance
Finance**



RAD 6 Development Corporation



Property Snapshot:

- 209 affordable units at or below 60% of the Washington Metropolitan Statistical Area Median Income (AMI) and 59 market rate units.
- Renovations included both interior and exterior upgrades to finishes. Interior renovations include the replacement of kitchen and bathroom (appliances, cabinet fixtures and finishes), flooring and painting, HVAC systems and electrical modifications.
- The exterior work included the replacement of windows, roofs, gutters and downspouts, siding, and storm water management improvements. Work was also completed on the sidewalks, stoops, fencing and concrete walks.

RAD 6 Development Corporation – FY 2018 Overview

Background

- **June 4, 2014** - Commission authorized the creation of RAD 6 Development Corporation (the “Corporation”) to own and operate Ken Gar Apartments, Parkway Woods, Sandy Spring Meadows, Towne Centre Place, Seneca Ridge, and Washington Square (collectively, the “RAD 6 Development”) and approved the Articles of Incorporation.
- **August 6, 2014** - The Board of Directors for the Development Corporation adopted By-laws which provide for the operations and functions of the Corporation, elected the seven Commissioners as the officers and incorporated the Corporation's annual budget preparation and presentation in the HOC budget process.

The Commission also approved the Final Development Plan for the properties which envisioned the creation of high quality, well designed, amenity rich, energy efficient affordable housing with strong supportive services.

- **November 6, 2014** - Commission approved the Financing Plan which combined a Construction Note with a permanent mortgage insured by the Federal Housing Administration (FHA) under its Risk Sharing Program. Tax-exempt bonds were issued by HOC in the amount of \$24,000,000. HOC has assumed 50% of the insurance risk.
- The 268 units in the RAD 6 Development Corporation are distributed as follows:
 - 209 affordable units at or below 60% of the area median income
 - 59 market rate units.

June 7, 2017

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

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

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

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

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

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

RAD 6 Development Corporation – FY 2018 Overview

Property Management

- Property Management is engaged in lease-up and building operations of the RAD 6 post-renovation.

Property	Turnover	Avg. Occupancy CY 2016	Current Occupancy
RAD 6 Combined	4.1%	81%	93%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (28%), followed by appliances (16%) and plumbing (15%).

Total Work Orders CY 2016	Average Days to Close
2,221	5

Capital Improvements

- Capital replacements are being done for items no longer under warranty.
- There are otherwise no immediate plans for major capital projects at the RAD 6 properties.

Redevelopment/Refinancing

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

RAD 6 Development Corporation – FY 2018 Budget Summary - Consolidated

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$3,597,815	\$4,070,191	\$3,765,358	\$2,408,860	\$1,285,700
Expenses:					
Operating - Admin	294,685	203,398	197,792	287,574	96,745
Operating - Fees	344,970	381,382	374,408	296,343	137,132
Tenant & Protective Services	68,866	77,321	73,670	84,862	26,531
Taxes, Insurance & Utilities	320,567	329,686	321,876	515,241	169,581
Maintenance	608,491	653,284	629,876	629,981	398,718
Subtotal - Operating Expenses	\$1,637,579	\$1,645,071	\$1,597,622	\$1,814,001	\$828,707
Net Operating Income (NOI)	\$1,960,236	\$2,425,120	\$2,167,736	\$594,859	\$456,993
Debt Service	1,512,203	1,512,023	1,514,164	252,590	-
Replacement Reserves	127,119	127,119	123,414	122,499	-
Development Corporation Fees	160,458	-	-	-	-
Excess Cash Flow Restricted	160,457	785,978	530,158	219,770	456,993
Subtotal - Expenses Below NOI	\$1,960,236	\$2,425,120	\$2,167,736	\$594,859	\$456,993
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	-	-	-	425	1,470
Flooring and Carpeting	-	-	-	-	4,515
Paint and Wallcoverings	-	-	-	1,100	-
Miscellaneous Supplies	-	-	4,000	-	-
Plumbing Equipment	-	-	-	550	-
Appliance Equipment	12,000	-	-	-	-
Tools	-	-	-	129	152
Electrical Contracts	-	-	-	1,275	-
Appliance Contracts	4,000	-	-	-	-
Plumbing Contracts	-	-	-	5,100	1,900
Grounds/Landscaping Contr-Cap.	-	-	10,000	37,573	2,850
Windows/Glass Contracts	-	-	6,000	-	-
Flooring/Carpet Contracts	6,000	-	-	2,236	1,329
Paint/Wallcovering Int. Cont.	-	-	-	2,520	-
Snow Removal Contracts	10,103	-	-	-	-
Fencing Contracts	-	-	-	3,915	-
Asphalt/Concrete Contracts	-	-	-	280	-
Miscellaneous Contracts	16,250	25,250	15,000	-	425
Total Capital Budget	\$48,353	\$25,250	\$35,000	\$55,103	\$12,641

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive’s voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at \$320,915 of which \$160,457 is restricted.
- DSCR is 1.21.

Time Frame

The FY’18 Amended Operating and Capital Budgets for RAD 6 Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY’18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’18 Amended Operating and Capital Budgets for RAD 6 Development Corporation by the Board of Directors.

RAD 6 Development Corporation – FY 2018 Budget Summary – Ken Gar

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$260,393	\$316,316	\$309,030	\$142,656	\$95,769
Expenses:					
Operating - Admin	14,714	8,728	8,481	19,703	7,383
Operating - Fees	20,619	27,454	26,924	21,210	10,392
Tenant & Protective Services	8,079	7,706	7,341	7,311	3,326
Taxes, Insurance & Utilities	11,290	10,898	10,555	22,402	2,230
Maintenance	47,315	46,897	45,347	46,057	30,028
Subtotal - Operating Expenses	\$102,017	\$101,683	\$98,648	\$116,683	\$53,359
Net Operating Income (NOI)	\$158,376	\$214,633	\$210,382	\$25,973	\$42,410
Debt Service	103,500	107,196	107,350	17,288	-
Replacement Reserves	9,012	9,012	8,751	8,685	-
Development Corporation Fees	22,932	-	-	-	-
Excess Cash Flow Restricted	22,932	98,425	94,281	-	42,410
Subtotal - Expenses Below NOI	\$158,376	\$214,633	\$210,382	\$25,973	\$42,410
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Tools	-	-	-	129	-
Grounds/Landscaping Contr-Cap.	-	-	10,000	1,025	2,850
Snow Removal Contracts	10,103	-	-	-	-
Fencing Contracts	-	-	-	3,315	-
Miscellaneous Contracts	2,500	2,500	-	-	-
Total Capital Budget	\$12,603	\$2,500	\$10,000	\$4,469	\$2,850

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on May 2, 2017.
- Property cash flow is budgeted at \$45,864 of which \$22,932 is restricted.
- DSCR is 1.44.

RAD 6 Development Corporation – FY 2018 Budget Summary – Parkway Woods

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$305,547	\$351,243	\$343,163	\$202,357	\$122,651
Expenses:					
Operating - Admin	15,657	13,425	12,839	23,483	12,747
Operating - Fees	26,219	27,036	26,996	26,524	12,090
Tenant & Protective Services	360	6,598	6,280	6,749	2,770
Taxes, Insurance & Utilities	12,736	16,058	15,541	34,953	6,229
Maintenance	57,684	74,560	72,280	48,584	26,880
Subtotal - Operating Expenses	\$112,656	\$137,677	\$133,936	\$140,293	\$60,716
Net Operating Income (NOI)	\$192,891	\$213,566	\$209,227	\$62,064	\$61,935
Debt Service	117,054	135,406	135,596	19,552	-
Replacement Reserves	11,384	11,384	11,052	10,970	-
Development Corporation Fees	32,227	-	-	-	-
Excess Cash Flow Restricted	32,226	66,776	62,579	31,542	61,935
Subtotal - Expenses Below NOI	\$192,891	\$213,566	\$209,227	\$62,064	\$61,935
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Miscellaneous Contracts	2,550	2,550	2,500	-	-
Total Capital Budget	\$2,550	\$2,550	\$2,500	\$0	\$0

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive’s voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current “market rate”.
- Budgets were presented to the Budget, Finance and Audit Committee on May 2, 2017.
- Property cash flow is budgeted at \$64,453 of which \$32,226 is restricted.
- DSCR is 1.55.

RAD 6 Development Corporation – FY 2018 Budget Summary – Sandy Spring Meadow

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$652,312	\$780,428	\$738,780	\$475,496	\$259,024
Expenses:					
Operating - Admin	64,679	46,841	45,606	57,494	22,400
Operating - Fees	76,046	79,150	77,835	60,330	28,985
Tenant & Protective Services	13,297	13,470	12,832	16,200	2,797
Taxes, Insurance & Utilities	38,021	38,044	37,060	82,175	17,452
Maintenance	123,632	133,365	128,819	107,037	75,723
Subtotal - Operating Expenses	\$315,675	\$310,870	\$302,152	\$323,236	\$147,357
Net Operating Income (NOI)	\$336,637	\$469,558	\$436,628	\$152,260	\$111,667
Debt Service	261,699	310,303	310,745	43,712	-
Replacement Reserves	26,088	26,088	25,329	25,140	-
Development Corporation Fees	24,425	-	-	-	-
Excess Cash Flow Restricted	24,425	133,167	100,554	83,408	111,667
Subtotal - Expenses Below NOI	\$336,637	\$469,558	\$436,628	\$152,260	\$111,667
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Plumbing Equipment	-	-	-	550	-
Plumbing Contracts	-	-	-	-	1,100
Miscellaneous Contracts	5,100	5,100	5,000	-	-
Total Capital Budget	\$5,100	\$5,100	\$5,000	\$550	\$1,100

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on May 2, 2017.
- Property cash flow is budgeted at \$48,850 of which \$24,425 is restricted.
- DSCR is 1.19.

RAD 6 Development Corporation – FY 2018 Budget Summary – Seneca Ridge

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$976,476	\$1,231,892	\$1,016,549	\$653,691	\$394,026
Expenses:					
Operating - Admin	75,514	48,288	46,948	80,418	18,185
Operating - Fees	99,529	102,894	101,850	79,620	35,753
Tenant & Protective Services	16,639	16,698	15,940	18,852	6,327
Taxes, Insurance & Utilities	178,217	178,235	174,440	190,974	92,156
Maintenance	148,198	156,557	150,587	164,872	109,777
Subtotal - Operating Expenses	\$518,097	\$502,672	\$489,765	\$534,736	\$262,198
Net Operating Income (NOI)	\$458,379	\$729,220	\$526,784	\$118,955	\$131,828
Debt Service	517,869	400,572	401,139	86,502	-
Replacement Reserves	33,677	33,677	32,700	32,453	-
Development Corporation Fees	(46,584)	-	-	-	-
Excess Cash Flow Restricted	(46,584)	294,971	92,945	-	131,828
Subtotal - Expenses Below NOI	\$458,379	\$729,220	\$526,784	\$118,955	\$131,828
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Appliance Equipment	6,000	-	-	-	-
Appliance Contracts	2,000	-	-	-	-
Plumbing Contracts	-	-	-	550	-
Grounds/Landscaping Contr-Cap.	-	-	-	10,730	-
Windows/Glass Contracts	-	-	6,000	-	-
Flooring/Carpet Contracts	6,000	-	-	-	-
Paint/Wallcovering Int. Cont.	-	-	-	2,520	-
Miscellaneous Contracts	1,000	5,000	2,500	-	-
Total Capital Budget	\$15,000	\$5,000	\$8,500	\$13,800	\$0

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on May 2, 2017.
- Property is projected to generate a deficit of \$93,167, which will be covered by the other RAD 6 properties.
- DSCR is 0.82.

RAD 6 Development Corporation – FY 2018 Budget Summary – Towne Centre Place

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$537,009	\$617,916	\$603,768	\$455,958	\$244,486
Expenses:					
Operating - Admin	59,571	40,688	39,609	60,535	19,908
Operating - Fees	67,743	70,528	69,347	53,745	24,721
Tenant & Protective Services	11,863	12,001	11,429	15,243	2,495
Taxes, Insurance & Utilities	35,487	34,037	33,100	67,437	8,561
Maintenance	101,541	110,668	106,771	102,472	79,648
Subtotal - Operating Expenses	\$276,205	\$267,922	\$260,256	\$299,432	\$135,333
Net Operating Income (NOI)	\$260,804	\$349,994	\$343,512	\$156,526	\$109,153
Debt Service	175,461	276,452	276,844	29,309	-
Replacement Reserves	23,242	23,242	22,560	22,397	-
Development Corporation Fees	31,051	-	-	-	-
Excess Cash Flow Restricted	31,050	50,300	44,108	104,820	109,153
Subtotal - Expenses Below NOI	\$260,804	\$349,994	\$343,512	\$156,526	\$109,153
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Tools	-	-	-	-	152
Electrical Contracts	-	-	-	1,275	-
Plumbing Contracts	-	-	-	4,050	-
Grounds/Landscaping Contr-Cap.	-	-	-	1,875	-
Miscellaneous Contracts	5,100	5,100	5,000	-	-
Total Capital Budget	\$5,100	\$5,100	\$5,000	\$7,200	\$152

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on May 2, 2017.
- Property cash flow is budgeted at \$62,101 of which \$31,050 is restricted.
- DSCR is 0.97.

RAD 6 Development Corporation – FY 2018 Budget Summary – Washington Square

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$866,078	\$772,396	\$754,068	\$478,702	\$169,744
Expenses:					
Operating - Admin	64,550	45,428	44,309	45,941	16,122
Operating - Fees	54,814	74,320	71,456	54,914	25,191
Tenant & Protective Services	18,628	20,848	19,848	20,507	8,816
Taxes, Insurance & Utilities	44,816	52,414	51,180	117,300	42,953
Maintenance	130,121	131,237	126,072	160,959	76,662
Subtotal - Operating Expenses	\$312,929	\$324,247	\$312,865	\$399,621	\$169,744
Net Operating Income (NOI)	\$553,149	\$448,149	\$441,203	\$79,081	\$0
Debt Service	336,619	282,094	282,490	56,227	-
Replacement Reserves	23,716	23,716	23,022	22,854	-
Development Corporation Fees	96,407	-	-	-	-
Excess Cash Flow Restricted	96,407	142,339	135,691	-	-
Subtotal - Expenses Below NOI	\$553,149	\$448,149	\$441,203	\$79,081	\$0
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	-	-	-	425	1,470
Flooring and Carpeting	-	-	-	-	4,515
Paint and Wallcoverings	-	-	-	1,100	-
Miscellaneous Supplies	-	-	4,000	-	-
Appliance Equipment	6,000	-	-	-	-
Appliance Contracts	2,000	-	-	-	-
Plumbing Contracts	-	-	-	500	800
Grounds/Landscaping Contr-Cap.	-	-	-	23,943	-
Flooring/Carpet Contracts	-	-	-	2,236	1,329
Fencing Contracts	-	-	-	600	-
Asphalt/Concrete Contracts	-	-	-	280	-
Miscellaneous Contracts	-	5,000	-	-	425
Total Capital Budget	\$8,000	\$5,000	\$4,000	\$29,084	\$8,539

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on May 2, 2017.
- Property cash flow is budgeted at \$192,184 of which \$96,407 is restricted.
- DSCR is 1.57.

RESOLUTION NO. 17-001_{RD6}

**RE: RAD 6 Development Corporation
Annual Meeting, Election of Officers
and Approval of the FY'18 Operating
and Capital Budgets**

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

WHEREAS, the Corporation conducted its Annual Meeting and elected officers on June 7, 2017; 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 has entered into an Asset Management Agreement with the Commission; and

WHEREAS, the FY'18 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 FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for RAD 6 Development Corporation and wishes to approve them.

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

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of RAD 6 Development Corporation

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Scattered Site One Development Corporation

SCATTERED SITE ONE DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

OPERATING & CAPITAL BUDGETS

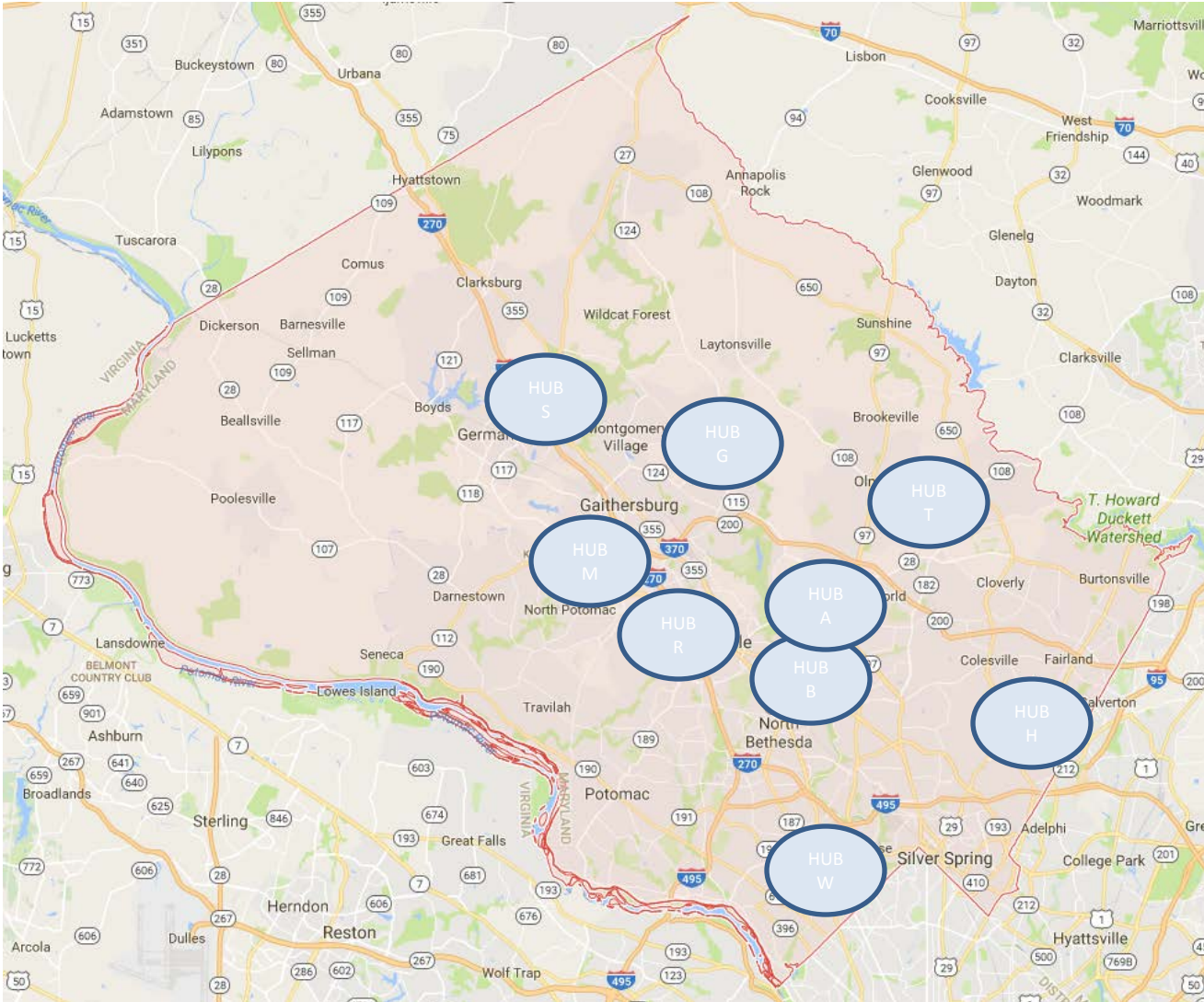


Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance



Scattered Site One Development Corporation



Property Snapshot:

- 190 units scattered across nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums, townhomes and single family homes, ranging from two to four bedrooms. Amenities are specific to the unit and the community.
- The age of the properties in Scattered Site One Development Corporation range from 1987 to 2012. A revised renovation plan will be brought forward for Commission approval by the Corporation.

Scattered Site One Development Corporation – FY 2018 Overview

Background

- **October 5, 2011** - The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site One Development Corporation, a wholly-controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.
- **November 2, 2011** - The Board adopted the By-laws and elected Directors. The 190 scattered site units were transferred to Scattered Site One Development Corporation.
- **July 2012** – The Scattered Site One Development Corporation was financed with a loan in the amount of \$9,200,000 and secured by a note and deed of trust credit with mortgage insurance under the FHA Risk Sharing Program.
- **February 2013** - A comprehensive renovation plan of Scattered Site One began. Depending on need, renovations included roof and window replacements, painting and re-carpeting, new kitchen and bath upgrades and new energy efficient appliances. The renovation plan, established before the Commission created its new renovation standards, was determined to be inadequate in its scope and only approximately 25% of the units were renovated. Staff suspended renovations and reconfigured the standards so that the remaining units could be completed in a similar fashion as the 669 Scattered Sites.
- Scattered Site One Development Corporation consists of 190 units, which are distributed as follows:

Unit Mix	Market	Affordable	Total
1BR	4	11	15
2BR	11	10	21
3BR	50	92	142
4BR	0	12	12
Total Units	65	125	190

The regulatory agreement restricts 23 units at or below 50% AMI and 102 units at or below 60% AMI.

Scattered Site One Development Corporation – FY 2018 Overview

Property Management

- The principal challenge is aging units. Some are among the oldest in HOC's property portfolio and require significant upgrades to compete in today's rental market.

Turnover	Avg. Occupancy CY 2016	Current Occupancy
8%	94%	96%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (34%), plumbing (20%) and appliances (17%).

Total Work Orders CY 2016	Average Days to Close
1,890	5

Capital Improvements

- Capital replacements for appliance, flooring, and HVAC are done at turnover and as needed.
- Staff is developing a scope and timeline for units remaining to be renovated.

Redevelopment/Refinancing

- HOC Real Estate Development division plans to start renovation of scattered site units in FY2018

Scattered Site One Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$2,543,605	\$2,580,722	\$2,528,127	\$2,433,973	\$2,257,440
Expenses:					
Operating - Admin	168,699	131,591	126,956	166,080	172,607
Operating - Fees	687,440	663,510	639,928	609,711	675,092
Tenant & Protective Services	61,142	64,893	61,816	56,723	53,302
Taxes, Insurance & Utilities	86,572	79,271	76,860	83,055	107,830
Maintenance	428,506	441,379	417,986	456,202	395,728
Subtotal - Operating Expenses	\$1,432,359	\$1,380,644	\$1,323,546	\$1,371,771	\$1,404,559
Net Operating Income (NOI)	\$1,111,246	\$1,200,078	\$1,204,581	\$1,062,202	\$852,881
Debt Service	565,090	565,093	566,056	567,155	568,526
Replacement Reserves	114,000	114,000	114,000	114,000	114,000
Loan Management Fees	22,992	23,004	22,992	23,000	23,000
Development Corporation Fees	409,164	497,981	501,533	297,288	147,355
Excess Cash Flow Restricted	-	-	-	60,759	-
Subtotal - Expenses Below NOI	\$1,111,246	\$1,200,078	\$1,204,581	\$1,062,202	\$852,881
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	11,620	16,015	18,650	96,007	24,739
Electrical Supplies	2,020	2,040	2,000	13,284	8,520
Appliance Supplies	2,020	2,703	2,650	684	2,726
Plumbing Supplies	5,958	6,018	5,900	15,545	6,003
Cleaning/Janitorial Supplies	-	-	-	258	94
Health and Safety Materials	-	-	-	1,175	-
Locks, Keys	-	-	-	95	-
Windows and Glass	918	918	900	11,552	7,697
Doors	1,530	2,040	2,000	3,189	6,017
Roofing Materials	1,020	1,020	1,000	-	-
Hardware Supplies	-	255	250	11,816	5,704
HVAC Supplies	-	918	900	3,895	456
Flooring and Carpeting	3,061	2,142	2,100	26,998	13,928
Paint and Wallcoverings	-	2,754	2,700	1,860	488
Miscellaneous Supplies	-	1,224	1,200	7,302	3,342
Electrical Equipment	-	-	-	538	-
Plumbing Equipment	-	-	-	9,703	2,032
HVAC Equipment	5,000	4,896	4,800	19,914	10,747
Appliance Equipment	10,224	3,213	3,150	49,427	26,660
Maintenance Equipment	-	-	-	-	542
Electrical Contracts	398	403	395	2,874	1,267
Appliance Contracts	3,000	-	-	225	225
Plumbing Contracts	6,856	3,629	3,558	14,922	15,215
Cleaning/Janitorial Contracts-Cap.	-	-	-	-	270
Grounds/Landscaping Contr-Cap.	-	-	-	650	1,975
Windows/Glass Contracts	16,856	21,201	23,005	4,100	4,990
Roofing/Gutter Contracts	10,669	10,682	10,473	19,689	6,482
HVAC Contracts	74,570	30,161	29,570	15,828	22,814
Flooring/Carpet Contracts	50,574	35,008	38,290	98,192	52,380
Paint/Wallcovering Int. Cont.	-	10,208	10,007	32,878	13,838
Paint/Wallcovering Ext. Cont	6,272	3,530	3,461	-	1,912
Fencing Contracts	-	-	-	855	1,010
Asphalt/Concrete Contracts	-	1,530	1,500	2,345	-
Miscellaneous Contracts	1,250,000	1,250,000	1,250,000	14,447	30,431
Total Capital Budget	\$1,462,566	\$1,412,508	\$1,418,459	\$480,247	\$272,504

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive’s voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at \$409,164.
- DSCR is 1.97.

Time Frame

The FY’18 Amended Operating and Capital Budgets for Scattered Site One Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY’18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’18 Amended Operating and Capital Budgets for Scattered Site One Development Corporation by the Board of Directors.

WHEREAS, the Scattered Site One Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

WHEREAS, the Corporation conducted its Annual Meeting and elected officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY'18 Scattered Site One Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for Scattered Site One Development Corporation and wishes to approve them.

NOW, THEREFORE, BE IT RESOLVED by Scattered Site One Development Corporation that:

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of Scattered Site One Development Corporation

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Scattered Site Two Development Corporation

SCATTERED SITE TWO DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

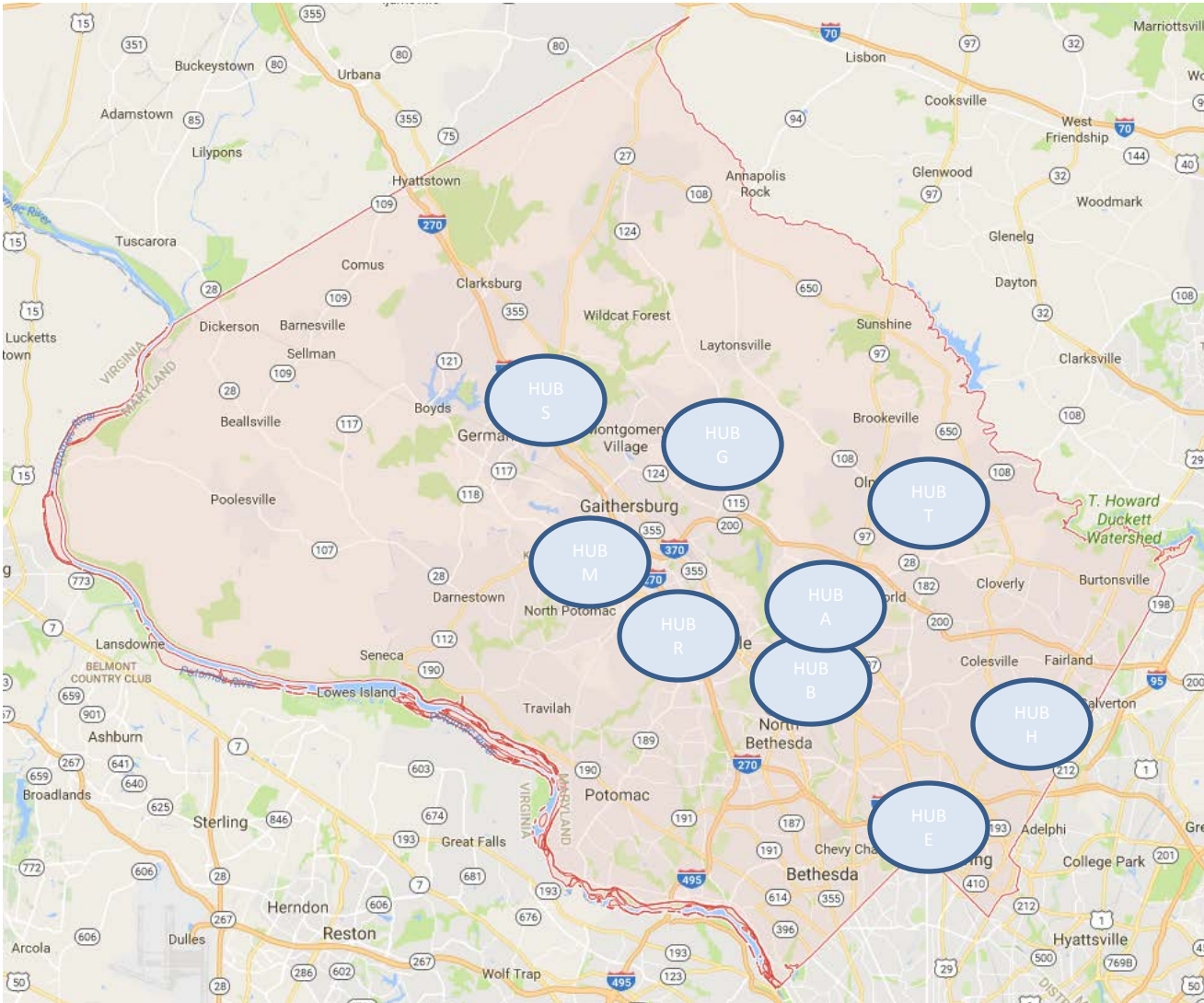
OPERATING & CAPITAL BUDGETS



Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

Scattered Site Two Development Corporation



Property Snapshot:

- 54 units located in nine HUBs throughout Montgomery County.
- Scattered site units that include condominiums, townhomes and single family homes ranging from two to four bedrooms. Amenities are specific to the unit and the community.
- The age of the properties in Scattered Site Two Development Corporation range from 1987 to 2006. A revised renovation plan will be brought forward for Commission approval by the Corporation.

Scattered Site Two Development Corporation – FY 2018 Overview

Background

- **December 5, 2012** - The Housing Opportunities Commission (HOC) authorized the establishment of Scattered Site Two Development Corporation, a wholly controlled corporate instrumentality and passed a resolution approving the Articles of Incorporation.
- **January 9, 2013** - The Board adopted the By-laws and elected Directors. The 54 scattered site units were transferred to Scattered Site Two Development Corporation. The Corporation’s annual budget preparation, presentation and approval process is incorporated into the HOC budget process.
- **June 13, 2013** – The property was financed with a new taxable loan from PNC Bank N.A. for \$4,900,000 guaranteed by HOC.
- **January – March 2014** - A comprehensive renovation plan was put on hold to reconfigure the standards so that the units could be completed in a similar fashion as the newly renovated VPC units.
- Scattered Site Two Development Corporation consists of 54 units, which are distributed as follows:
 - 16 expired Low Income Housing Tax Credit units with no extended use covenant.
 - 38 units, formerly part of MPDU 2004; eight units affordable under a County HOME loan.

Unit Mix	Market	Affordable	Total
1BR	0	3	3
2BR	2	8	10
3BR	10	26	36
4BR	3	1	4
5BR	1	0	1
Total Units	16	38	54

The regulatory agreement restricts 7 units at or below 40% AMI, 1 unit at or below 50% AMI, and 30 units of workforce housing between 80% and 120% of AMI.

Scattered Site Two Development Corporation – FY 2018 Overview

Property Management

- The principal challenge is aging units. Some are among the oldest in HOC's property portfolio and require significant upgrades to compete in today's rental market.

Turnover	Avg. Occupancy C 20Y16	Current Occupancy
6%	92%	96.30%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (33%), appliances (19%) and plumbing (16%).

Total Work Orders CY 2016	Average Days to Close
504	7

Capital Improvements

- Capital replacements for appliance, flooring, and HVAC are done at turnover and as needed.
- Significant capital expense has been undertaken to update aging appliances and systems in these units.

Redevelopment/Refinancing

- HOC Real Estate Development division plans to start renovation of scattered site units in FY2018

Scattered Site Two Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$2,543,605	\$2,580,722	\$2,528,127	\$2,433,973	\$2,257,440
Expenses:					
Operating - Admin	168,699	131,591	126,956	166,080	172,607
Operating - Fees	687,440	663,510	639,928	609,711	675,092
Tenant & Protective Services	61,142	64,893	61,816	56,723	53,302
Taxes, Insurance & Utilities	86,572	79,271	76,860	83,055	107,830
Maintenance	428,506	441,379	417,986	456,202	395,728
Subtotal - Operating Expenses	\$1,432,359	\$1,380,644	\$1,323,546	\$1,371,771	\$1,404,559
Net Operating Income (NOI)	\$1,111,246	\$1,200,078	\$1,204,581	\$1,062,202	\$852,881
Debt Service	565,090	565,093	566,056	567,155	568,526
Replacement Reserves	114,000	114,000	114,000	114,000	114,000
Loan Management Fees	22,992	23,004	22,992	23,000	23,000
Development Corporation Fees	409,164	497,981	501,533	297,288	147,355
Excess Cash Flow Restricted	-	-	-	60,759	-
Subtotal - Expenses Below NOI	\$1,111,246	\$1,200,078	\$1,204,581	\$1,062,202	\$852,881
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	11,620	16,015	18,650	96,007	24,739
Electrical Supplies	2,020	2,040	2,000	13,284	8,520
Appliance Supplies	2,020	2,703	2,650	684	2,726
Plumbing Supplies	5,958	6,018	5,900	15,545	6,003
Cleaning/Janitorial Supplies	-	-	-	258	94
Health and Safety Materials	-	-	-	1,175	-
Locks, Keys	-	-	-	95	-
Windows and Glass	918	918	900	11,552	7,697
Doors	1,530	2,040	2,000	3,189	6,017
Roofing Materials	1,020	1,020	1,000	-	-
Hardware Supplies	-	255	250	11,816	5,704
HVAC Supplies	-	918	900	3,895	456
Flooring and Carpeting	3,061	2,142	2,100	26,998	13,928
Paint and Wallcoverings	-	2,754	2,700	1,860	488
Miscellaneous Supplies	-	1,224	1,200	7,302	3,342
Electrical Equipment	-	-	-	538	-
Plumbing Equipment	-	-	-	9,703	2,032
HVAC Equipment	5,000	4,896	4,800	19,914	10,747
Appliance Equipment	10,224	3,213	3,150	49,427	26,660
Maintenance Equipment	-	-	-	-	542
Electrical Contracts	398	403	395	2,874	1,267
Appliance Contracts	3,000	-	-	225	225
Plumbing Contracts	6,856	3,629	3,558	14,922	15,215
Cleaning/Janitorial Contracts-Cap.	-	-	-	-	270
Grounds/Landscaping Contr-Cap.	-	-	-	650	1,975
Windows/Glass Contracts	16,856	21,201	23,005	4,100	4,990
Roofing/Gutter Contracts	10,669	10,682	10,473	19,689	6,482
HVAC Contracts	74,570	30,161	29,570	15,828	22,814
Flooring/Carpet Contracts	50,574	35,008	38,290	98,192	52,380
Paint/Wallcovering Int. Cont.	-	10,208	10,007	32,878	13,838
Paint/Wallcovering Ext. Cont	6,272	3,530	3,461	-	1,912
Fencing Contracts	-	-	-	855	1,010
Asphalt/Concrete Contracts	-	1,530	1,500	2,345	-
Miscellaneous Contracts	1,250,000	1,250,000	1,250,000	14,447	30,431
Total Capital Budget	\$1,462,566	\$1,412,508	\$1,418,459	\$480,247	\$272,504

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$2,748.
- DSCR is 1.26.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Scattered Site Two Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for Scattered Site Two Development Corporation by the Board of Directors.

RESOLUTION NO. 17-001_{SS2}

RE: Scattered Site Two Development Corporation Annual Meeting, Election of Officers and Adoption of FY'18 Operating and Capital Budgets

WHEREAS, the Scattered Site Two Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

WHEREAS, the Corporation conducted its Annual Meeting and elected officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY'18 Scattered Site Two Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for Scattered Site Two Development Corporation and wishes to approve them.

NOW, THEREFORE, BE IT RESOLVED by Scattered Site Two Development Corporation that:

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of Scattered Site Two Development Corporation

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Sligo Hills Development Corporation

SLIGO HILLS DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

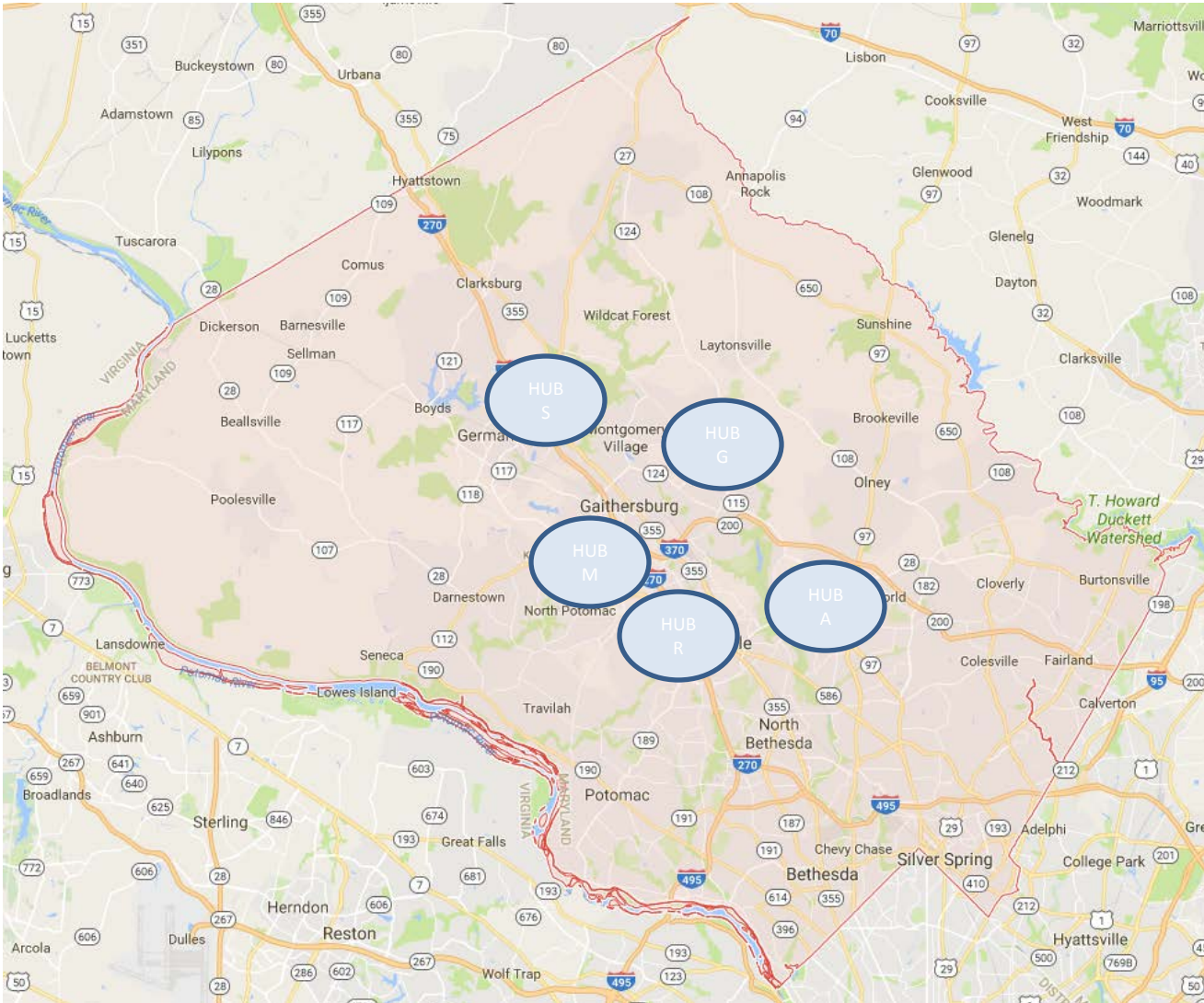
OPERATING & CAPITAL BUDGETS



Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

Sligo Hills Development Corporation



Property Snapshot:

- 23 scattered units across five HUBs from Silver Spring to Germantown.
- 7 three-bedroom townhomes, 6 one-bedroom and 10 two-bedroom condo units.
- Affordability is 50% of AMI.
- The properties are managed by Housing Opportunities Commission with assistance from Edgewood Management.

Sligo Hills Development Corporation – FY 2018 Overview

Background

- December 11, 1996** - Commission authorized the creation of a wholly- controlled corporate instrumentality known as Sligo Hills Development Corporation (the "Corporation") and passed a resolution approving the Articles of Incorporation.
- June 11, 1997** - Board approved the purchase of Sligo Hills Apartments & MPDU III, subject to an outstanding \$300,000 note to Montgomery County. The Board authorized the execution of documents to purchase the properties and the loan from HOC, and the execution of an Asset Management Agreement by and between Sligo Hills Development Corporation and HOC.
- June 23, 1997** - the Corporation approved a resolution which allowed for the incorporation of the Sligo Hills Development Corporation annual budget preparation, presentation and approval process into the HOC budget process.
- August 1, 1997** - Documents signed transferring the properties from HOC to the Sligo Hills Development Corporation. The new mortgage in the amount of \$3,443,568 (provided by funds obtained through the issuance of tax exempt bonds) is insured under the FHA Risk Sharing Program.
- October 3 2012** - A newly formed LIHTC limited partnership entity, Tanglewood and Sligo LP, was approved to purchase Sligo Hills Apartments from Sligo Hills Development Corporation. The Corporation retains the lien free title to MPDU III (23 scattered sites); therefore, the budget reflects only the operations of the 23 scattered site MPDUs.

Unit Mix	Market	Affordable	Total
1BR	0	6	6
2BR	0	10	10
3BR	0	7	7
Total Units	0	23	23

The regulatory agreement restricts 15 units at or below 50% AMI and 8 units of workforce housing between 80% and 120% of AMI.

Sligo Hills Development Corporation – FY 2018 Overview

Property Management

- Vacant units are being actively marketed to families on HOC's Housing Path waiting list. Occupancy is expected to stabilize before July 1, 2017.

Turnover Rate	Avg. Occupancy CY 2016	Current Occupancy
13%	98%	83%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (29%), appliances (25%) and plumbing (19%).

Total Work Orders CY 2016	Average Days to Close
162	7

Capital Improvements

- There are no current capital improvement plans for Sligo Hills Development Corporation.
- Capital replacements are done at unit turnover or as needed.

Redevelopment/Refinancing

- There are currently no plans underway for redevelopment or refinancing for Sligo Hills.

Sligo Hills Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$293,814	\$294,002	\$288,011	\$279,785	\$252,726
Expenses:					
Operating - Admin	20,439	15,867	15,318	21,504	22,000
Operating - Fees	119,617	116,878	113,656	113,707	118,873
Tenant & Protective Services	7,238	7,507	7,154	6,251	6,349
Taxes, Insurance & Utilities	7,217	7,908	7,734	7,891	6,626
Maintenance	58,603	63,613	61,476	46,401	39,620
Subtotal - Operating Expenses	\$213,114	\$211,773	\$205,338	\$195,754	\$193,468
Net Operating Income (NOI)	\$80,700	\$82,229	\$82,673	\$84,031	\$59,258
Replacement Reserves	9,192	9,192	9,192	9,192	8,004
Development Corporation Fees	71,508	73,037	73,481	51,652	51,254
Excess Cash Flow Restricted	-	-	-	23,187	-
Subtotal - Expenses Below NOI	\$80,700	\$82,229	\$82,673	\$84,031	\$59,258
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	2,500	4,500	9,800	9,685	4,330
Electrical Supplies	-	816	800	2,527	749
Appliance Supplies	250	816	800	80	584
Plumbing Supplies	-	-	-	1,344	1,051
Employee Uniforms	500	-	-	-	-
Cleaning/Janitorial Supplies	-	-	-	6	6
Windows and Glass	-	510	500	1,057	118
Doors	-	255	250	-	124
Hardware Supplies	-	-	-	1,020	368
HVAC Supplies	-	510	500	-	-
Flooring and Carpeting	950	1,900	-	6,555	4,259
Paint and Wallcoverings	-	-	-	-	4
Miscellaneous Supplies	-	-	-	1,082	1,024
HVAC Equipment	-	1,020	1,000	3	-
Appliance Equipment	3,250	1,326	1,300	6,083	5,438
Maintenance Equipment	-	918	900	-	36
Electrical Contracts	-	-	-	-	1,409
Appliance Contracts	2,250	1,020	1,000	-	2,205
Plumbing Contracts	2,836	3,366	3,300	2,563	450
Grounds/Landscaping Contr-Cap.	-	-	-	-	692
Windows/Glass Contracts	2,200	2,408	4,400	-	-
Roofing/Gutter Contracts	-	-	4,500	-	-
HVAC Contracts	16,500	2,346	2,300	-	4,447
Flooring/Carpet Contracts	13,530	18,608	26,900	12,026	4,730
Paint/Wallcovering Int. Cont.	-	969	950	-	2,270
Paint/Wallcovering Ext. Cont	-	510	500	-	-
Fencing Contracts	-	-	-	5	-
Asphalt/Concrete Contracts	-	-	-	2,400	-
Miscellaneous Contracts	-	4,080	4,000	2,610	1,436
Total Capital Budget	\$44,766	\$45,878	\$63,700	\$49,046	\$35,730

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$71,508.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Sligo Hills Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY' 18 Operating and Capital Budgets for Sligo Hills Development Corporation by the Board of Directors.

WHEREAS, the Sligo Hills Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 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 FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for the Sligo Hills Development Corporation and wishes to approve them.

NOW, THEREFORE, BE IT RESOLVED by Sligo Hills Development Corporation that:

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of Sligo Hills Development Corporation

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Development Corporation

TPM DEVELOPMENT CORPORATIONS

ANNUAL MEETING AND AMENDMENT OF FY 2018

OPERATING & CAPITAL BUDGETS

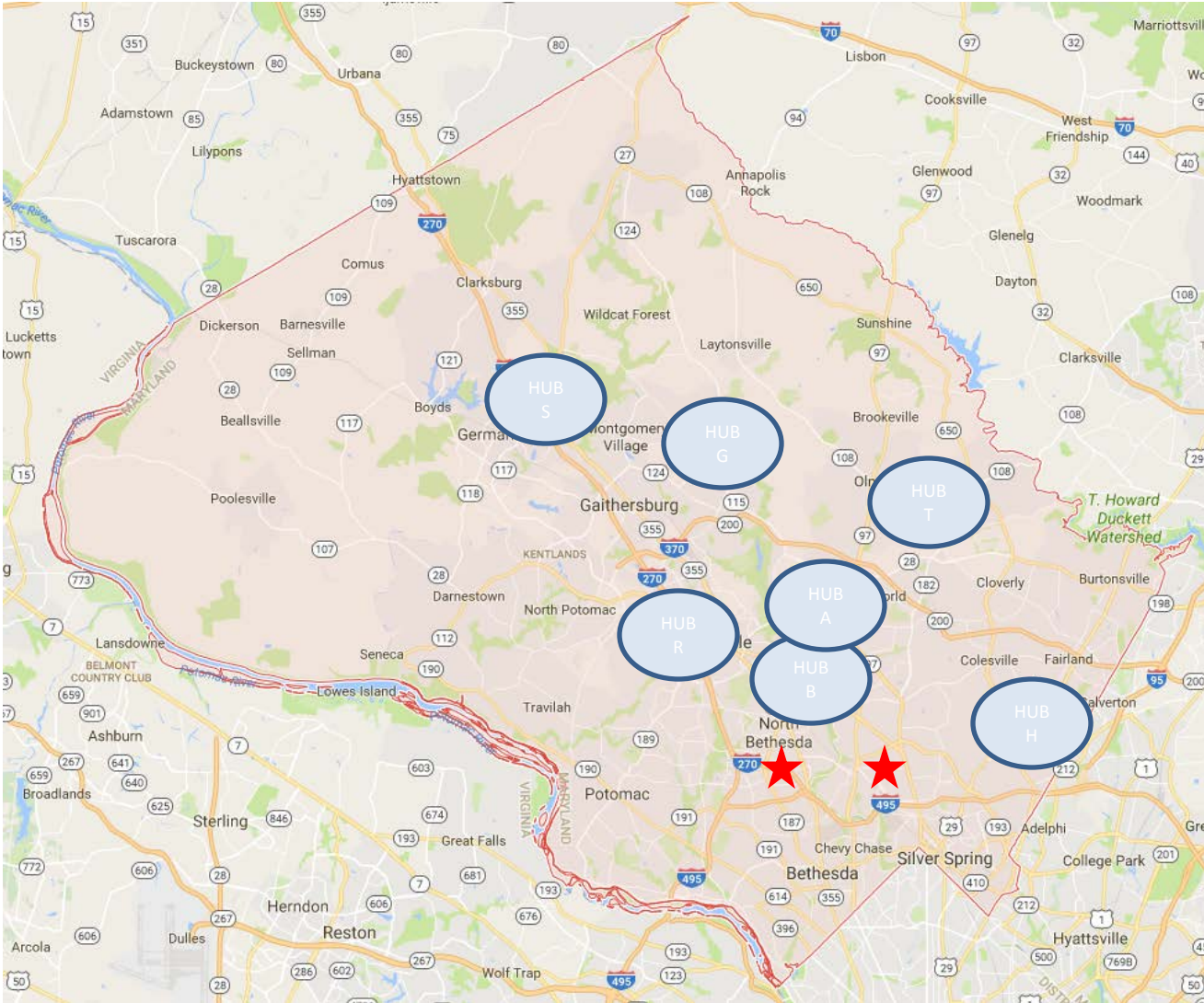


Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance



TPM Development Corporation



Property & Submarket Snapshot:

- Consists of Timberlawn Crescent, Pomander Court, and MPDU II .
- 59 scattered site units across seven HUBs from Silver Spring to Damascus.
- 5 single family homes; 54 townhomes

TPM Development Corporation – FY18 Overview

Background

- **1998** - Commission authorized and approved the creation of a wholly- controlled corporate instrumentality known as TPM Development Corporation (the "Corporation").
- **1999** - Board approved the purchase of Timberlawn Crescent, Pomander Court, and MPDU II from the Housing Opportunities Commission.
- **2015** - HOC drew funds from its PNC \$90 million Real Estate Line of Credit to repay the outstanding FHA first mortgage as part of the interim refinancing plan approved by the Commission on May 6, 2015. Staff expects to present a recommendation to the Board which will retire all existing interim debt for all three properties.
- **2016** - The Board approved an amended renovation plan for Timberlawn Crescent to include additional exterior work and clubhouse renovations.

Unit Mix	Market	Affordable	Total
Timberlawn	54	53	107
Pomander	19	5	24
MPDU II	41	18	59
Total Units	114	76	190

Timberlawn Crescent

The property is located on Luxembourg Street in Bethesda and consists of 107 townhouses and flats. Phase I was built by HOC in 1989 and Phase II was constructed in 1991.

A comprehensive renovation of Timberlawn Crescent started in FY 2016 and is estimated to be completed in FY 2017. The renovation 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, sprinkler system update, parking lot improvements, rerouting of Verizon wires, and landscape upgrades.

Pomander Court

The property is located on University Boulevard in Silver Spring and built in 1967. It was acquired by HOC in late 1975 to prevent its conversion to condominiums. It has 24 townhouse units, each unit having 3 bedrooms.

A comprehensive renovation of Pomander Court was executed in FY'16. The renovation included bathroom and kitchen upgrades with new flooring and appliances, replacement of individual unit HVAC systems (as needed), parking lot improvements, storm water management upgrades, and gutter, downspout and wood trim replacements.

MPDU II

MPDU II contains 59 scattered site units that were acquired by HOC between 1986 and 1989. The units are located in Rockville, Silver Spring, Burtonsville, Germantown, Gaithersburg and Olney. The MPDUs consist of seven back-to-back units, five single family units and 47 townhouse units. No major renovation work is planned for the MPDU II units.

TPM Development Corporation – FY18 Overview

Property Management

- Leasing initiatives are underway at Timberlawn and Pomander Court. Occupancy is expected to stabilize prior to July 1, 2017.

Property	Turnover Rate	Avg. Occupancy CY 2016	Current Occupancy
Timberlawn	50%	81%	87%
Pomander	21%	71%	79%
MPDU II	10%	94%	97%

Capital Improvements

- Capital improvements at Timberlawn Crescent are scheduled to be completed in FY 17.
- Pomander Court has undergone a comprehensive interior and exterior renovation.
- There are no current capital improvement plans at MPDU II.

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (34%), appliances (18%) and plumbing (17%).

Property	Total Work Orders CY16	Average Days to Close
Timberlawn	522	7
Pomander	125	6
MPDU II	540	8

Redevelopment/Refinancing

- With the completion of renovations imminent at Timberlawn and Pomander, permanent financing will follow, whereby the properties will be sold into a new ownership entity, Timberlawn Pomander Properties, LLC, which will enter into a FHA/FFB Risk Share loan for approximately \$19.2 million. Closing is anticipated by the end of June 2017.

TPM Development Corporation – FY18 Budget Summary Consolidated

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$3,414,595	\$3,265,657	\$3,198,324	\$2,824,684	\$3,020,199
Expenses:					
Operating - Admin	348,636	332,369	334,112	323,464	332,675
Operating - Fees	308,336	303,026	296,119	271,184	287,975
Tenant & Protective Services	45,685	46,277	44,627	35,630	39,320
Taxes, Insurance & Utilities	166,701	164,391	159,818	189,390	164,285
Maintenance	425,847	410,936	398,644	361,518	427,545
Subtotal - Operating Expenses	\$1,295,205	\$1,256,999	\$1,233,320	\$1,181,180	\$1,251,794
Net Operating Income (NOI)	\$2,119,390	\$2,008,658	\$1,965,004	\$1,643,504	\$1,768,405
Debt Service	1,377,489	1,377,489	372,384	45,513	276,021
Debt Service Reserves	-	-	384,696	499,260	-
Replacement Reserves	51,648	51,648	51,648	51,648	47,192
Development Corporation Fees	575,043	494,951	690,424	608,539	465,004
Excess Cash Flow Restricted	-	-	385,302	357,994	896,758
Subtotal - Expenses Below NOI	\$2,119,390	\$2,008,658	\$1,965,004	\$1,643,504	\$1,768,405
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	8,500	11,639	14,250	9,595	3,231
Windows and Glass	-	-	-	306	749
HVAC Supplies	5,000	4,896	4,800	-	-
Paint and Wallcoverings	-	-	-	1,764	4
Plumbing Equipment	-	-	-	-	-
Appliance Equipment	11,000	2,122	2,080	8,633	17,235
Plumbing Contracts	1,900	3,264	3,200	5,410	18,988
Windows/Glass Contracts	5,680	6,080	8,800	1,800	10,704
Roofing/Gutter Contracts	4,590	4,590	4,500	-	-
HVAC Contracts	55,000	15,810	15,500	14,246	1,582
Flooring/Carpet Contracts	26,751	34,925	34,240	24,819	50,120
Miscellaneous Contracts	2,500	2,500	-	57,405	2,521
Total Capital Budget	\$158,971	\$119,086	\$100,370	\$153,755	\$138,042

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$575,043.
- DSCR is 1.50.

Time Frame

The FY'18 Amended Operating and Capital Budgets for TPM Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for TPM Development Corporation by the Board of Directors.

TPM Development Corporation – FY18 Budget Summary – MPDU II

TPM Dev Corp-MPDU II/59

FY 2018 Operating and Capital Budgets

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$845,267	\$868,533	\$850,889	\$831,648	\$806,267
Expenses:					
Operating - Admin	57,363	49,967	48,222	62,956	65,207
Operating - Fees	171,813	170,065	163,919	145,362	167,272
Tenant & Protective Services	20,562	21,597	20,556	18,853	17,217
Taxes, Insurance & Utilities	26,965	26,351	25,504	25,776	27,597
Maintenance	170,378	147,420	142,112	132,553	126,816
Subtotal - Operating Expenses	\$447,081	\$415,400	\$400,313	\$385,500	\$404,109
Net Operating Income (NOI)	\$398,186	\$453,133	\$450,576	\$446,148	\$402,158
Debt Service	-	-	8,658	12,294	78,326
Debt Service Reserves	-	-	119,097	157,254	-
Replacement Reserves	17,700	17,700	17,700	17,700	17,702
Development Corporation Fees	380,486	435,433	305,121	229,807	179,509
Excess Cash Flow Restricted	-	-	-	29,093	126,621
Subtotal - Expenses Below NOI	\$398,186	\$453,133	\$450,576	\$446,148	\$402,158
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	8,500	11,639	14,250	9,150	515
Windows and Glass	-	-	-	306	749
HVAC Supplies	5,000	4,896	4,800	-	-
Paint and Wallcoverings	-	-	-	1,764	4
Plumbing Equipment	-	-	-	-	-
Appliance Equipment	8,000	2,122	2,080	7,885	7,324
Plumbing Contracts	1,900	3,264	3,200	225	5,675
Windows/Glass Contracts	5,680	6,080	8,800	-	10,704
Roofing/Gutter Contracts	4,590	4,590	4,500	-	-
HVAC Contracts	55,000	15,810	15,500	13,596	1,582
Flooring/Carpet Contracts	16,000	24,174	23,700	17,306	28,306
Miscellaneous Contracts	-	-	-	55,115	2,196
Total Capital Budget	\$117,170	\$80,735	\$84,830	\$117,515	\$76,377

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on May 2, 2017.
- Property cash flow is budgeted at \$380,486.
- The operating budget will not bear any debt service in FY'18.

TPM Development Corporation – FY18 Budget Summary – Pomander Court

TPM Dev Corp-Pomander Court

FY 2018 Operating and Capital Budgets

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$397,036	\$419,480	\$399,679	\$309,995	\$356,763
Expenses:					
Operating - Admin	28,933	21,384	20,863	27,757	38,396
Operating - Fees	33,740	32,520	33,770	32,004	36,329
Tenant & Protective Services	10,207	9,764	9,301	8,923	8,959
Taxes, Insurance & Utilities	31,107	31,030	29,432	39,724	29,515
Maintenance	59,607	65,218	63,136	53,806	57,988
Subtotal - Operating Expenses	\$163,594	\$159,916	\$156,502	\$162,214	\$171,187
Net Operating Income (NOI)	\$233,442	\$259,564	\$243,177	\$147,781	\$185,576
Debt Service	252,364	252,364	66,636	7,772	19,300
Debt Service Reserves	-	-	22,221	61,042	-
Replacement Reserves	7,200	7,200	7,200	7,200	7,200
Development Corporation Fees	(26,122)	-	73,560	56,120	58,291
Excess Cash Flow Restricted	-	-	73,560	15,647	100,785
Subtotal - Expenses Below NOI	\$233,442	\$259,564	\$243,177	\$147,781	\$185,576
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	-	-	-	-	-
Windows and Glass	-	-	-	-	-
HVAC Supplies	-	-	-	-	-
Paint and Wallcoverings	-	-	-	-	-
Plumbing Equipment	-	-	-	-	-
Appliance Equipment	3,000	-	-	530	1,462
Plumbing Contracts	-	-	-	425	8,467
Windows/Glass Contracts	-	-	-	-	-
Roofing/Gutter Contracts	-	-	-	-	-
HVAC Contracts	-	-	-	650	-
Flooring/Carpet Contracts	-	-	-	-	-
Miscellaneous Contracts	-	-	-	-	-
Total Capital Budget	\$6,000	\$2,550	\$2,500	\$3,612	\$12,106

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Budgets were presented to the Budget, Finance and Audit Committee on May 2, 2017.
- Property is projected to generate a deficit of (\$26,122).
- DSCR is 0.93.

TPM Development Corporation – FY18 Budget Summary - Timberlawn

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$3,414,595	\$3,265,657	\$3,198,324	\$2,824,684	\$3,020,199
Expenses:					
Operating - Admin	348,636	332,369	334,112	323,464	332,675
Operating - Fees	308,336	303,026	296,119	271,184	287,975
Tenant & Protective Services	45,685	46,277	44,627	35,630	39,320
Taxes, Insurance & Utilities	166,701	164,391	159,818	189,390	164,285
Maintenance	425,847	410,936	398,644	361,518	427,545
Subtotal - Operating Expenses	\$1,295,205	\$1,256,999	\$1,233,320	\$1,181,180	\$1,251,794
Net Operating Income (NOI)	\$2,119,390	\$2,008,658	\$1,965,004	\$1,643,504	\$1,768,405
Debt Service	1,377,489	1,377,489	372,384	45,513	276,021
Debt Service Reserves	-	-	384,696	499,260	-
Replacement Reserves	51,648	51,648	51,648	51,648	47,192
Asset Management Fees	115,210	84,570	80,550	80,550	83,430
Development Corporation Fees	575,043	494,951	690,424	608,539	465,004
Excess Cash Flow Restricted	-	-	385,302	357,994	896,758
Subtotal - Expenses Below NOI	\$2,119,390	\$2,008,658	\$1,965,004	\$1,643,504	\$1,768,405
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	8,500	11,639	14,250	9,595	3,231
Electrical Supplies	-	-	-	1,968	1,708
Appliance Supplies	4,500	3,315	3,250	53	1,539
Plumbing Supplies	1,000	1,224	1,200	1,217	2,364
Cleaning/Janitorial Supplies	-	-	-	60	14
Windows and Glass	-	-	-	306	749
Doors	1,000	1,530	1,500	1,995	5,566
Hardware Supplies	-	-	-	978	569
HVAC Supplies	5,000	4,896	4,800	-	-
Flooring and Carpeting	1,000	510	500	1,000	-
Paint and Wallcoverings	-	-	-	1,764	4
Miscellaneous Supplies	-	-	-	937	750
HVAC Equipment	5,000	765	750	4,412	5,892
Appliance Equipment	11,000	2,122	2,080	8,633	17,235
Maintenance Equipment	-	-	-	-	108
Miscellaneous Equipment	-	-	-	-	278
Electrical Contracts	-	-	-	2,418	409
Appliance Contracts	3,000	1,530	1,500	-	2,008
Plumbing Contracts	1,900	3,264	3,200	5,410	18,988
Grounds/Landscaping Contr. Cap.	2,550	2,550	2,500	5,123	1,973
Windows/Glass Contracts	5,680	6,080	8,800	1,800	10,704
Roofing/Gutter Contracts	4,590	4,590	4,500	-	-
HVAC Contracts	55,000	15,810	15,500	14,246	1,582
Flooring/Carpet Contracts	26,751	34,925	34,240	24,819	50,120
Paint/Wallcovering Int. Cont.	-	1,836	1,800	3,250	2,070
Paint/Wallcovering Ext. Cont	-	-	-	-	2,685
Fencing Contracts	20,000	20,000	-	14	-
Asphalt/Concrete Contracts	-	-	-	-	4,975
Miscellaneous Contracts	2,500	2,500	-	57,405	2,521
Security System	-	-	-	6,352	-
Total Capital Budget	\$158,971	\$119,086	\$100,370	\$153,755	\$138,042

Issues for Consideration

- Rent increases at the property will be implemented in accordance with the development plan approved by the Commission in May 2015.
- Property cash flow is budgeted at \$220,679.
- DSCR is 1.69.

WHEREAS, the TPM Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 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 FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for TPM Development Corporation and wishes to approve them.

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

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of TPM Development Corporation

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VPC One Corporation

VPC ONE CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018 OPERATING & CAPITAL BUDGETS

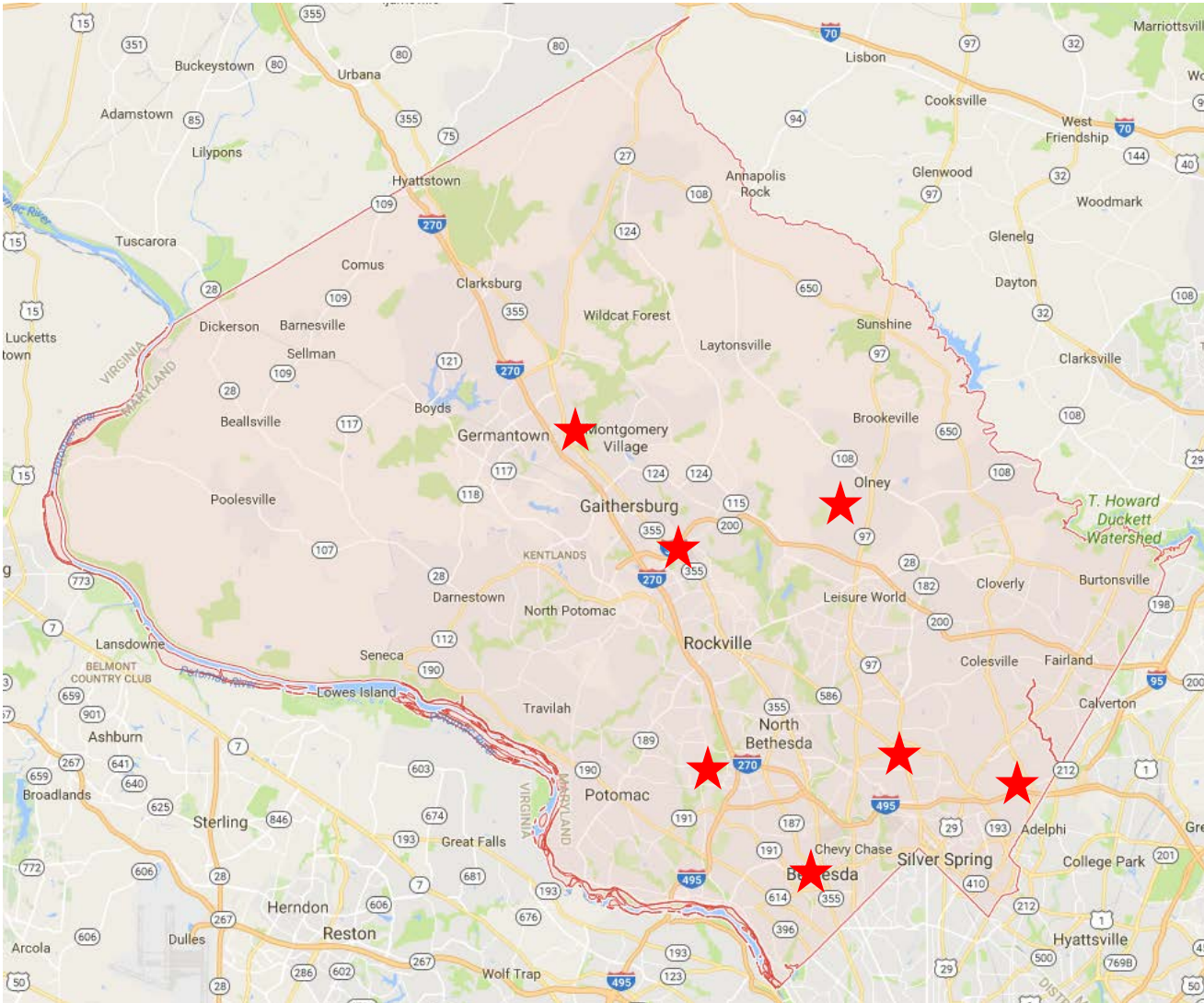


Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance



VPC One Corporation



Property Snapshot:

- 399 units scattered across seven HUBs throughout Montgomery County.
- Scattered site units include condominiums, townhomes and single family homes ranging from two to four bedrooms. Amenities are specific to the unit and the community.
- Some of these units have been designated receiver units for the permanent relocation of some residents at HOC's former multifamily Public Housing properties.
- There has been a transfer of assistance for 55 units of former Public Housing of RAD Project Based Voucher Subsidies. As part of this Section 18 disposition, the occupancy of the remaining units will be restricted to tenants at or below 80% AMI.
- The Property is managed by the Housing Opportunities Commission with assistance from Edgewood Management.

VPC One Corporation – FY 2018 Overview

Background

- **July 18, 2012** - Commission authorized and approved the establishment of VPC One Corporation, a wholly-controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.
- **June 5, 2013** - Commission approved a rehabilitation plan for VPC One and VPC Two, formerly known as the 669 Scattered Sites. The plan included an allocation of \$20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.
- **March 2, 2016** - HOC approved a revised development budget for both Corporations of \$41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit (\$60 million) with PNC Bank, N.A.
- **May 13, 2016** - The Commission approved a Financing Plan for both VPC One and VPC Two to pursue a \$65 million working capital non-revolving Line of Credit with Eagle Bank to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC, currently totaling approximately \$22 million.
- **December 7, 2016** - The Commission approved the Final Aggregate Renovation Budget of \$43 million for both Corporations and the Final Financing Plan, and authorized acceptance of a loan from Eagle Bank for permanent financing for no more than \$35.4 million.
- The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

June 7, 2017



Unit Mix	Market	Affordable	Total
1BR	8	10	18
2BR	0	104	103
3BR	0	241	241
4BR	0	34	34
5BR	0	2	2
Total Units	8	391	399

The regulatory agreement restricts 55 units at or below 50% AMI and 336 units at or below 80% AMI.

VPC One Corporation – FY 2018 Overview

Property Management

- A leasing initiative is being coordinated by HOC's Compliance Division. Occupancy is expected to stabilize during the summer and early fall of 2017.

Turnover	Avg. Occupancy CY 2016	Current Occupancy
11%	79%	80%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (39%), appliances (18%) and plumbing (16%).

Total Work Orders CY 2016	Average Days to Close
2,638	7

Capital Improvements

- There are no Capital Improvements planned for FY 2018 as the units were recently renovated.

Redevelopment/Refinancing

- As of April 2017, 377 of the 391 VPC One units scheduled to be renovated are complete. The estimated completion date for the project is June 2017.
- On March 9, 2017, the Corporation closed on an Eagle Bank non-revolving line of credit with the option to issue subnotes for \$32,400,000. This facility will complete the scattered site renovations, repay all renovation funds drawn on the PNC LOC, repay draws from the Opportunity Housing Development Fund (OHDF), provide a permanent financing facility for the Corporations for up to 10 years. Draws on the Eagle LOC will be limited at all times to an amount that produces a minimum Debt Service Coverage Ratio (DSCR) of 1.25.

VPC One Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$6,812,994	\$7,056,520	\$6,723,169	\$5,092,815	\$4,424,477
Expenses:					
Operating - Admin	361,152	301,768	291,524	508,272	332,315
Operating - Fees	1,466,306	1,396,939	1,351,887	1,283,369	1,299,964
Tenant & Protective Services	126,446	129,859	123,697	118,519	112,842
Taxes, Insurance & Utilities	209,053	162,961	158,688	210,499	240,113
Maintenance	676,262	711,907	683,094	720,201	508,274
Subtotal - Operating Expenses	\$2,839,219	\$2,703,434	\$2,608,890	\$2,840,860	\$2,493,508
Net Operating Income (NOI)	\$3,973,775	\$4,353,086	\$4,114,279	\$2,251,955	\$1,930,969
Debt Service	2,214,831	2,611,088	1,696,791	261,381	61,661
Debt Service Reserves	-	-	835,170	1,552,166	-
Replacement Reserves	119,700	117,900	117,900	147,300	117,000
Development Corporation Fees	1,367,693	1,367,693	1,229,984	291,108	893,063
Excess Cash Flow Restricted	271,551	256,405	234,434	-	859,245
Subtotal - Expenses Below NOI	\$3,973,775	\$4,353,086	\$4,114,279	\$2,251,955	\$1,930,969
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	-	2,550	2,500	7,405	485
Electrical Supplies	-	-	-	210	50
Appliance Supplies	-	510	500	65	2,042
Plumbing Supplies	-	1,836	1,800	2,271	734
Windows and Glass	-	-	-	-	665
Doors	-	-	-	-	669
Hardware Supplies	-	2,693	2,640	92	87
HVAC Supplies	-	2,938	2,880	-	736
Flooring and Carpeting	-	-	-	4,867	2,082
Paint and Wallcoverings	-	-	-	-	4
Miscellaneous Supplies	-	-	-	143	-
Plumbing Equipment	-	-	-	3,800	4,548
HVAC Equipment	-	-	-	3,796	(2,906)
Appliance Equipment	-	6,732	6,600	25,585	15,025
Tools	-	-	-	(96)	-
Electrical Contracts	-	-	-	1,083	880
Appliance Contracts	-	6,120	6,000	-	7,340
Plumbing Contracts	-	7,344	7,200	15,360	5,245
Grounds/Landscaping Contr-Cap.	-	-	-	3,555	6,921
Windows/Glass Contracts	-	5,712	5,600	2,595	575
Roofing/Gutter Contracts	-	7,956	7,800	6,679	5,522
HVAC Contracts	5,500	18,666	18,300	13,213	22,114
Flooring/Carpet Contracts	-	13,668	13,400	14,169	5,963
Paint/Wallcovering Int. Cont.	-	-	-	4,132	470
Paint/Wallcovering Ext. Cont.	-	-	-	5,160	606
Miscellaneous Contracts	62,500	24,480	24,000	4,781	1,920
Total Capital Budget	\$68,000	\$101,205	\$99,220	\$118,865	\$81,777

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive’s voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at \$1,639,244 of which \$271,551 is restricted.
- DSCR is 1.83.

Time Frame

The FY’18 Amended Operating and Capital Budgets for VPC One Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY’18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’18 Operating and Capital Budgets for VPC One by the Board of Directors.

WHEREAS, the VPC One Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

WHEREAS, the Corporation conducted its Annual Meeting and elected officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY'18 VPC One Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for VPC One Corporation and wishes to approve them.

NOW, THEREFORE, BE IT RESOLVED by VPC One orporation that:

1. The Corporation approves the FY'18 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 Corporation at a meeting conducted on June 7, 2017.

Secretary to the Board of VPC One Corporation

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VPC Two Corporation

VPC TWO CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018 OPERATING & CAPITAL BUDGETS

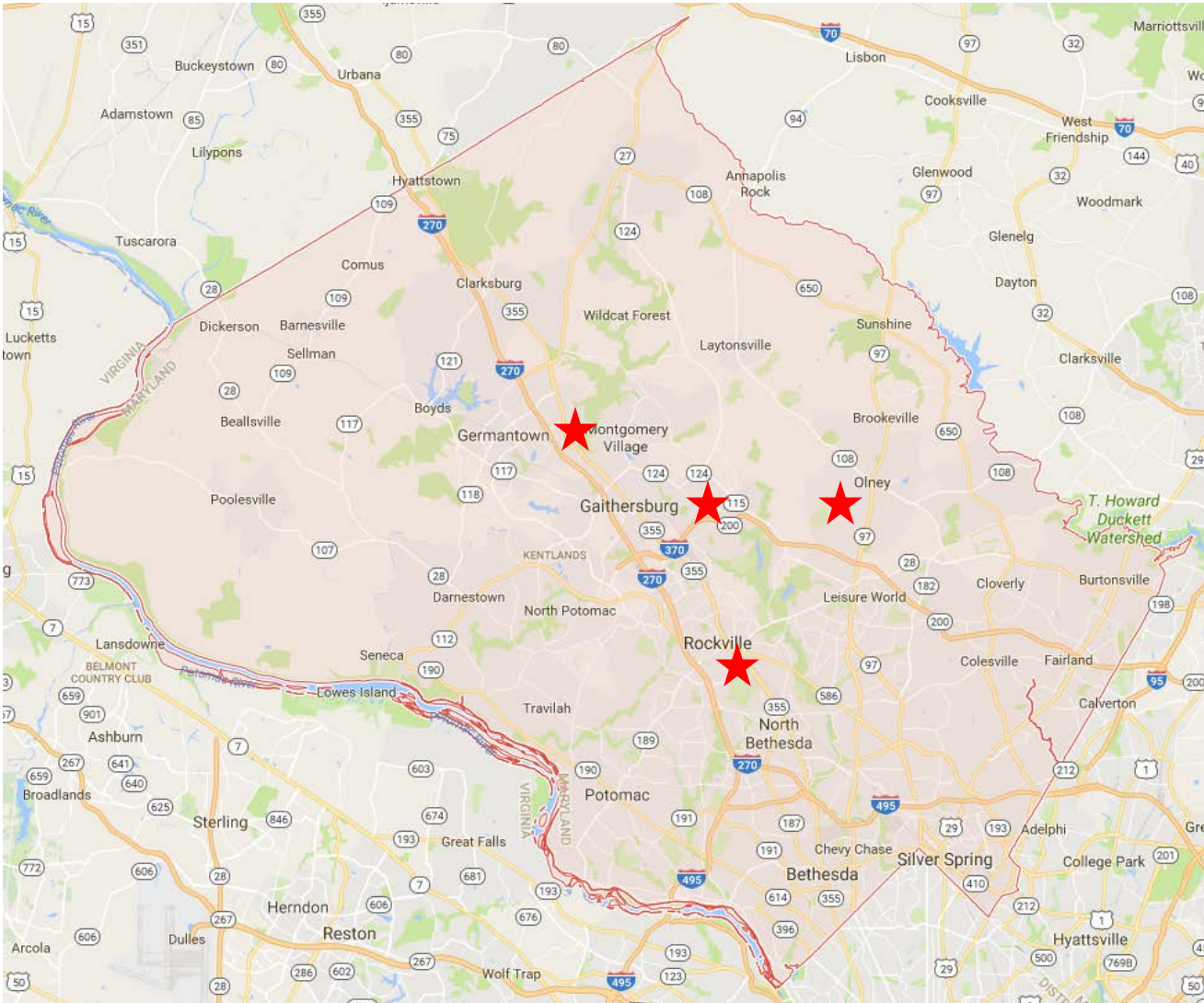


Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance



VPC Two Corporation



Property Snapshot:

- 280 units scattered across four HUBs throughout Montgomery County from Olney to Damascus.
- Scattered site units include condominiums, townhomes and single family homes ranging from two to four bedrooms. Amenities are specific to the unit and the community.
- Some of these units have been designated receiver units for the permanent relocation of some residents at HOC's former multifamily Public Housing properties.
- There has been a transfer of assistance for 58 units of former Public Housing of RAD Project Based Voucher Subsidies. As part of this Section 18 disposition, the occupancy of the remaining units will be restricted to tenants at or below 80% AMI.
- The Property is managed by the Housing Opportunities Commission with assistance from Edgewood Management.

VPC Two Corporation – FY 2018 Overview

Background

- **August 7, 2013** - Commission authorized and approved: the establishment of VPC Two Corporation, a wholly-controlled corporate instrumentality, and passed a resolution approving the Articles of Incorporation.
- **June 5, 2013** - Commission approved a rehabilitation plan for VPC One and VPC Two, formerly known as the 669 Scattered Sites. The plan included an allocation of \$20 million of Commission funds that would be reimbursed either through a financing of the properties or project cash flows.
- **March 2, 2016** - HOC approved a revised development budget for both Corporations of \$41.5 million to complete the rehabilitation of the Scattered Sites based on 55% of the units (371) completed at that time and advanced funds to VPC One and VPC Two for such rehabilitation, on an interim basis, from draws on the original line of credit (\$60 million) with PNC Bank, N.A.
- **May 13, 2016** - The Commission approved a Financing Plan for both VPC One and VPC Two to pursue a \$65 million working capital non-revolving Line of Credit with Eagle Bank to complete the renovations of the Scattered Sites and retire the draws on the PNC LOC, currently totaling approximately \$22 million.
- **December 7, 2016** - The Commission approved the Final Aggregate Renovation Budget of \$43 million for both Corporations and the Final Financing Plan, and authorized acceptance of a loan from Eagle Bank for permanent financing for no more than \$24.6 million.
- The Corporation's annual budget preparation, presentation and approval process is incorporated into the HOC budget process.

June 7, 2017



Unit Mix	Market	Affordable	Total
1BR	0	15	15
2BR	0	37	37
3BR	0	192	192
4BR	0	35	35
5BR	0	1	1
Total Units	0	280	280

The regulatory agreement restricts 58 units at or below 50% AMI and 222 units at or below 80% AMI.

VPC Two Corporation – FY 2018 Overview

Property Management

- A leasing initiative is being coordinated by HOC's Compliance Division. Occupancy is expected to stabilize during the summer and early fall of 2017.

Turnover	Avg. Occupancy CY16	Current Occupancy
14%	78%	87%

Maintenance

- The largest volume of work tickets was for general maintenance – hardware, drywall damage, etc. (39%) and plumbing (13%).

Total Work Orders CY16	Average Days to Close
2,235	4

Capital Improvements

- There are no capital improvements planned as the units have been recently renovated or are scheduled for renovation.

Redevelopment/Refinancing

- As of December 2016, all 280 VPC Two units are fully renovated.
- On March 9, 2017, the Corporation closed on an Eagle Bank non-revolving line of credit with the option to issue sub notes for \$23,400,000. This facility will complete the scattered site renovations, repay all renovation funds drawn on the PNC LOC, repay draws from the Opportunity Housing Development Fund (OHDF), provide a permanent financing facility for the Corporations for up to 10 years. Draws on the Eagle LOC will be limited at all times to an amount that produces a minimum Debt Service Coverage Ratio (DSCR) of 1.25. No draws will be executed without the approval of the Executive Director.

VPC Two Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$4,680,837	\$4,770,755	\$4,650,524	\$3,269,298	\$2,691,752
Expenses:					
Operating - Admin	(6,281,224)	(6,843,278)	(5,881,800)	(953,376)	(2,800,412)
Operating - Fees	7,410,000	7,854,680	6,856,183	2,041,421	3,754,626
Tenant & Protective Services	85,799	90,997	86,691	94,612	76,825
Taxes, Insurance & Utilities	164,284	105,375	103,790	195,785	205,123
Maintenance	546,818	574,072	549,831	666,833	396,300
Subtotal - Operating Expenses	\$1,925,677	\$1,781,846	\$1,714,695	\$2,045,275	\$1,632,462
Net Operating Income (NOI)	\$2,755,160	\$2,988,909	\$2,935,829	\$1,224,023	\$1,059,290
Debt Service	1,599,604	1,832,340	962,021	17,224	5,286
Debt Service Reserves	-	-	814,764	1,084,980	-
Replacement Reserves	84,000	84,000	84,000	83,700	83,700
Development Corporation Fees	899,109	899,109	896,664	38,119	680,759
Excess Cash Flow Restricted	172,447	173,460	178,380	-	289,545
Subtotal - Expenses Below NOI	\$2,755,160	\$2,988,909	\$2,935,829	\$1,224,023	\$1,059,290
NET INCOME	\$0	\$0	\$0	\$0	\$0

Capital Budget:	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Kitchen and Bath Supplies	-	2,550	2,500	3,757	137
Electrical Supplies	-	-	-	138	172
Appliance Supplies	-	-	-	21	1,137
Plumbing Supplies	-	-	-	882	740
Cleaning/Janitorial Supplies	-	-	-	(500)	-
Grounds/Landscaping Sup.-Cap.	-	-	-	1,300	-
Health and Safety Materials	-	-	-	(3,498)	-
Locks, Keys	-	-	-	40	-
Windows and Glass	-	6,120	6,000	4,136	-
Doors	-	-	-	984	874
Roofing Materials	-	-	-	(1,000)	-
Hardware Supplies	-	-	-	(63)	58
HVAC Supplies	-	10,200	10,000	(243)	925
Flooring and Carpeting	-	-	-	4,125	1,997
Paint and Wallcoverings	-	714	700	1,433	834
Miscellaneous Supplies	-	-	-	46	-
Electrical Equipment	-	-	-	(1,064)	-
Plumbing Equipment	-	714	700	2,150	(850)
HVAC Equipment	-	-	-	3,378	1,582
Appliance Equipment	-	1,632	1,600	10,295	8,050
Tools	-	-	-	(79)	-
Maintenance Equipment	-	-	-	-	1,410
Plumbing Contracts	-	4,386	4,300	10,030	9,168
Cleaning/Janitorial Contracts-Cap.	-	-	-	(471)	-
Grounds/Landscaping Contr-Cap.	-	-	-	1,200	-
Windows/Glass Contracts	-	8,976	8,800	2,305	790
Roofing/Gutter Contracts	-	4,590	4,500	14,970	-
HVAC Contracts	-	14,382	14,100	11,916	250
Flooring/Carpet Contracts	-	3,978	3,900	6,065	3,354
Paint/Wallcovering Int. Cont.	-	-	-	550	980
Paint/Wallcovering Ext. Cont	-	-	-	3,500	-
Fencing Contracts	-	-	-	(2,776)	500
Asphalt/Concrete Contracts	-	-	-	5,914	580
Miscellaneous Contracts	30,000	5,100	5,000	690	1,795
Total Capital Budget	\$30,000	\$63,342	\$62,100	\$80,131	\$34,483

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive’s voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at \$1,071,556 of which \$172,447 is restricted.
- DSCR is 1.75.

Time Frame

The FY’18 Amended Operating and Capital Budgets for VPC Two Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY’18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’ 18 Operating and Capital Budgets for VPC Two Corporation by the Board of Directors.

RESOLUTION NO. 17-001_{VPC2}

RE: VPC Two Corporation Annual Meeting, Election of Officers and Adoption of FY'18 Operating and Capital Budgets

WHEREAS, the VPC Two Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

WHEREAS, the Corporation conducted its Annual Meeting and elected officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY'18 VPC Two Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017; and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for VPC Two Corporation and wishes to approve them.

NOW, THEREFORE, BE IT RESOLVED by VPC Two Corporation that:

1. The Corporation approves the FY'18 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 Corporation at a meeting conducted on June 7, 2017.

Secretary to the Board of VPC Two Corporation

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Wheaton Metro Development Corporation

WHEATON METRO DEVELOPMENT CORPORATION

ANNUAL MEETING AND AMENDMENT OF FY 2018

OPERATING & CAPITAL BUDGETS

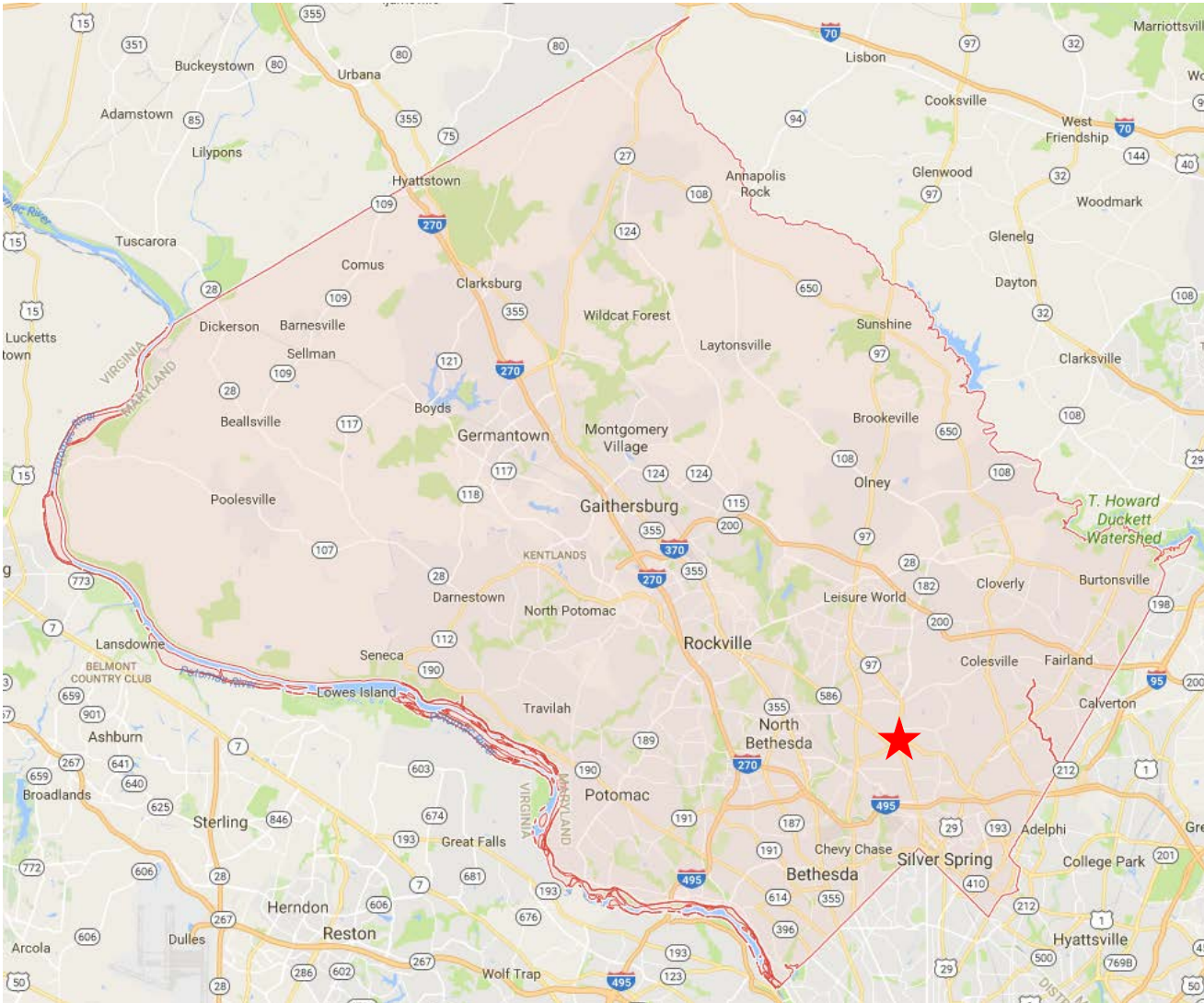


Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance



Wheaton Metro Development Corporation



Property Snapshot:

- Located in Silver Spring.
- Constructed in 2008.
- Situated on top of a metro station and close to shopping and restaurants.
- Amenities include a Fitness Center, Business Center, Club Room, Garage Parking, Onsite Retail.

Wheaton Metro Development Corporation – FY 2018 Overview

Background

- **2003** – Commission authorized the creation of a wholly controlled corporate instrumentality known as Wheaton Metro Development Corporation and adopted By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers .
- **May 2005** - Commission authorized the establishment of Wheaton Metro Limited Partnership in which HOC is the general partner for the apartment facility, certain retail space and a parking garage above the Wheaton Metro station.
- **March 1, 2007** - A condominium was created and 120 units, the retail space and parking garage were transferred to the Corporation pursuant to a Contract of Sale.
- **December 31, 2010** - Corporation executed the Asset Management Agreement which requires submission of an annual budget to the Owner an annual budget 90 days prior to each fiscal year and approved a resolution that allowed for the incorporation of the annual budget preparation and presentation into the HOC budget process.
- Wheaton Metro consists of 173 units distributed as follows:
 - 53 tax credit units owned by Wheaton Metro LP with HOC as the General Partner.
 - 120 units owned by Wheaton Metro Development Corporation.



11175 Georgia Avenue, Silver Spring, MD 20902
 Manager: Bozzuto (utilizes Yieldstar)

Unit Mix	Total	Affordable	Market
1BR	85	34	119
2BR	34	16	50
3BR	1	3	4
Total Units	120	53	173

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

Wheaton Metro Development Corporation – FY 2018 Update

Property Management

- Despite robust competition in the market, MetroPointe has remained competitive and retained stabilized occupancy of 96%.
- Valet trash service will be offered to all residents, an amenity not currently available in competing properties in the sub-market.

Turnover Rate	Avg. Occupancy CY 2016	Current Occupancy
47%	95%	97%

Maintenance

- The largest volume of work tickets was related to lighting and electrical (19.6%) and appliances (7%) followed by general maintenance –hardware, drywall damage, flooring, etc. (16%).

Total Work Orders CY 2016	Average Days to Close
650	2

Capital Improvements

- The capital budget includes funding for replacement of carpeting and other typical turnover related expenses.
- Magnetics and security cameras will be installed and/or upgraded throughout the property.

Redevelopment/Refinancing

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

Wheaton Metro Development Corporation – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$2,816,918	\$2,771,845	\$2,763,258	\$2,711,007	\$2,577,999
Expenses:					
Operating - Admin	254,917	254,915	257,008	232,802	218,174
Operating - Fees	98,287	98,697	96,535	97,692	103,725
Tenant & Protective Services	27,807	27,807	27,354	24,935	30,460
Taxes, Insurance & Utilities	145,644	145,846	141,062	116,162	126,873
Maintenance	300,356	254,674	249,212	245,246	233,894
Subtotal - Operating Expenses	\$827,011	\$781,939	\$771,171	\$716,837	\$713,126
Net Operating Income (NOI)	\$1,989,907	\$1,989,906	\$1,992,087	\$1,994,170	\$1,864,873
Debt Service	1,951,227	1,951,226	1,953,407	1,955,490	1,957,482
Replacement Reserves	30,000	30,000	30,000	30,000	30,000
Asset Management Fees	8,680	8,680	8,680	8,680	8,680
Subtotal - Expenses Below NOI	\$1,989,907	\$1,989,906	\$1,992,087	\$1,994,170	\$1,996,162
NET INCOME	\$0	\$0	\$0	\$0	-\$131,289

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Kitchen and Bath Supplies	-	-	-	351	291
Flooring and Carpeting	5,100	5,100	5,000	-	-
HVAC Equipment	1,836	1,836	1,800	380	-
Appliance Equipment	3,570	3,570	3,500	893	745
Miscellaneous Equipment	3,060	3,060	3,000	1,365	1,215
Flooring/Carpet Contracts	15,300	15,300	15,000	28,096	30,791
Asphalt/Concrete Contracts	5,100	5,100	5,000	1,085	-
Miscellaneous Contracts	29,070	29,070	28,500	12,209	8,143
Total Capital Budget	\$63,036	\$63,036	\$61,800	\$44,379	\$41,185

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- The property's \$280,352 operating deficit is funded with a draw from the Agency's General Fund Operating Reserve, which is included in the property's budgeted revenue.
- DSCR is 0.88.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Wheaton Metro Development Corporation were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY'18 Amended Operating and Capital Budgets for Wheaton Metro Development Corporation by the Board of Directors.

RESOLUTION NO. 17-001_{WMM}

RE: Wheaton Metro Development Corporation Annual Meeting, Election of Officers and Adoption of FY'18 Operating and Capital Budgets

WHEREAS, the Wheaton Metro Development Corporation (the "Corporation") is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission (the "Commission"); and

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017; 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 Commission; and

WHEREAS, the FY'18 the Wheaton Metro Development Corporation annual budget preparation was considered in the presentation and approval process with the Housing Opportunities Commission budget process; and

WHEREAS, the FY'18 Operating and Capital Budgets were presented to the Budget, Finance and Audit Committee of the Commission on May 2, 2017 and

WHEREAS, the Commissioners also constitute the Directors of the Corporation; and

WHEREAS, the Corporation has reviewed the FY'18 Operating and Capital Budgets for Wheaton Metro Development Corporation and wishes to approve them.

NOW, THEREFORE, BE IT RESOLVED by Wheaton Metro Development Corporation that:

1. The Corporation approves the FY'18 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 June 7, 2017.

Secretary to the Board of Wheaton Metro Development Corporation

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Chevy Chase Lake Development Corporation

**CHEVY CHASE LAKE DEVELOPMENT CORPORATION
ANNUAL MEETING, ELECTION OF OFFICERS, AND
APPROVAL TO ACCEPT EXTENSION OF HOC \$60 MILLION
LINE OF CREDIT**

JUNE 7, 2017

- According to the By-laws, the Chevy Chase Lake Development Corporation is required to hold an Annual Meeting and elect officers.
- Chevy Chase Lake Development Corporation tax-exempt bond loan of \$6,794,170 was refinanced using the \$60 million PNC Bank Line of Credit which will expire September 3, 2017.
- The Commission approved extending the maturity date for the Line of Credit for Chevy Chase Lake Development Corporation through June 30, 2018.
- The estimated debt service cost under the \$60 million Line of Credit is based upon the taxable borrowing rate of one month LIBOR plus 90 basis points. As of April 24, 2017, the estimated amount of interest is approximately \$152,321 for one year.
- Staff requests the Board of Directors accept the extension of the \$60 million Line of Credit on behalf of Chevy Chase Lake Development Corporation.

MEMORANDUM

TO: Chevy Chase Lake Development Corporation Board of Directors

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gail Willison Division: Finance Ext. 9480
 Eugenia Pascual Finance Ext. 9478

RE: Annual Meeting, Election of Officers and Approval to Extend the \$60 Million PNC Bank Line of Credit to Finance Commission Approved Actions related to Chevy Chase Lake Development Corporation

DATE: June 7, 2017

STATUS: Committee Report X

OVERALL GOAL & OBJECTIVE:

To conduct an annual meeting, elect officers and extend the use of the \$60 Million PNC Bank Line of Credit to finance Commission approved actions related to Chevy Chase Lake Development Corporation (Chevy Chase Lake).

BACKGROUND:

The Commission has previously approved advances from the \$60 Million PNC Bank Line of Credit to support the interim financing needs Chevy Chase Lake. Staff requests to extend the current maturity date through June 30, 2018. The \$60 million PNC Bank Line of Credit Agreement’s taxable borrowing rate is Libor plus 90 basis points. The unobligated amount as of March 31, 2017 is \$3,582,652 under the \$60 million line of credit.

The current maturity date for the outstanding loan is June 2017 and the outstanding principal amount as of March 31, 2017 is \$6,794,170. The estimated annual interest cost for the year is projected to be \$152,321. In order to mitigate interest rate risk, the estimated cost under the Line of Credit is based on the one month LIBOR rate of April 24, 2017 plus an additional 35 basis points.

ISSUES FOR CONSIDERATION:

Does the Board wish to approve extending the maturity date to finance Commission approved actions related to Chevy Chase Lake Development Corporation through June 30, 2018?

PRINCIPALS:

HOC

PNC Bank, N.A.

Chevy Chase Lake Development Corporation

BUDGET IMPACT:

The amount of interest expense for FY 2018 is estimated to be \$152,321. The interest expense has been included in the Chevy Chase Lake Development Corporation Budget.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the requested extension of line of credit at the May 23, 2017 meeting. Action is requested at the June 7, 2017 Board meeting.

STAFF RECOMMENDATION & BOARD ACTION NEEDED:

The Budget, Finance and Audit Committee recommends that the Board extend the use of the \$60 Million PNC Bank Line of Credit to finance Commission approved actions related to Chevy Chase Lake Development Corporation.

RESOLUTION NO: 17-001ccl

RE: Chevy Chase Lake Development Corporation Annual Meeting and Election of Officers

WHEREAS, Chevy Chase Lake Development Corporation (the “Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission; and

WHEREAS, the Corporation held its Annual Meeting and elected officers on June 7, 2017.

NOW, THEREFORE, BE IT RESOLVED by the Chevy Chase Lake Development Corporation that:

1. The Corporation has held an annual meeting on June 7, 2017.
2. Election of officers was held at the annual meeting on June 7, 2017.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Board of Directors of Chevy Chase Lake Development Corporation at a regular meeting conducted on June 7, 2017.

Secretary to the Board of Chevy Chase Lake Development Corporation

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RESOLUTION NO:17-002ccl

RE: Chevy Chase Lake Development Corporation Approval to Accept Extension of HOC \$60 Million Line of Credit Loan

WHEREAS, Chevy Chase Lake Development Corporation (the “Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission; and

WHEREAS, Chevy Chase Lake Development Corporation first mortgage loan of \$6,794,170 is currently financed through the \$60 million PNC Bank Line of Credit; and

WHEREAS, the Chevy Chase Lake Development Corporation first mortgage loan under the line of credit will expire on September 3, 2017; and

WHEREAS, the Commission approved extending the use of the \$60 million PNC Bank Line of Credit to finance Chevy Chase Lake Development Corporation loan through June 30, 2018 at a taxable borrowing rate of one month LIBOR plus 90 basis points; and

WHEREAS, the estimated cost based on the one month LIBOR rate as of April 24, 2017 is approximately \$152,321 for one year.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Chevy Chase Lake Development Corporation that it hereby approves accepting the extension of the HOC Line of Credit Loan to finance Chevy Chase Lake Development Corporation through June 30, 2018.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Board of Directors of Chevy Chase Lake Development Corporation at a regular meeting conducted on June 7, 2017.

Secretary to the Board of Chevy Chase Lake Development Corporation

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Damascus Gardens Development Corporation

DAMASCUS GARDENS DEVELOPMENT CORPORATION ANNUAL MEETING

June 7, 2017

- 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 7, 2017

STATUS: Consent Deliberation 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”.

On 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 for \$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, 2017 was \$620,532.

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 7, 2017 annual meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends the Board of Directors conduct an annual meeting and elect officers for FY'18.

RESOLUTION NO. 17-001DG

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 7, 2017.
2. Election of officers was held at the annual meeting on June 7, 2017.

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
7, 2017.

Secretary to the Board of Damascus Gardens Development Corporation

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Limited Partnership Annual Meetings

Brookside Glen Limited Partnership

BROOKSIDE GLEN LIMITED PARTNERSHIP

ANNUAL MEETING AND AMENDMENT OF FY 2018

OPERATING & CAPITAL BUDGETS

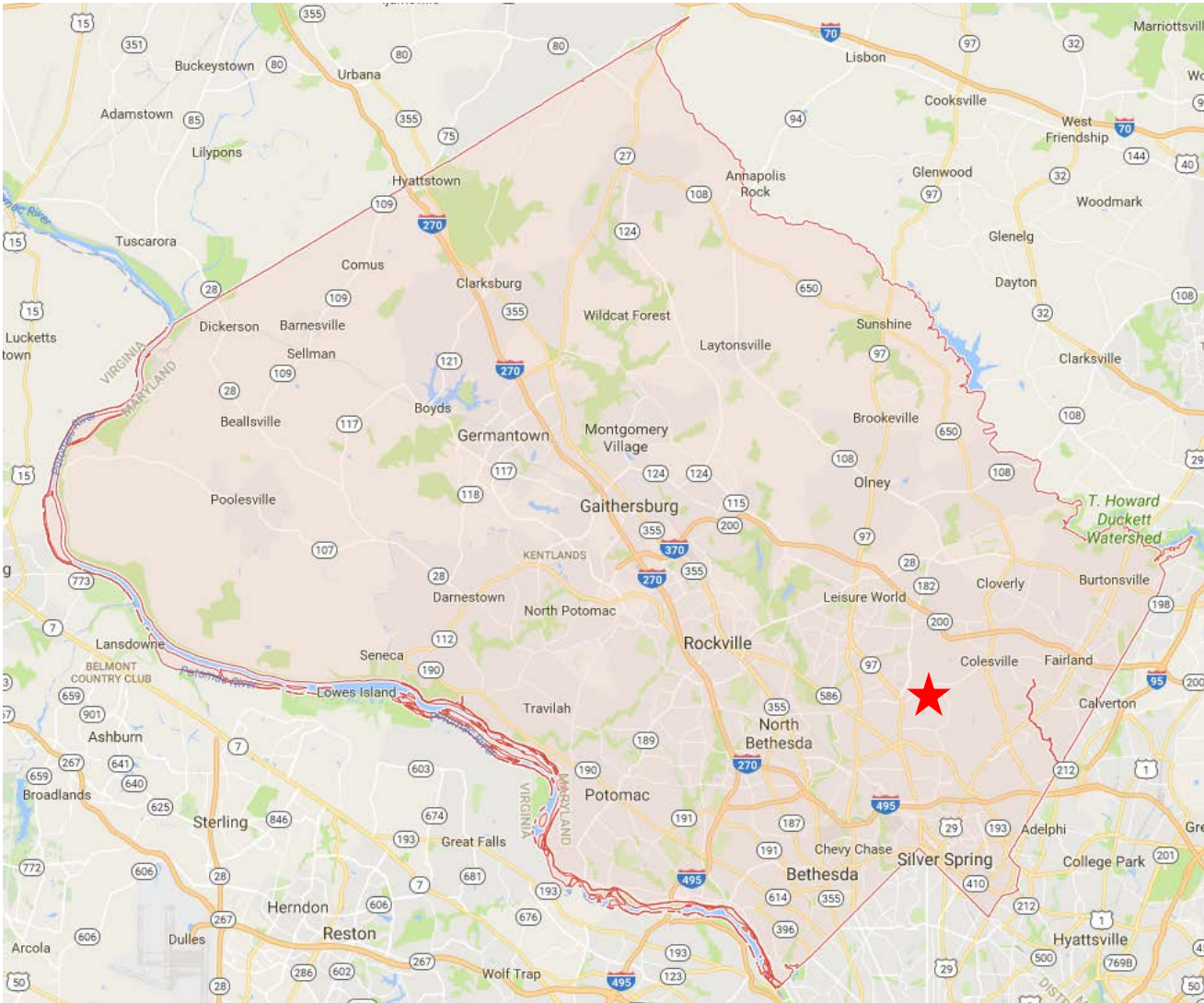


Stacy L. Spann, Executive Director

**Property Management
Real Estate
Mortgage Finance
Finance**



Brookside Glen Limited Partnership



Property Snapshot:

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

Brookside Glen Limited Partnership – FY 2018 Overview

Background

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



2399 Jones Lane, Wheaton, MD 20902
Manager: Avison Young

Unit Mix	Market	Affordable	Total
2BR	24	31	55
3BR	21	14	35
Total Units	45	45	90

Home Regulatory Agreement dated June 23, 1994 requires restricted income/rents for 20 units at 55% of area median and 5 units at 50% of area median. DHCD Regulatory Agreement dated May 24, 1994 restricts the income/rent of 20 units at 40% of the median income.

Brookside Glen Limited Partnership – FY 2018 Update

Property Management

- Avison Young assumed management of The Glen on August 1, 2016.
- The property recently implemented a pet policy and is developing a no smoking policy.
- Property occupancy has remained stable with low turnover rates.

Turnover	Avg. Occupancy CY 2016	Current Occupancy
17%	96%	96%

Capital Improvements

- The biggest challenge is the aqua thermo heating system. Issues occur with the gas supply/valve resulting in no hot water/no heat. Property staff are developing a plan to address this concern.

Maintenance

- The largest volume of work tickets was for plumbing (31%) followed by carpentry (15%), appliances (14%), and electrical (12%).

Total Work Orders CY 2016	Average Days to Close
305	1

Redevelopment/Refinancing

- Comprehensive renovations which included unit interiors, roof replacement, repair and sealing of the parking lot and replacement of mechanical systems were completed in 2015.
- The project was funded through Operating Cash, Replacement Reserves and the Operating Reserve held by DHCD.

Brookside Glen Limited Partnership – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$1,554,266	\$1,584,690	\$1,569,890	\$1,556,042	\$1,459,183
Expenses:					
Operating - Admin	213,766	223,280	224,974	214,915	226,282
Operating - Fees	84,420	84,360	82,511	77,823	71,855
Tenant & Protective Services	15,403	15,405	15,234	12,592	14,077
Taxes, Insurance & Utilities	146,442	145,083	142,547	140,917	150,114
Maintenance	205,297	189,382	185,267	179,016	207,954
Subtotal - Operating Expenses	\$665,328	\$657,510	\$650,533	\$625,263	\$670,282
Net Operating Income (NOI)	\$888,938	\$927,180	\$919,357	\$930,779	\$788,901
Debt Service	499,888	499,889	500,929	501,924	502,863
Operating Reserves	16,248	16,250	16,250	16,250	16,250
Replacement Reserves	95,112	95,112	90,576	86,268	78,420
Asset Management Fees	96,910	71,140	67,750	67,750	70,180
Excess Cash Flow Restricted	180,780	244,789	243,852	258,588	121,186
Subtotal - Expenses Below NOI	\$888,938	\$927,180	\$919,357	\$930,780	\$788,999
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
HVAC Equipment	5,059	5,059	4,960	4,640	-
Appliance Equipment	13,058	13,058	21,625	8,924	1,720
Grounds/Landscaping Contr-Cap.	10,710	10,710	10,500	19,109	8,583
Flooring/Carpet Contracts	27,480	21,502	21,080	12,366	23,677
Asphalt/Concrete Contracts	5,100	5,100	5,000	4,998	13,757
Miscellaneous Contracts	40,000	40,000	50,000	46,792	39,843
Total Capital Budget	\$101,407	\$95,429	\$113,165	\$96,829	\$87,580

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive's voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current "market rate".
- Property cash flow is budgeted at \$180,780, all of which is restricted.
- DSCR is 1.78.

Time Frame

The FY'18 Amended Operating and Capital Budgets for Brookside Glen Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY'18 Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY' 18 Operating and Capital Budgets for Brookside Glen Limited Partnership by the Board of Directors.

WHEREAS, Brookside Glen Apartments Development Corporation (“Corporation”) serves as the general partner of Brookside Glen Limited Partnership (“Partnership”), which owns and operates Brookside Glen (“Property”); and

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the limited partner of the Partnership; and

WHEREAS, the Partnership must approve an annual budget which provides a sound financial and operating plan for operation of the Property; and

WHEREAS, the Corporation, in its capacity as the Partnership’s general partner, has reviewed the FY’18 Operating and Capital Budgets for Brookside Glen and wishes to approve them on behalf of the Partnership; and

NOW, THEREFORE, BE IT RESOLVED by the Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of Brookside Glen Limited Partnership as its general partner, that it hereby approves the FY’18 Operating and Capital Budgets for the Property.

BE IT FURTHER RESOLVED by the Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of Brookside Glen Limited Partnership as its general partner, that the Commission’s Executive Director, as the Corporation’s Secretary, is authorized and directed, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Brookside Glen Apartments Development Corporation, acting for itself and for and on behalf of Brookside Glen Limited Partnership as its general partner, at an annual meeting conducted on June 7, 2017.

Secretary to the Board of Directors of
Brookside Glen Apartments Development Corporation

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Diamond Square Limited Partnership

DIAMOND SQUARE LIMITED PARTNERSHIP

ANNUAL MEETING AND AMENDMENT OF FY 2018

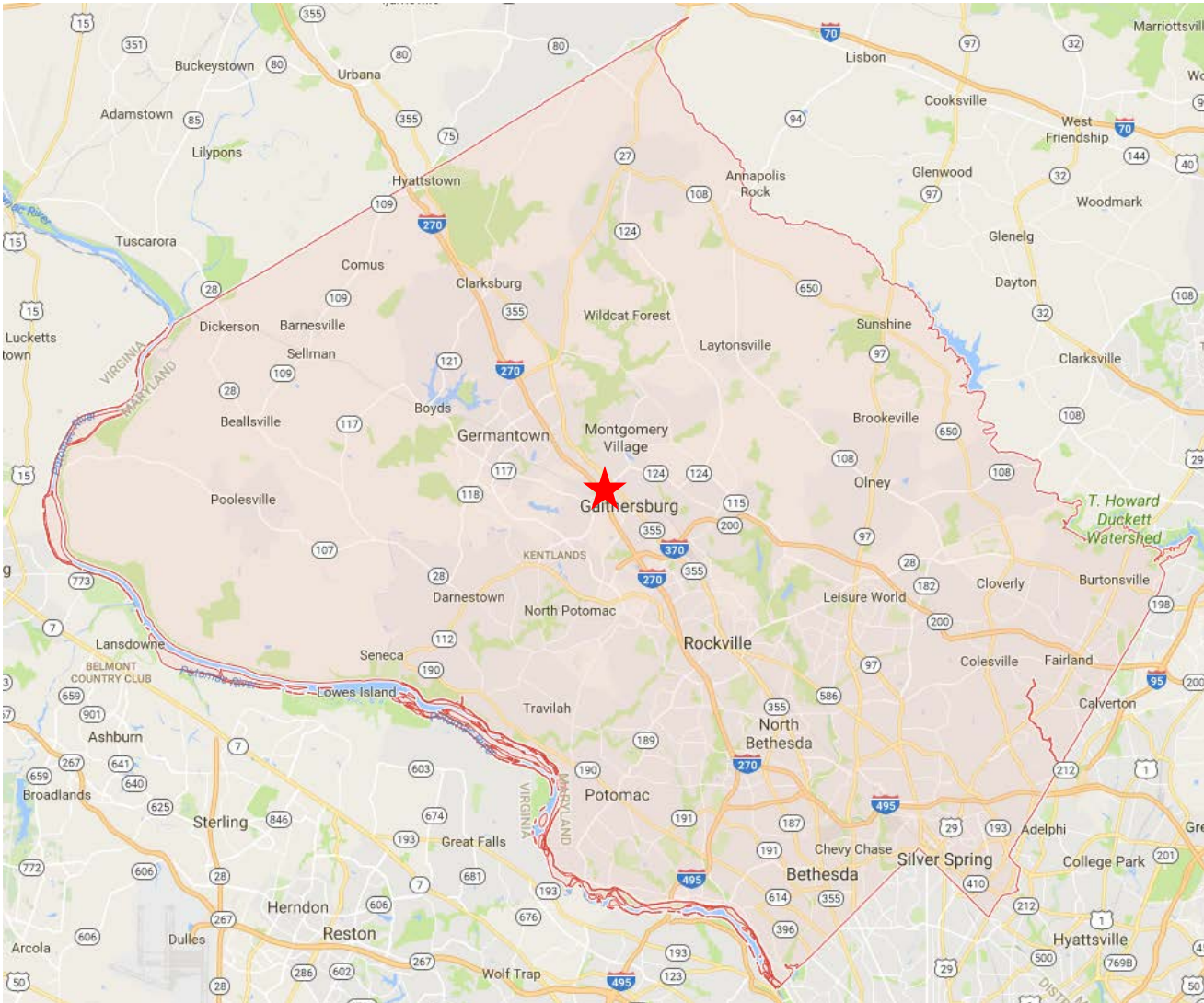
OPERATING & CAPITAL BUDGETS



Stacy L. Spann, Executive Director

Property Management
Real Estate
Mortgage Finance
Finance

Diamond Square Limited Partnership



Property Snapshot

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

Diamond Square Limited Partnership – FY 2018 Overview

Background

- **June 6, 1990** - Agreement executed with Montgomery County, the City of Gaithersburg, and the Housing Opportunities Commission (“HOC”) to jointly acquire the Quality Inn Hotel located in Gaithersburg. Per Agreement, Montgomery County assigned its contract to purchase the property to HOC. The City contributed \$500,000 for its share of the purchase price, with title to the property held by HOC.
- **2003** - Commission established Diamond Square Limited Partnership.
 - HOC, as limited partner, owns 99.9% of the partnership interest.
 - Diamond Square Development Corporation, as general partner, owns .1% of the interest in the Partnership.
- The limited partnership was established to own this property because, under its regulations, the Maryland Department of Housing and Community Development would not make a loan secured against the property to a corporation even if controlled by HOC. As a result, the limited partnership was created and the development corporation used as the general partner.
- The Commission also approved the Articles of Incorporation and the By-laws which provide for the operations and functions of the Corporation and elected the seven Commissioners as the officers.



80 Bureau Dr, Gaithersburg, 20878
 Manager : Avison Young

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

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

Diamond Square Limited Partnership – FY 2018 Update

Property Management

- The property operates under guidance from the Board of Governance (BOG) which consists of one representative from Montgomery County, the City of Gaithersburg, and HOC.
- Property occupancy remains very high. Leasing strategies include direct marketing to local businesses and employers. Units are offered furnished and management is exploring options to offer unfurnished units or upgrade furnishings.

Turnover Rate	Avg. Occupancy CY 2016	Current Occupancy
35%	99%	100%

Capital Improvements

- The Capital Budget anticipates 12 unit renovations upon turnover. This will include new kitchen cabinets, countertops, appliances, and expanding the kitchen area to include a full size refrigerator.

Maintenance

- The majority of service requests were for plumbing (37%), HVAC (21%), electrical (13%) and appliances (12%).

Total Work Orders CY 2016	Average Days to Close
438	1

Redevelopment/Refinancing

- Units were renovated between 2000 – 2005 with new kitchens, bath fixtures, HVAC units and windows. In 2016, the main building entrance was replaced with a larger vestibule and covered area outside the main doors.

Diamond Square Limited Partnership – FY 2018 Budget Summary

	FY 2018 Amended Budget	FY 2018 Adopted Budget	FY 2017 Amended Budget	FY 2016 Actuals	FY 2015 Actuals
Total Revenue	\$1,328,416	\$1,314,768	\$1,284,868	\$1,255,136	\$1,186,372
Expenses:					
Operating - Admin	202,592	202,592	196,373	185,987	190,487
Operating - Fees	66,780	66,690	64,555	62,940	60,871
Tenant & Protective Services	7,594	7,594	14,960	100,200	88,134
Taxes, Insurance & Utilities	255,464	253,120	245,782	245,814	187,532
Maintenance	262,904	248,481	242,661	235,290	222,456
Subtotal - Operating Expenses	\$795,334	\$778,477	\$764,331	\$830,231	\$749,480
Net Operating Income (NOI)	\$533,082	\$536,291	\$520,537	\$424,905	\$436,892
Debt Service	118,186	118,184	118,450	118,702	118,944
Operating Reserves	19,920	19,920	19,920	19,920	19,920
Replacement Reserves	103,563	103,563	99,580	95,754	92,071
Asset Management Fees	23,130	23,130	22,460	22,460	21,810
Excess Cash Flow Restricted	268,283	271,494	260,127	168,067	184,146
Subtotal - Expenses Below NOI	\$533,082	\$536,291	\$520,537	\$424,903	\$436,891
NET INCOME	\$0	\$0	\$0	\$0	\$0

	FY 2018 Amended Capital Budget	FY 2018 Adopted Capital Budget	FY 2017 Amended Capital Budget	FY 2016 Actuals Capital Budget	FY 2015 Actuals Capital Budget
Capital Budget:					
Computer Equipment	-	-	-	-	1,188
Kitchen and Bath Supplies	122,400	122,400	120,000	-	-
Grounds/Landscaping Sup.-Cap.	-	-	-	1,308	-
Doors	1,938	1,938	1,900	-	540
Miscellaneous Supplies	20,318	20,318	19,920	11,315	5,485
HVAC Equipment	10,588	10,588	10,380	4,937	15,761
Appliance Equipment	23,562	23,562	23,100	8,511	4,590
Tools	-	-	-	431	2,276
Miscellaneous Equipment	-	-	-	4,526	2,452
Grounds/Landscaping Contr.-Cap.	5,100	5,100	5,000	-	-
Flooring/Carpet Contracts	9,945	9,945	9,750	13,828	13,226
Asphalt/Concrete Contracts	-	-	80,000	4,326	-
Miscellaneous Contracts	-	-	-	42,804	36,607
Total Capital Budget	\$193,851	\$193,851	\$270,050	\$91,986	\$82,125

Issues for Consideration

- Rent increases upon lease renewal budgeted at 1.8%; the County Executive’s voluntary rent guideline is 1.8%.
- Market rents will be increased by 1.8% but upon turnover will be increased to the current “market rate”.
- Property cash flow is budgeted at \$268,283, all of which is restricted.
- DSCR is 4.51.

Time Frame

The FY’18 Amended Operating and Capital Budgets for Diamond Square Limited Partnership were presented to the HOC Budget, Finance and Audit Committee on May 2, 2017. Board action is requested at the June 7, 2017 meeting.

Budget Impact

The FY’18 Amended Operating and Capital Budgets establish an achievable financial plan for the coming fiscal year.

Staff Recommendation and Board Action Needed

Adoption of the FY’18 Amended Operating and Capital Budgets for Diamond Square Limited Partnership by the Board of Directors.

WHEREAS, Diamond Square Development Corporation (“Corporation”) serves as the general partner of Diamond Square Limited Partnership (“Partnership”), which owns and operates Diamond Square (“Property”); and

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the limited partner of the Partnership; and

WHEREAS, the Partnership requires an annual budget which provides a sound financial and operating plan for operation of the Property; and

WHEREAS, the Corporation, in its capacity as the Partnership’s general partner, has reviewed the FY’18 Operating and Capital Budgets for Diamond Square and wishes to approve them on behalf of the Partnership.

NOW, THEREFORE, BE IT RESOLVED by the Diamond Square Development Corporation, acting for itself and for and on behalf of Diamond Square Limited Partnership as its general partner, that it hereby approves the FY’18 Operating and Capital Budgets for the Property.

BE IT FURTHER RESOLVED by the Diamond Square Development Corporation, acting for itself and for and on behalf of Diamond Square Limited Partnership as its general partner, that the Commission’s Executive Director, as the Corporation’s Secretary, is authorized and directed, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein.

I, HEREBY, CERTIFY that the foregoing resolution was adopted by the Board of Directors of Diamond Square Development Corporation, acting for itself and for and on behalf of Diamond Square Limited Partnership as its general partner, at an annual meeting conducted on June 7, 2017.

Secretary to the Board of Directors of
Diamond Square Apartments Development Corporation

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Adjourn

Recess

Consent Items

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

May 3, 2017

17-05

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted on Wednesday, May 3, 2017 at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:00 p.m. Those in attendance were:

Present

Jackie Simon, Chair
Christopher Hatcher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Linda Croom
Pamela Byrd
Edgar Rodriguez

Absent

Margaret McFarland

Also Attending

Stacy Spann, Executive Director
Patrick Mattingly
Fred Swan
Kayrine Brown
Joan McGuire
Darcel Cox
Lorie Seals
Belinda Fulco
Nilou Razeghi
Angela McIntosh-Davis
Tiffany Jackson
Bobbie DaCosta
Arthur Tirsky
Natalie Kaplan
Victoria Dixon

Nowelle Ghahhari, Acting General Counsel
Gail Willison
Brian Kim
Hyunsuk Choi
Shauna Sorrells
Zachary Marks
Jay Shepherd
Christina Autin
Douglas Brooks
Lynn Hayes
Ethan Cohen
Rita Harris
Jim Atwell
Samuel Mason

RAB

Yvonne Caughman, Vice President

Guest

Amy Millar, MCGEO

IT Support

Irma Rodriguez

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

The meeting began with approval of the Consent Calendar. The Consent Calendar was adopted upon a motion by Vice Chair Hatcher and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, Croom, Byrd, and Rodriguez. Commissioner McFarland was necessarily absent and did not participate in the vote.

I. CONSENT ITEMS

- A. **Approval of Minutes of April 5, 2017** - The minutes were approved as submitted.
- B. **Approval of Executive Session Minutes of April 5, 2017** – The minutes were approved as submitted.

II. INFORMATION EXCHANGE

- A. **Report of the Executive Director** – The Executive Director had nothing new to add to his written report.
- B. **Calendar and Follow-up Action**
None
- C. **Commissioner Exchange**
Commissioner Croom reported that she attended the NAACP Gala on April 30, 2017 and it was a very nice event.
- D. **Resident Advisory Board (RAB)** – Yvonne Caughman, Vice President, reported that Ethan Cohen, Housing Programs Coordinator, met with the RAB to present and discuss the proposed revisions to the HOC Administrative Plan regarding preference for families with histories of homelessness. The Board reviewed and is in favor of the changes.
- E. **Community Forum** – None
- F. **Status Report** – None

III. COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION

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

1. Approval to Select Construction Management Company for the Development of Elizabeth House III Apartments (“EH III Apartments”) and The South County Regional Recreation and Aquatic Center (SCRRAC) Pursuant to Request for Proposals #2056 and Authorization to Negotiate and Execute Contract with Jones Lang LaSalle (JLL)

Brian Kim, Development Associate, and Hyunsuk Choi, Senior Financial Analyst, were the presenters.

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

RESOLUTION: 17-29

RE: Approval to Select Construction Management Company for the Development of Elizabeth House III Apartments (“EH III Apartments”) and The South County Regional Recreation and Aquatic Center (SCRRAC) Pursuant to Request for Proposals #2056 and Authorization to Negotiate and Execute Contract with Jones Lang LaSalle (JLL)

WHEREAS, Elizabeth Square is a 136,032 sq. ft. parcel located in downtown Silver Spring, bounded by Fenwick Street to the North, Second Avenue to the East, WMATA Rail Lines to the West and Apple Street to the South, known as Elizabeth Square and consists of three discrete properties: Alexander House, owned by Alexander House Development Corporation and Alexander House Limited Partnership (“Alexander House”); Elizabeth House, owned by the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), and Fenwick Professional Park owned by Acorn Storage No. 1, LLC a subsidiary of Lee Development Group (LDG) subject to a Master Lease to Elizabeth House III Limited Partnership, Elizabeth House III LLC and EH III Recreational Center, LLC; and

WHEREAS, the revised Sketch Plan, Preliminary Plan, and Site Plan for Elizabeth Square will be submitted to the Maryland National Capital Park and Planning Commission (“M-NCPPC”) on May 2017 with approval projected for September 2017; and

WHEREAS, the revised development plan will include 267 residential units in the Elizabeth House III Apartments (“EH III Apartments”) development, of which 120 units will be set aside as affordable units, the 120,000 square foot South County Regional Recreation and Aquatic Center (SCRRAC), and the 7,500 square foot Holy Cross Hospital Senior Resource Center and Primary Care Facility; and

WHEREAS, Schematic and Design Development Plans for the new EH III Apartments is anticipated to be completed by June 2017; and

WHEREAS, staff proposes the use of a Construction Manager to support and manage very complex development of AH III Apartments and the SCRRAC to ensure the efficient and effective execution of the Commission's goal of providing safe, high quality, amenity rich, affordable housing and the County's goal of delivering a recreational and aquatic center in the down county location of Montgomery County; and

WHEREAS, staff issued the request for proposals (RFP) #2056 for Construction Management Services on March 22, 2017 for the construction of EH III Apartments and the SCRRAC, soliciting firms with extensive experience in the development of public government facilities, aquatic and recreation centers, a tight urban site with limited construction access, developments within the zone of influence of WMATA metro and CSX tracks, high-rise multifamily structures, and multiple levels of underground parking; and

WHEREAS, there were four proposals submitted in response to the RFP (Jones Lang LaSalle, Hanscomb Consulting, Inc, Building Consultants, Inc. and JDC Construction Company, LLC) from which staff selected the highest scoring firm based on the established selection criteria in the RFP; and

WHEREAS, of the four qualified responses Jones Lang LaSalle (JLL) JLL, a company with extensive experience with new construction, both commercial and residential, to include experience with the construction of an aquatic center (Smith Aquatic Center in Charlottesville, Virginia) as well as experience with federal, state and local authorities, received the highest score, averaging 93.67; and

WHEREAS, the Commission wishes to approve the selection of JLL as construction manager for Elizabeth House III and the SCRRAC.

NOW, THEREFORE, BE IT RESOLVED, that the Housing Opportunities Commission of Montgomery County hereby approves the selection of Jones Lang LaSalle as construction manager for Elizabeth House III and the SCRRAC.

BE IT FURTHER RESOLVED, that the Housing Opportunities Commission of Montgomery County hereby authorizes the Executive Director of the Commission to negotiate and execute a contract with Jones Lang LaSalle for \$1,495,000 which will consist of a pre-development portion of \$270,000 (\$30,000 per month) and a construction and closeout portion of \$1,225,000.

BE IT FURTHER RESOLVED, by the Housing Opportunities Commission of Montgomery County that it authorizes funding of the predevelopment portion of \$270,000 from the existing predevelopment funding previously approved by the Commission, and that the construction and closeout portion of \$1,225,000 is authorized to be funded from loan proceeds at the closing of the construction financing of EH III Apartments and the SCRRAC.

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

2. Approval to Select JDC Construction Company as Construction Manager for the Renovation of Alexander House Apartments and Authorization to Execute Contract

Hyunsuk Choi, Senior Financial Analyst, and Brian Kim, Development Associate, were presenters.

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

RESOLUTION: 17-30

RE: Approval to Select JDC Construction Company as Construction Manager for the Renovation of Alexander House Apartments and Authorization to Execute Contract

WHEREAS, the Alexander House Development Corporation (the “Corporation”) is a wholly controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”), and Alexander House Apartments Limited Partnership (the “Partnership”) is a Low Income Housing Tax Credit entity created on July 7, 2016, with HOC as the general partner and the Corporation as the initial limited partner, and the two entities together (the “Owners”) own 40% and 60%, respectively of Alexander House Apartments; and

WHEREAS, the Alexander House Apartments (the “Development”) is located at 8560 Second Avenue, near the Silver Spring Metro Station, and was originally constructed in 1992 as a single sixteen-story building with 311 residential units, 203 parking spaces in a tri-level underground parking garage, management offices, maintenance and engineering rooms, as well as a common outdoor pool shared with Elizabeth House Apartments, the property adjacent to the north; and

WHEREAS, the Development is an important element of the redevelopment of Elizabeth Square; and

WHEREAS, on May 4, 2016, the Corporation approved the selection of CBP Constructors LLC as general contractor for the renovations of the Development; and

WHEREAS, on October 5, 2016, the Commission, acting on behalf of itself and for and on behalf of the Partnership, approved the final development plan for the Development with an estimated total development cost budget of \$120,194,570, approximately \$68,013,220 of which to be allocated to the Corporation's portion and approximately \$52,181,350 to the Partnership's portion; and

WHEREAS, on January 20, 2017, the Executive Director signed the general contractor contract with CBP Constructors LLC for \$25.3 million; and

WHEREAS, on January 31, 2017, Citi Community Capital provided construction loans to the Owners of Alexander House Apartments which allow the existing apartment building to be modernized and competitive in the downtown Silver Spring multifamily rental market; and

WHEREAS, on May 7, 2014, the Commission approved the creation of a pool of construction management professionals consisting of four firms to provide such services; and

WHEREAS, on May 4, 2016, the Commission approved two additional firms to be added to the construction management pool: Hess Construction and CBP Constructors; and

WHEREAS, to ensure the efficient and timely execution of the renovation plan, staff proposes the use of third-party construction management services to provide oversight of the redevelopment process to protect the Commission's interests and to ensure the on-time delivery of the renovated units; and

WHEREAS, staff solicited pricing proposals to provide construction management services for the renovation of Alexander House Apartments from the construction management pool on January 6, 2017, and having reviewed those proposals recommends the selection of JDC Construction Company as construction manager for the renovation of the Property.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and as general partner for and on behalf of Alexander House Apartments Limited Partnership ("AHLP"), that it hereby approves the selection of JDC Construction Company as Construction Manager for the renovation of Alexander House Apartments.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of AHLP as its current general partner, authorizes the Executive Director to execute a construction management contract with JDC Construction Company for an amount not to exceed \$304,500, of which \$121,800 to be allocated to AHLP and

\$182,700 to Alexander House Development Corporation, and funded from the respective construction loans proceeds made available on January 31, 2017 from Citi Community Capital.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and for and on behalf of Alexander House Apartments Limited Partnership as its current general partner, that the Executive Director is authorized, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein including the execution of any documents related thereto.

B. Legislative and Regulatory Committee – Com. Byrd, Chair

1. Authorization to Revise HOC’s Administrative Plan to Provide a Preference for Families with Histories of Homelessness

Ethan Cohen, Housing Programs Coordinator, and Fred Swan, Director of Resident Services, were the presenters.

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

RESOLUTION: 17-31

**RE: Authorization to Revise HOC’s
Administrative Plan to Provide a Preference for
Families with Histories of Homelessness**

WHEREAS, the Housing Opportunities Commission of Montgomery County must and desires to revise and make new additions to its Administrative Plan for the Housing Choice Voucher Program to add a local preference to HOC’s waiting list for up to 10 Housing Choice Vouchers to be allocated for families with histories of homelessness; and

WHEREAS, a public comment period for these proposed revisions began on April 3, 2017 and concluded on May 3, 2017 with a public hearing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves and authorizes this revision and new addition to its Administrative Plan for the Housing Choice Voucher Program to add a local preference to HOC’s waiting list for up to 10 Housing Choice Vouchers to be allocated for families with histories of homelessness.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized and directed, without any further action on its part, to take all actions necessary and proper to accomplish the activity contemplated herein.

IV. ITEMS REQUIRING DELIBERATION and/or ACTION
A. None

V. FUTURE ACTION ITEMS
None

VI. INFORMATION EXCHANGE (CONT'D)
None

VII. NEW BUSINESS
None

VIII. ADMINISTRATIVE SESSION FINDINGS and/or ACTION
None

Based upon this report, and there being no further business to come before this open session of the Commission, pursuant to Section 3-305 of the General Provisions Article of the Maryland Annotated Code, a motion was made to adjourn the open session to a closed session by Vice Chair Hatcher and seconded by Commissioner Byrd. Affirmative votes were cast by Commissioners Simon, Hatcher, Nelson, Croom, Byrd, and Rodriguez. Commissioner McFarland was necessarily absent and did not participate in the vote.

The open session adjourned at 4:25 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Information Exchange

26th Annual Affordable Housing Summit

On May 5th, HOC staff joined colleagues from throughout the region at the Affordable Housing Conference of Montgomery County's 26th Annual Affordable Housing Summit in Bethesda. Leaders from across the state and county gave remarks, including former Senator Paul Sarbanes, Senator Ben Cardin, Representatives John Delaney and Jamie Raskin, County Executive Isiah Leggett, and County Council President Roger Berliner. Congressman Elijah Cummings delivered an invigorating keynote address, asserting that our business as housers is to "help people be the best they can be."



Participants attended a number of expert panels. At the "Innovation in Affordable Housing Finance: Case Studies from Across the Nation" panel, I shared HOC's approach to attracting private equity into affordable housing development as was done with The Lindley – HOC's new development which broke ground in Chevy Chase, Maryland next to the planned Purple Line – which includes an equity investment from the Gwendolyn and Morris Cafritz Foundation. HOC's Commissioner Richard Nelson also moderated a panel entitled, "HUD in Transition: New Challenges, New Vision," which included HOC Director of Legislative and Public Affairs Shauna Sorrells.

Maryland Association of Housing and Redevelopment Agencies (MAHRA) Annual Spring Conference

The MAHRA Spring Conference was held May 24-26, 2017, in Ocean City, Maryland, bringing together affordable housing and community development agencies, as well as officials from throughout the state. Approximately 150 affordable housing professionals gathered to take advantage of the unparalleled training the conference provides, ensuring professionals are equipped for the challenges they face in creating safe and viable communities for all.

HOC staff provided substantial support, handling logistics and planning as well as developing materials for conference participants. HOC staff was also onsite Wednesday, May 24th to livestream portions of the conference. HOC Academy Resident Counselor Erika Conner served as a conference guest speaker. In addition, winners of MAHRA’s “What Home Means to Me” poster contest were awarded scholarships for visual and narrative submissions illustrating how their home impacts their lives.

HOC’s 20th Annual Food For Thought Honors Student Achievement

The 20th Annual Food For Thought award ceremony was held on May 18th, 2017. Sixty students qualified for academic achievement awards and were honored by HOC with a night of food and fun at Rockin’ Jump Indoor Trampoline Park. Awards were presented to HOC youth who achieved a 3.0 GPA or higher and students who showed great academic improvement. Four youth received awards for perfect 4.0 GPAs.



All HOC students in grades 3-5, as well as middle and high school students who earned a 3.5 GPA or higher, were eligible to enter an essay contest. Fifteen students received \$20 Target gift cards for their standout essay submissions.

HOC Youth Fair Promotes Workforce Readiness

On Saturday, May 20th, HOC Academy hosted its very first Youth Fair at the HOC Kensington office. The event linked young adults, ages 16-24, with employment, internship, apprenticeship, and training opportunities for the summer. Over 50 youth attended the fair, which featured the following vendors: Worksource Montgomery (American Job Center), Montgomery County Public Libraries, Credit Abuse Resistance Education (CARE), Latin American Youth Center/Maryland Multicultural Youth Centers, Montgomery College, Job Corps, People Ready, Identity, Inc., GAC Services, and Global African Community Education Development. HOC Academy staff will follow up with attendees at the end of June to track their employment and program enrollment.

The Youth Fair is yet another example of our commitment to supporting HOC customers through Community Connected Housing—by acting as a convener to connect customers with educational, employment, and other opportunities.

HOC Youth Selected for Delta Sigma Theta's 2017 Presidential Youth Conference

HOC resident and EMBODI participant Yeddia Hunde has been selected to attend Delta Sigma Theta's 2017 Presidential Youth Conference at their 53rd National Convention, August 3-5, 2017 in Las Vegas, Nevada.

The EMBODI (Empowering Males to Build Opportunities for Developing Independence) program seeks to ensure young African American males reach their fullest potential by focusing on STEM education, culture, self-efficacy, leadership, physical and mental health, healthy lifestyle choices, character, ethics, relationships, college readiness, fiscal management, civic engagement and service learning. HOC has partnered with Delta Sigma Theta's EMBODI program at Seneca Ridge in Germantown since 2010.

Yeddia, a resident of Washington Square in Gaithersburg, has been an active participant in the EMBODI program for four years. Currently, Yeddia is an honor roll student at Magruder High School and intends to enter the United States Naval Academy upon graduation, with plans to become a Naval Officer and General.



HOC and PNC Bank Partner to Provide Internships for HOC College Students

HOC and PNC Bank have partnered to provide summer employment opportunities for HOC college students ages 18 and older. PNC has created 15 summer positions in their local bank branches. To date, over 20 HOC participants have expressed interest and are submitting applications. All applicants must pass an assessment and interview process with PNC. On May 31st, HOC held an informational session for interested applicants at HOC's Kensington office. The session offered students the opportunity to hear

from PNC Senior Vice President Jeffrey Humber and receive interview preparation tips and training. Several students have applied for the internship, while five students attended the information session. HOC will continue to recruit students for the opportunity which will run from May – August 2017.

HOC to Offer Services to Housing Path Wait List Clients

Fatherhood Initiative and HOC Academy are currently working on programs that will benefit current and potential HOC clients. HOC plans to open programs such as financial literacy and housing prep courses to families on our wait list in 2018.

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

June 2017

5	Town Hall Meeting (<i>All</i>) – Gaithersburg High School, 101 Education Dr., Gaithersburg, MD 20877)	6 p.m. - 7 p.m.
7	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
8	HOC Day of Service (<i>All</i>)	8:30 a.m. – 3:30 p.m.
9	Staff Appreciation Day (<i>All</i>)	9:00 a.m.
16	Tony Davis Scholarship Committee Meeting (Simon)	10:00 a.m.
19	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
20	HAND – 26 th Annual Meeting & Housing Expo (<i>All</i>)	8 a.m. – 3 p.m.
23	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
23	Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD	12:00 noon
26	Agenda Formulation (<i>Simon, McFarland</i>)	12:00 noon

July 2017

4	Independence Day (<i>HOC Office Closed</i>)	
12	Tony Davis Scholarship Award Reception (<i>All</i>)	3:30 p.m.
12	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
16-18	NAHRO Summer Conference (<i>All</i>) (Indianapolis Marriott Downtown Hotel, 350 W. Maryland St., Indianapolis, IN 46225)	
17	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
18	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Simon</i>)	4:00 p.m.
21	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 p.m.
31	Agenda Formulation (<i>Simon, McFarland</i>)	12:00 noon

August 2017

1	National Night Out (<i>All</i>)	5 - 9 p.m.
9	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
15	Budget, Finance and Audit Committee Meeting (<i>Nelson, Simon, Hatcher</i>)	10:00 a.m.
18	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
18	Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD	12:00 noon
28	Agenda Formulation (<i>Simon, Croom</i>)	12:00 noon

September 2017

4	Labor Day Holiday (<i>HOC Offices Closed</i>)	
6	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
15	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
18	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
19	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Simon</i>)	4:00 p.m.
20	Budget, Finance and Audit Committee Meeting (<i>Nelson, Simon, Hatcher</i>)	10:00 a.m.
25	Agenda Formulation (<i>Simon, Croom</i>)	12:00 noon

October 2017

4	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
16	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.

17	Budget, Finance and Audit Committee Meeting (<i>Nelson, Simon, Hatcher</i>)	10:00 a.m.
20	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
20	Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD	12:00 noon
23	Agenda Formulation (<i>Simon, Byrd</i>)	12:00 noon

November 2017

1	Budget, Finance and Audit Committee Meeting (<i>Nelson, Simon, Hatcher</i>)	2:00 p.m.
1	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
17	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
20	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
21	Legislative and Regulatory Committee Meeting (<i>Byrd, Croom, Simon</i>)	4:00 p.m.
23-24	Thanksgiving Holiday Observed (<i>HOC Offices Closed</i>)	

December 2017

6	HOC Regular Meeting (<i>All</i>)	4:00 p.m.
12	Budget, Finance and Audit Committee Meeting (<i>Nelson, Simon, Hatcher</i>)	10:00 a.m.
15	Development and Finance Committee Meeting (<i>Simon, McFarland, Nelson</i>)	10:00 a.m.
15	Status/Lunch Meeting w/Executive Director (<i>All</i>) – Location TBD	12:00 noon
18	Resident Advisory Board (<i>Croom</i>)	6:00 p.m.
25	Christmas Holiday (<i>HOC Offices Closed</i>)	

Activities of Interest

- 1 – Follow-up Meeting w/Housing for People with Disabilities Group
 - 2 – Property Tour
-

Deliberation and/or Action

APPROVAL OF NEW HOC PROCUREMENT POLICY

June 7, 2017

- **The Department of Housing and Urban Development (HUD) required public housing authorities (PHAs) to update or establish wholly new procurement policies by June 30, 2017.**
- **Unlike most PHAs, HOC has powers that allow it to develop, operate and manage housing without the use of federal funds or assistance from HUD.**
- **HOC has elected to draft a new policy that complies with HUD regulations while also allowing for the procurement of contracts that are not funded from a federal source.**
- **Staff recommends approval of the new HOC Procurement Policy.**

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gail Willison, Chief Financial Officer Division: Finance Ext. 9480

RE: Approval of New HOC Procurement Policy

DATE: June 7, 2017

STATUS: Deliberation X

OVERALL GOAL & OBJECTIVE:

To approve a new HOC Procurement Policy

BACKGROUND:

Over ten years ago, the federal Office of Management and Budget (OMB) issued regulations establishing standards and principles for financial management and administration by beneficiaries of federal funds and awards. Included in those beneficiaries are public housing agencies (PHAs) that receive funding from the Department of Housing and Urban Development (HUD) for the operation of a variety of programs including Public Housing and the Housing Choice Voucher Program.

HUD followed the direction of OMB by revising its own procurement regulations to align with the policy guide and requiring PHAs to amend existing purchasing procedures or establish wholly new policies by June 30, 2017. Recognizing that its Procurement Policy required substantial revision to meet the regulatory standards, HOC embarked on the process several months ago.

Unlike most PHAs, HOC has powers that allow it to develop, operate and manage housing without the use of federal funds or assistance from HUD. In the past, that has caused confusion and unnecessary complication in procuring certain contractors and services because of the overlay of federal procurement procedures when compliance with these criteria is not required. Rather than simply revising the existing Procurement Policy, HOC chose to revamp it by drafting a completely new policy that complies with the HUD guidance and regulations while, at the same time, providing for a solicitation and procurement procedure for those contracts that are not funded from a federal source.

The Commission reviewed several versions of a revised policy over the last several months. In early May, the Commission met in a Worksession to review a draft prepared by HOC's former General Counsel, Kenneth Tecler. After that meeting, the suggestions and comments of the

Commission were included in the document presented for consideration today. Modifications made since the Worksession are shown in the redline document included with this memorandum (Attachment A). The proposed final Procurement Policy is included as Attachment B.

The Procurement Policy follows the HUD regulatory guidance for federally funded contracts. It clearly identifies differing procedures for solicitation for various cost levels. It provides a methodology for the selection of contractors in which price is not the primary criteria by establishing a competitive proposal process. It defines a “sole source” contractual exception and procurement method. It also includes a section on the treatment of “Section 3” small businesses and how participation in the program is to be considered in procurements of contractors, where applicable.

Importantly, the proposed policy establishes a system for selecting professionals and consultants for non-federally funded developments. The selection and use of “pools” of experts is authorized so that HOC can move more quickly in identifying contractors for completion of needed services. For more expensive and longer term contracts, not using federal funds, the competitive proposal process is utilized. While the HUD regulatory scheme is the base for these procedures, there is more flexibility in the procurement process for those contracts which are not financed with HUD grants or awards.

One issue that was not discussed at the Worksession was the treatment of proposed contract changes that would result in increases in compensation to a contractor. As part of the clarifications that were made in Section 16, a new subparagraph was added to address these concerns. The provision is based on the current language and Budget Policy #5 relating to project budgets. The Executive Director has discretion to approve such contract modifications within the limits specified. All other changes in compensation under authorized contracts require Commission approval.

The Procurement Policy includes four (4) appendices. The first is a list of federally required clauses and provisions in HUD funded contracts. The second and third provide solicitation levels and awarding authority limits. The last appendix describes the procurement process for certain services such as bond counsel, audit services, underwriters and others that work closely with the Commission or have complex tasks that require closer review and consideration for both selection and renewal or are normally procured on a longer schedule.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve the new HOC Procurement Policy?

BUDGET IMPACT:

None.

TIME FRAME:

For deliberation at the June 7, 2017 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends the Commission approve the new HOC Procurement Policy.

WHEREAS, the Department of Housing and Urban Development (HUD) required public housing authorities (PHAs) to update or establish wholly new procurement policies by June 30, 2017; and

WHEREAS, unlike most PHAs, HOC also has powers that allow it to develop, operate and manage housing without the use of federal funds or assistance from HUD; and

WHEREAS, HOC elected to draft a new procurement policy that complies with HUD regulations while also allowing for the procurement of contracts that are not funded from a federal source; and

WHEREAS, HOC hereby revokes the Procurement Policy dated December 7, 2011, as amended and adopts the Procurement Policy attached hereto to be effective immediately.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves a new HOC Procurement Policy as attached.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 7, 2017.

Patrice M. Birdsong
Special Assistant to the Commission

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Attachment A

PROCUREMENT POLICY

Revised:
Effective:

DRAFT

PROCUREMENT POLICY

Adopted: 00/00/0000

Resolution No.: 000000000

Preamble to Policy

The Housing Opportunities Commission of Montgomery County ("HOC") is a complex enterprise. It operates as a traditional public housing authority managing federal funds to advance housing needs but also uses funds received from other sources and its own endeavors to advance its mission. That mission includes housing but also the added layer of development, management, financing, lending and the provision of additional supportive services for affordable and market rate residential properties as well as related commercial facilities. Given the variety of funding sources and HOC's status as a government entity, HOC is attuned to the needs for fairness and transparency in differing transactions. HOC also recognizes that different sources of funding may require different standards and methodologies for solicitation and selection of contractors providing certain services while continuing to maintain equitable and fair treatment for all bidders. With that in mind, the Policy provides procurement procedures for the procurement of certain professional services and expertise in cases in which federal funds are not implicated distinct from those required for federally funded programs.

PROCUREMENT POLICY

Adopted: **00/00/0000**

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1. INTRODUCTION

1.1 General. Established for the Housing Opportunities Commission of Montgomery County (hereinafter, "HOC") by Action of the Agency Board of HOC's Commissioners ("Board") on [REDACTED], 20 [REDACTED], this Procurement Policy ("Policy") complies with the Annual Contributions Contract ("ACC") between HOC and the United States Department of Housing and Urban Development ("HUD"), Federal Regulations at 2 CFR §200.317 through §200.326, (Appendix I), the procurement standards of the Procurement Handbook for Public Housing Authorities, *Procurement Standards*, HUD Handbook 7460.8, REV 2,(the "Handbook") and applicable State and local laws.

1.2 Changes in Laws and Regulations. In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation shall, to the extent inconsistent with this Policy, automatically supersede this Policy.

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2. GENERAL PROVISIONS

2.1 Policy Statement. This Policy establishes a broad framework of policies to ensure that HOC's purchasing and contracting functions promote administrative flexibility and efficiency, while at the same time maintaining prudent internal controls and compliance with applicable statutes and regulations. Specific purposes of this Policy include, but are not limited to, the following:

- a) Fairness and objectivity: providing a fair, objective, and equitable selection and contracting environment for all individuals and firms seeking to do business or contracting with HOC.
- b) Ensuring reasonable costs: promoting competition, and negotiating (where applicable) to ensure that HOC receives the most favorable prices and terms in its contracts.
- c) Efficiency: ensuring that supplies and services (consultant, construction, social services, etc.) are obtained efficiently and effectively.
- d) Value-added procurement: facilitating a procurement process that provides service and value to HOC in obtaining goods and services.
- e) Ethical standards: ensuring that HOC's procurement activities are implemented ~~with the highest regard for integrity, avoidance of conflicts of interest, and~~ consistent with applicable ethical standards.
- f) Legal considerations: complying with all applicable federal, state and local statutes and regulations.

2.2 Application. This Policy applies to all procurement actions of HOC except as noted under Exclusions below. Nothing in this Policy shall prevent HOC from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with the law. HOC utilizes a variety of funding sources for procurement of goods and services, including earnings from its own activities. These sources have different procurement requirements. The Policy assures that HOC avoids unnecessary complexity while at the same time complying with applicable laws and regulations without requiring application of a higher standard to procurement than is necessary.

2.3 Application of Federal or Non-Federal Funding Sources for Professional and Consulting Services. When a contract ~~provides for~~ implicates the use of funds from non-federal sources, unless otherwise required by the funding source, HOC may use Section 6 for the procurement of professional and consulting services. When ~~a contract implicates~~ only federal funding is to be applied to a contract, ~~HOC may only utilize~~ the procurement methods for professional and consulting services proscribed in Section 5 must be utilized. When both federal funding and non-federal sources are ~~applied-implicated~~ in a contract the procurement

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method for professional and consulting services in Section 6 shall not be utilized unless the funds and scope of work can be separated as, for example, by separate and distinct timing for availability of funds or by use of barriers preventing commingling of funds or other recognized methods to fungibility. If so, the Section of the Policy applicable to the funding source may be applied for procurement of professional and consulting services

2.4 Definitions

“Contractor” is any person or entity that enters into a contract with HOC under this Policy.

“Contracting Officer” is the employee responsible for procurement and administration of a particular contract.

“Procurement,” includes the procuring, purchasing, leasing, or renting of: (1) goods, supplies, equipment, and materials; (2) construction and maintenance consultant services; (3) architectural and engineering (“A/E”) services; (4) social services; (5) professional and consulting services and (6) other services.

“Procurement Officer” is the employee of HOC within the Finance Division who is responsible for supervision and management of procurement procedures.

“Purchase Order” is a document issued by HOC that authorizes a purchase transaction. When accepted by the seller, it becomes a contract binding on both parties setting forth descriptions of the goods ordered, quantities, prices, discounts, shipment, payment and other term terms and conditions.

2.5 Exclusions from Policy. This Policy does not govern the following types of contracts or procurements:

- a) administrative fees earned under the Section 8 voucher program,
- b) the award of vouchers under the Housing Choice Voucher Program also known as the Section 8 program,
- c) the execution of landlord Housing Assistance Payments contracts under that program, ~~or non program income, e.g., fee for service revenue under 24 CFR §990,~~
- d) the acquisition of real estate which is governed by a separate HOC policy,
- e) the disposition of real estate,
- f) the sale of partnership, membership or other ownership interests in an entity owned or controlled by HOC,

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- g) the purchase by HOC of partnership, membership or other ownership interests,
- h) employment contracts,
- i) loans to or from HOC,
- j) the incurring purchase of travel expenses such as airfare, vehicle services, and hotel and meal charges, registration fees,
- k) the purchase of advertising in print, radio, television or digital media,
- l) the use of employment agencies for the hiring of temporary workers,
- m) the procurement of regulated utilities,
- n) the selection of a non-affiliated party as a shareholder, partner or member in an ownership entity when the non-affiliated party has presented an unsolicited offer to HOC to jointly own, develop, and/or operate real property which provides HOC an interest in real property or ownership interest in an entity which owns or will own real property,
- o) the purchase of financial derivatives, guaranteed investment contracts and other investments in connection with the issuance of HOC bonds when the Executive Director determines, in consultation with financial consultants, that expeditious speed in decisionmaking is beneficial required,
- p) ~~the~~ selection of auditors to comply with audit and reporting requirements requirements in tax credit partnership transactions under Section 42 of the Internal Revenue Code of 1986 when required by a limited partner,
- q) approval of an application for the issuance of conduit financing through the issuance of HOC bonds to be sold to one investor submitted by a private developer or owner.

2.6 Exclusions from Competitive Procurement. Sections 5 and 6 of this Policy does not apply to procurement transactions that are typically exempt from competitive procurement. Such procurement transactions include those made pursuant to any of the following methods, so long as the respective conditions listed below are satisfied:

- a) **U.S. General Services Administration (GSA) Schedule 70, Information Technology (“GSA IT Schedule 70”).** HOC may purchase from the GSA IT Schedule 70 pursuant to Section 211 of the E-Government Act of 2002. Without open competition, HOC may not purchase

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items from GSA IT Schedule 70 vendors under terms that are less favorable than those of the GSA IT Schedule 70.

- b) **Intergovernmental or Interagency Purchasing Agreements.** HOC may procure supplies and services without competitive procurement by entering into intergovernmental or interagency purchasing agreements, provided that (i) the intergovernmental/interagency purchasing agreement is between HOC and a state or local governmental agency, which may be another PHA (the "Lead Procurement Agency"), (ii) the intergovernmental/interagency purchasing agreement provides for greater economy and efficiency and results in cost savings to HOC, as evidenced by documentation showing that cost and availability were evaluated before such an agreement was executed, (iii) the intergovernmental/interagency purchasing agreement is only used to purchase common supplies and services that are of a routine nature, and (iv) the goods and services obtained under the agreement were procured by the Lead Procurement Agency in accordance with 2 CFR §200.317 through §200.326. Under this method, HOC may order supplies and services from the vendors who have a contractual agreement to furnish the supplies and services to the Lead Procurement Agency, but only under terms that are not less favorable than the terms in the Lead Procurement Agency's contract with such vendor. Whenever permitted by the Lead Procurement Agency, HOC may procure from the vendor without a formal written intergovernmental or interagency purchasing agreement between the PHA and the Lead Procurement Agency. When required by the Lead Procurement Agency, HOC may pay a nominal fee to the lead Procurement Agency for this benefit.
- c) **Section 13 Consortium of PHAs.** HOC may procure goods and services on a noncompetitive basis if the purchase is made through a consortium of housing authorities ("PHA") pursuant to Section 13 of the Housing Act of 1937, so long as the consortia itself is engaged in competitive procurement for those goods and services. Participating in such a consortia requires that HOC enter into a consortium agreement with the other participating PHAs and submit joint PHA Plans to HUD.

~~2.7 — Changes in Laws and Regulations. In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation shall, to the extent inconsistent with this Policy, automatically supersede this Policy.~~

2.78. Public Access to Procurement Information. Most procurement information that is not confidential commercial information or identified as proprietary is a matter of public record and shall be available to the public as provided in Maryland's Public Information Act, Md. Code Ann., General Provisions Art., § 4-101 through § 4-601.

3. ETHICS IN PUBLIC CONTRACTING

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3.1 General. HOC has established a code of conduct regarding procurement issues and actions and has implemented a system of sanctions for violations through its Personnel Policy. This code of conduct is consistent with applicable Federal, State, or local law. In the event of a violation, a written warning of instruction shall be issued to the involved parties. In addition, depending upon the severity of the violation and in accordance with HOC's Personnel Policy, discipline will be instituted, including but not limited to suspension and termination.

3.2 Conflicts of Interest. In accordance with Montgomery County Code 19A Article ("Ethics Code"), no employee, officer, Commissioner, or agent of HOC shall, unless permitted by waiver from the Ethics Commission participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest would occur. This type of conflict exists when a Commissioner, officer or employee is deemed to have an "economic interest" distinct from the general public in the selection, award or administration of a government contract. This may occur in an instance in which a Commissioner, officer or employee, or a relative (as provided in the Ethics Code, as hereafter defined) or a business entity in which the Commissioner or employee has an ownership interest or an instance in which the Commissioner, officer or employee and a potential bidder are negotiating or already have an employment arrangement. Any of these circumstances may result in the Commissioner, officer or employee having an "economic interest" financially distinct from that of the general public with a firm or person or entity competing for an award of a contract. In such instances, the Commissioner, officer or employee, either directly or through a relationship as described below shall be recused from participation in the decision making process:

- a) An employee, officer, Commissioner, or agent of HOC who is involved in making the award;
- b) a relative of any person listed in a) above (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister);
- c) a domestic partner of any person listed in a) above; or
- d) an organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

3.3 Gratuities, Kickbacks, and Use of Confidential Information. In accordance with the Ethics Code, no officer, employee, Commissioner, or agent of HOC shall ask for or accept meals and beverages with a value greater than Fifty Dollars (\$50) or gratuities, favors, or items of more than nominal value (i.e. inexpensive hat with logo) not to exceed TwentyFifty Dollars (\$250.00) from any contractor, potential contractor, or party to any subcontract, and shall not knowingly use confidential information for actual or anticipated personal gain. In the event a

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gratuity, favor or item of value exceeding ~~the values proscribed~~ ~~Fifty Dollars (\$50.00)~~ is received, the recipient is required to disclose said item in writing to the Executive Director within ~~730~~ days of receipt. In the event of a violation, a written warning of instruction shall be issued to the involved parties. In addition, depending upon the severity of the violation and in accordance with HOC's Personnel Policy, other discipline will be instituted by the Human Resources Division.

3.4 Prohibition against Contingent Fees. Contractors wanting to do business with HOC must not hire a person to solicit or secure a contract for a commission, percentage, brokerage, or contingent fee, except for bona fide established commercial selling agencies.

4. ASSISTANCE TO SMALL AND OTHER BUSINESSES

4.1 Definitions.

"Small business" is a business that is: independently owned; not dominant in its field of operation; and not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in 13 CFR §121 should be used to determine business size.

"Minority-owned business" is a business which is at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to, Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and Hasidic Jewish Americans.

"Women's business enterprise" is a business that is at least 51% owned by a woman or women who are U.S. citizens and who control and operate the business.

"Section 3 business concern" is a business concern,

- (i) that is 51 percent or more owned by section 3 residents (public housing residents) or a low or very low income person residing in Montgomery County) (collectively "section 3 participants"); or
- (ii) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently section 3 participants~~residents~~, or within three years of the date of first employment with the business concern were section 3 participants~~residents~~; or
- (iii) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet

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the qualifications set forth in subsections (i) or (ii) in this definition of “section 3 business concern.”

“Labor surplus area business” is a business which, together with its immediate subcontractors, will incur more than 50% of the cost of performing the contract in an area of concentrated unemployment or underemployment, as defined in 20 CFR §654, Subpart A, and in the list of labor surplus areas published by the Employment and Training Administration.

4.2 Required Efforts. Consistent with Presidential Executive Orders 11625, 12138, and 12432, and Section 3 of the HUD Act of 1968, to the greatest extent feasible, efforts shall be made to ensure that small and minority-owned businesses, women’s business enterprises, and other individuals or firms located in or owned in substantial part by persons residing in the area of the HOC project are used when possible. Such efforts may include, but shall not be limited to:

- a) Including such firms, when qualified, on solicitation mailing lists;
- b) Encouraging applicable businesses participation through direct solicitation of bids or proposals whenever they are potential sources;
- c) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- d) Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
- e) Using the services and assistance of available State and local agencies, the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
- f) Including in contracts, ~~to the greatest extent feasible~~, clause requiring contractors, to provide opportunities for training and employment for lower income residents of the project area and to award subcontracts for work in connection with the project to business concerns which provide opportunities to ~~low income residents~~ (“Section 3 business concerns”); and
- g) Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed ~~in (a) through (f) above~~.

4.3 Goals. Goals shall be established bi-annually for participation by small businesses, minority-owned businesses, women’s business enterprises, labor surplus area businesses, and Section 3 business concerns in HOC prime contracts and subcontracting opportunities.

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5. PROCUREMENT METHODS

5.1 Petty Cash Purchases. Purchases under \$200.00 ("Petty Cash Purchase") may be made through the use of a petty cash account ("Petty Cash Account"). A Petty Cash Account may be established in an amount sufficient to cover Petty Cash Purchases made during a specific time period, no less than three (3) months, as determined by the Chief Financial Officer and reconciled prior to replenishment. Petty Cash Accounts shall be securely maintained and only authorized individuals shall have access.

5.2 Small and Micro Purchase Procedures. Purchases of goods and services for any amount less than \$53,000.00 (except for construction services for which the maximum is \$2,000.00 due to Davis-Bacon Act requirements) ("Micro Purchase") may be made through the Micro Purchase Procedure. Small Purchases ("Small Purchase") above the Micro Purchase Ceiling (as hereinafter defined), but not exceeding \$150,000.00 ("Small Purchase Ceiling") shall be accomplished under the Small Purchase Procedure (the "Small Purchase Procedure").

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- a) For the Small Purchase Procedure, HOC shall obtain at least three quotes, to the greatest extent feasible, and to promote competition, small purchases should be distributed among qualified sources. Quotes may be obtained orally (either in person or by telephone confirmed by email or in writing, by facsimile, in writing, including email, or through e-procurement. Award shall be made to the responsive and responsible (see, Section 12, infra) vendor that submits the lowest cost to HOC or if award is to be made for reasons other than lowest price, documentation shall be provided in the contract file. HOC shall not break down or split requirements aggregating more than the Small Purchase Ceiling into several purchases that are less than the applicable ceiling merely to: (1) permit use of the Small Purchase Procedure or (2) avoid any requirement that applies to purchases that exceed the Small Purchase Ceiling.
- b) For Micro Purchase Procedure, which are purchases of less than \$53,000 ("Micro Purchase Ceiling") (except construction services subject to Davis-Bacon Act requirements with a maximum of \$2,000), only one quote is required provided the quote is considered reasonable by the Procurement Officer after completing a cost and price analysis as provided in Section 8 of this Policy. HOC shall not break down or split requirements aggregating more than the Micro Purchase threshold into several purchases that are less than the Micro Purchase Ceiling merely to: (1) permit use of the Micro Purchase Procedure or (2) avoid any requirement that applies to purchases that exceed the Micro Purchase Ceiling.

5.3 Sealed Bids. A Sealed Bid ("Sealed Bid"), also known as Invitation for Bids ("IFB"), shall be used for all contracts that exceed the Small Purchase Ceiling and that are not Competitive

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Proposals or Non-competitive Proposals, as these terms are defined in this Policy. Under Sealed Bids, HOC publicly solicits bids and awards a firm fixed-price contract (lump sum or unit price) to the responsive and responsible bidder (see Section 12 infra) whose bid, conforming with all the material terms and conditions of the IFB, is the lowest in price. A Sealed Bid is the preferred method for procuring construction, supply, and non-complex service contracts that are expected to exceed \$150,000.00.

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- a) **Conditions for Using Sealed Bids.** HOC shall use the Sealed Bid method when the following conditions are present:
 - (i) a complete, adequate, and realistic statement of work, specification, or purchase description is available;
 - (ii) two or more responsible bidders are willing and able to compete effectively for the work;
 - (iii) the contract can be awarded based on a firm fixed price;
 - (iv) the selection of the successful bidder can be made principally on the lowest price.
- b) **Solicitation and Receipt of Bids.** An IFB is issued which includes the specifications and all contractual terms and conditions applicable to the procurement, and a statement that award will be made to the lowest responsible and responsive bidder (see Section 12, infra) whose bid meets the requirements of the solicitation. The IFB must state the time and place for both receiving the bids and the public bid opening. All bids received will be dated and time-stamped and stored unopened in a secure place until the public bid opening. A bidder may withdraw the bid at any time prior to the bid opening.
- c) **Bid Opening and Award.** Bids shall be opened publicly. All bids received shall be recorded on an abstract (tabulation) of bids, which shall then be made available for public inspection. If equal low bids are received from responsible bidders, selection shall be made by drawing lots or other similar random method. The method for doing this shall be stated in the IFB. If only one responsive bid is received from a responsible bidder, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis (See Section 8, infra).
- d) **Mistakes in Bids.** Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or fascimile/telegraphic notice received in the office designated in the IFB prior to the time set for bid opening. After bid opening, corrections in bids may be permitted only if the bidder can show by clear

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and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made. All decisions to allow correction or withdrawal of a bid shall be supported by a written determination signed by the Procurement Officer. After bid opening, changes in bid prices or other provisions of bids prejudicial to the interests of HOC or fair competition shall not be permitted.

- e) **Competition.** All Sealed Bid procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this Section. Contractors that develop or draft specifications, requirements, statements of work, invitations for bids or requests for proposals must be excluded from competing for such procurements.

5.4 Competitive Proposals. Unlike Sealed Bid, the competitive proposal method ("Competitive Proposal"), also known as Request for Proposals ("RFP") permits: (i) consideration of technical factors other than price; (ii) discussion with offerors concerning offers submitted; (iii) negotiation of contract price or estimated cost and other contract terms and conditions; (iv) revision of proposals before the final contractor selection; (v) withdrawal of an offer at any time until the point of award; and (vi) an award normally made on the basis of the proposal that represents the best overall value to HOC, considering price and other factors, e.g., technical expertise, past experience, quality of proposed staffing, etc., set forth in the solicitation and not solely the lowest price.

- a) **Conditions for Use.** Competitive Proposals are the preferred method for procuring professional services that will exceed the Small Purchase Ceiling and the selection is not based on price alone but rather on established criteria including price and other factors. Typical criteria include (i) demonstrated knowledge of the requirements; (ii) proposed technical approach; (iii) quality of the work plan; (iv) demonstrated prior experience; ~~and~~ (v) successful prior performance, especially with the Commission and (vi) where applicable, performance record with respect to the Section 3 of the HUD Act of 1968 in prior contracts with HOC and others in Montgomery County. With respect to federal funded activities, construction services will typically be procured utilizing the Sealed Bid (IFB) or Small Purchase Procedure.
- b) **Form of Solicitation.** Competitive Proposals shall be solicited through the issuance of an RFP. Each RFP shall be distributed to an adequate number of known individuals or entities providing the needed services with sufficient time to reply. The RFP shall be in writing and clearly identify the importance and relative value of each of the evaluation factors as well as any subfactors and price. A mechanism for

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fairly and thoroughly evaluating the technical and price proposals shall be established before the solicitation is issued for each RFP. Proposals shall be administered so as to prevent disclosure of the contents of the proposal until after award, subject to any Public Information Act requirements provided in Maryland's Public Information Act, Md. Code Ann., General Provisions Art., § 4-101 through § 4-601. HOC may assign price a specific weight in the evaluation factors or HOC may consider price in conjunction with technical factors; in either case, the method for evaluating price shall be established in the RFP.

- c) **Receipt of Responses.** Proposals shall be date-time stamped when received and held unopened securely until the time and date for receipt has passed. At that point, the proposals may be opened and evaluated in confidence.
- d) **Evaluation.** The proposals shall be evaluated only on the factors stated in the RFP. Where not apparent from the evaluation factors, HOC shall establish an evaluation plan for each RFP. Generally, all RFPs shall be evaluated by an appropriately appointed Evaluation Committee ("Evaluation Committee"). The Evaluation Committee shall be required to disclose any potential conflicts of interest or recuse if applicable, and to sign a Non-Disclosure statement. No information regarding any of the proposals shall be provided outside of the Evaluation Committee until after the award. An Evaluation Committee must not be composed solely of a supervisor and persons who directly report to such supervisor. An Evaluation Report, summarizing the results of the evaluation, shall be prepared prior to award of a contract.
- e) **Negotiations.** Negotiations are exchanges in a Competitive Proposal solicitation between HOC and offerors that are undertaken with the intent of allowing the offeror to revise its proposal. Negotiations shall be conducted with all offerors who submit a proposal determined to be within a competitive range of being selected for award [as documented in the contract file](#), unless it is determined that negotiations are not needed with any of the offerors. This determination is based on the relative score of the proposals as they are evaluated and rated in accordance with the technical and price factors specified in the RFP. These offerors shall be treated fairly and equally with respect to any opportunity for negotiation and revision of their proposals. No offeror shall be given any information about any other offeror's proposal and no offeror shall be assisted in bringing its proposal up to the level of any other proposal. A common deadline shall be established for receipt of proposal revisions based on negotiations.
- f) **Bargaining.** Negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of contract or other terms of a proposed contract. When negotiations are conducted in a Competitive Proposal, they take

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place after establishment of the competitive range and are called discussions. Discussions are tailored to each offeror’s proposal, and shall be conducted by the Contracting Officer with each offeror within the competitive range. The primary object of discussions is to maximize HOC’s ability to obtain best value, based on the requirements and the evaluation factors set forth in the solicitation. The Contracting Officer shall indicate to, or discuss with, each offeror still being considered for award, significant weaknesses, deficiencies, and other aspects of its proposal (such as technical approach, past performance, and terms and conditions) that could, in the opinion of the Contracting Officer, be altered or explained to enhance materially the proposer’s potential for award. The scope and extent of discussions are a matter of the Contracting Officer’s judgment. The Contracting Officer may inform an offeror that its price is considered by HOC to be too high, or too low, and reveal the results of the analysis supporting that conclusion. It is also permissible to indicate to all offerors the cost or price that HOC’s price analysis, market research, and other reviews have identified as reasonable. “Auctioning” (revealing one offeror’s price in an attempt to get another offeror to lower their price) is prohibited. No offeror shall be provided with information concerning any other offer.

g) **Best and Final.** In the event there are two or more offerors in the competitive range and the Contracting Officer, after negotiation and bargaining has been unable to determine the most responsible bidder from among those bidding, the Contracting Officer may invite the offerors in the competitive range to submit their best and final offers, making any changes they wish in their technical proposal and the price. The best and final offers shall be evaluated in essentially the same manner as the initial offers. At his/her discretion, the Contracting Officer may have the Evaluation Committee evaluate the best and final offers.

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hg) **Award.** After evaluation of the revised proposals, if any, the contract shall be awarded to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to HOC provided that the price is within the maximum total project budgeted amount established for the specific property or activity. If HOC is unable to negotiate a contract with the highest ranked offeror, it may reject the offer and enter into negotiations with the next highest ranked offeror.

5.5 QBS Procedures For Architectural/Engineering Services and Certain Other Contracts.

Under Qualifications Based Selection (“QBS”) procedures, competitors’ qualifications are evaluated using a Request for Qualifications (“RFQ”) and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. Unlike Competitive Proposal, price is not used as a selection factor under this method. QBS procedures may be

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used to purchase Architect/Engineering services, Energy Performance Contracting and development services.

- a) **Solicitation and Evaluation.** Under a QBS procurement, the Competitive Proposals procedures above shall be followed except that price shall not be included as a consideration. Evaluation factors may include (i) evidence of the offeror's ability to perform, (ii) capability to perform in a timely manner, (iii) past performance in terms of cost control and compliance with performance standards, and (iv) knowledge of local building codes and applicable federal requirements
- b) **Negotiation.** The Contracting Officer shall negotiate with the highest ranking offeror to reach an agreement on a reasonable price based on a cost and price analysis. If agreement cannot be reached, the Contracting Officer may terminate negotiations and proceed to negotiate with the next highest ranking offeror until a reasonable price is obtained.

5.6 Noncompetitive Proposal Procurement by Noncompetitive Proposals (also referred to as sole- or single-source) may be used only when the award of a contract is not feasible using Small Purchase Procedures, Sealed Bids, Cooperative Purchasing/Intergovernmental Agreement, or Competitive Proposals, and if one of the following applies:

- (i) The item is available only from a single source, based on a good faith review of available sources;
 - (ii) An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to HOC, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any of the other procurement methods and the emergency procurement shall be limited to those supplies, services, or construction necessary simply to meet the emergency; or
 - (iii) HUD authorizes the use of Noncompetitive Proposals; or
 - (iv) After solicitation of a number of sources, competition is determined inadequate.
- a) **Justification.** Each procurement based on a Noncompetitive Proposal shall be supported by a written justification for the selection of this method. The justification shall be approved in writing by the Executive Director or by the Board if the contract amount is expected to exceed the Awarding Authority of the Executive

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Director. Poor planning or lack of planning is not justification for emergency or Noncompetitive Proposal. The justification, to be included in the procurement file, should include the following type of information:

- (i) Description of the requirement;
- (ii) History of prior purchases and their nature (competitive vs. noncompetitive);
- (iii) The specific exception in 2 CFR §200.320(f) (1)-(4) which applies;
- (iv) Statement as to the unique circumstances that require award by noncompetitive proposals;
- (v) Description of the efforts made to find competitive sources (advertisement in trade journals or local publications, phone calls to local suppliers, issuance of a written solicitation, etc.);
- (vi) Statement as to efforts that will be taken in the future to promote competition for the requirement;
- (vii) Signature by the Contracting Officer's supervisor (or other employee above the level of the Contracting Officer); and

b) **Price Reasonableness.** The reasonableness of the price for all procurements based on Noncompetitive Proposals shall be determined by performing a cost and price analysis pursuant to Section 8 below. Negotiations between HOC and an offeror that are undertaken with the intent of allowing the offeror to revise its proposal are permitted as well. In determining price reasonableness and a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the offeror, the offeror's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates for similar work.

6. PROCUREMENT OF PROFESSIONAL AND CONSULTING SERVICES WITH NON-FEDERAL FUNDING

6.1. Application. In addition to Sealed Bid, QBS, Competitive Proposal, Cooperative Purchasing/Intergovernmental Agreements and Noncompetitive Proposal methods of procurement as provided hereinabove, when a contract utilizes funds from non-federal sources only, unless otherwise required by the funding source, HOC may use the means provided below for procurement of professional and consulting services. When both federal

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funding and non-federal sources provide funding for a contract, the procurement method for professional and consulting services described below shall not be utilized unless the funds and scope of work can be separated and non-federal funds allocated exclusively to the professional services being procured.

6.2. Procurement of Qualified Professionals and Consultants with Non-Federal Funds

Every three years, or more often in the discretion of the Executive Director, HOC may solicit expressions of interest for the provision of professional and consulting services from qualified individuals and firms. The procurement shall be in the nature of an RFQ where price is not a factor although hourly rates or charges for specific services can be requested. From the responses received and determined to have qualified, [the Commission shall establish](#)~~HOC shall maintain~~ a list of professional contractors and consultants by particular field of expertise (i.e. legal, engineering, architecture, appraisal, financing consultant, construction management, general contractors, development services and professional moving companies) whose qualifications are deemed to satisfy the requirements stated in the solicitation (each a "Qualifier"). [Each Qualifier shall enter into a three year contract agreeing to perform services by task order upon negotiation of price and terms upon selection as determined in Section 6.4 below. The maximum compensation to any Qualifier for work or services during the term of a contract for all task orders shall not exceed \\$250,000 unless otherwise established by the Commission.](#) Evaluation factors may include, but shall not be limited to (i) evidence of the offeror's ability to perform, (ii) capability to perform in a timely manner, (iii) past performance in terms of cost control and compliance with performance standards, (iv) knowledge of applicable legal requirements such as local building codes or laws applicable to HOC, [\(v\) where applicable, performance record with respect to the Section 3 of the HUD Act of 1968 in prior contracts with HOC and others in Montgomery County](#) and (vi) other criteria specific to the service requested. An Evaluation Committee may be established to determine compliance with the procurement and satisfaction of the criteria identified. HOC shall inform each bidder of the results of the analysis of the bids in a timely fashion and the Procurement Officer shall maintain a list of Qualifiers in each category.

6.3. Solicitation and Process. Solicitation must be done publicly. HOC must use one or more of the following solicitation methods, provided that the method employed provides for meaningful competition.

- a) Advertising in newspapers or other print mediums of local or general circulations.
- b) Notices to Vendor List (as hereinafter defined).
- c) Advertising in various appropriate trade journals or publications .
- d) E-procurement using an internet system calculated to provide full and open advertisement, including publication on HOC's website.

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- e) Public notice should be published or advertised not less than once each week for two consecutive weeks or be continuously posted on HOC's website.
- f) Notices/advertisements should state, at a minimum, the place, date, and time that the bids or proposals are due, the solicitation number, a contact that can provide a copy of, and information about, the solicitation, and a brief description of the needed item(s).
- g) A minimum of 15 days shall be provided for preparation and submission of responses.
- h) HOC may cancel the solicitation for any reason.

6.4 Selection from Among Qualifiers for Specific Service.

- a) From time to time, as the needs of HOC may require, with respect to [work or a service contract](#) with a cost not anticipated to exceed the Executive Director's Awarding Authority (as defined in Section 17 herein and displayed on Appendix III), HOC shall select three (3) or more Qualifiers in the field of expertise required to bid on a particular service or project. Depending upon the type of work to be performed and the anticipated cost of the services to be procured, HOC may use the Small Purchase, Sealed Bid, Competitive Proposal or QBS procurement process to select a contractor but only addressed to or solicited from the selected Qualifiers.
- b) In determining the award of a contract, in addition to factors specific to a particular project HOC may consider:
 - (i) related experience on similar projects;
 - (ii) number and value of recent projects performed for HOC;
 - (iii) compatibility of size of the firm with the size of the proposed project, or special familiarity with the project or project site;
 - (iv) special qualifications, experience or design approach;
 - (v) adequacy of local office facilities to render the services, ability to provide sufficient staff for the project, and technical competence in the work to be performed;
 - (vi) with respect to architectural or engineering services, familiarity with zoning, land planning and permit requirements

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6.5. Evaluation Committee. When applicable, an Evaluation Committee composed of a minimum of three persons shall evaluate proposals in accordance with the published selection criteria and submit an award recommendation to the Contracting Officer. An Evaluation Committee must not be composed solely of a supervisor and persons who directly report to such supervisor.

6.6. Contracts In Excess of Executive Director's Awarding Authority. In instances in which the cost of the contract is anticipated to exceed the Executive Director's Awarding Authority (See Section 16, infra), HOC may select three (3) or more Qualifiers in the field of expertise required to bid on a particular service or project or it may solicit publicly and, regardless of solicitation process, utilize the Competitive Proposal method or, with respect to architects, general contractors, engineers or developer services, the QBS method for selection. In the event HOC chooses to solicit publicly, it must use one or more of the following solicitation methods, provided that the method employed provides for meaningful competition.

- a) Advertising in newspapers or other print mediums of local or general circulations.
- b) Notice to the applicable Vendor List.
- c) Advertising in various appropriate trade journals or publications.
- d) E-procurement using an internet system calculated to provide full and open advertisement, including publication on HOC's website.
- e) The substance of the notice and period of time for response shall be, at a minimum, as provided in Section 6.3(e) and (f).

6.7. Compliance with Procurement Methods. Procurement by the methods proscribed in Section 6 may be procedurally less formal than in Sealed Bid, Competitive Proposal or QBS methods for a federally funded contract, provided that, except as otherwise provided for herein, such procurements shall be conducted substantially in compliance therewith and in a manner to assure equity and fairness in solicitation and selection.

7. INDEPENDENT COST ESTIMATE (ICE)

7.1 General. For all purchases above the Small Purchase Ceiling, HOC shall prepare an Independent Cost Estimate ("ICE") prior to solicitation. The level of detail shall be commensurate with the cost and complexity of the item to be purchased and a written determination shall be maintained by the Procurement Officer. The purpose of the ICE is to

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determine the reasonableness of pricing in procurements when price is a factor or evaluating pricing in solicitations in which price is not utilized in selection criteria.

8. COST AND PRICE ANALYSIS

8.1 General. HOC shall ~~determine~~ require assurance that the price for the goods or services being procured is reasonable before entering into a contract.

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8.2 Petty Cash Purchase and Micro Purchases. No formal cost or price analysis is required for Petty Cash Purchases and Micro Purchases. The execution of a Purchase Order by the Contracting Officer shall serve as the Contracting Officer's determination that the price obtained is reasonable, which may be based on the Contracting Officer's prior experience, price lists, catalogs, market prices or any other reasonable basis.

8.3 Small Purchases. For a Small Purchase, a comparison with other offers shall generally be sufficient determination of the reasonableness of price and no further analysis is required. If a reasonable number of quotes are not obtained to establish reasonableness through price competition, the Contracting Officer shall document price reasonableness through other means, such as prior purchases of this nature, catalog prices, the Contracting Officer's personal knowledge at the time of purchase, comparison to the ICE, or any other reasonable basis.

8.4 Sealed Bids. The presence of adequate competition should generally be sufficient to establish price reasonableness for a Sealed Bid. Where sufficient bids are not received, and when the bid received is substantially more than the ICE, and when HOC cannot reasonably determine price reasonableness, HOC must conduct a cost analysis, consistent with federal regulations(2 CFR 200.323), to ensure that the price paid is reasonable.

8.5. Competitive Proposals. The presence of adequate competition should generally be sufficient to establish price reasonableness for a Competitive Proposal. Where sufficient proposals are not received, HOC must compare the price with the ICE. For Competitive Proposals where prices cannot be easily compared among offerors, when there is not adequate competition, or where the price is substantially greater than the ICE, HOC must conduct a cost analysis, consistent with federal regulations, to ensure that the price paid is reasonable.

8.6. Non-Competitive Proposals. A cost analysis shall always be conducted for the award of a contract under the Non-Competitive Proposal method of procurement consistent with federal regulations to insure price reasonableness.

8.7. Contract Modifications. A cost analysis, consistent with federal regulations, shall be conducted for all contract modifications for projects that were procured through Sealed Bid,

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Competitive Proposals, or Non-Competitive Proposals, or for projects originally procured through the Small Purchase Procedure in which the the amount of the contract modification will result in a total contract price in excess of \$150,000.00.

9. SOLICITATION AND ADVERTISING

9.1. Vendor Lists. All interested businesses shall be given the opportunity to be included on vendor mailing lists (each a "Vendor List"). Any lists of persons, firms, or products which are used in the purchase of supplies and services (including construction) shall be kept current and include enough sources to ensure competition.

9.2. Method of Solicitation. The number of quotes or bids required for procurement of goods and services or professional services are shown in Appendix II and described below:

- a) **Petty Cash and Micro Purchases.** HOC may contact only one source if the price is considered reasonable as determined by a cost and price analysis.
- b) **Small Purchases.** Quotes may be solicited in writing, through facsimile, E-Procurement, or by any other method calculated to provide a broad opportunity for competition.
- c) **Sealed Bids and Competitive Proposals.** Solicitation must be done publicly. HOC must use one or more of the following solicitation methods, provided that the method employed provides for meaningful competition.
 - (i) Advertising in newspapers or other print mediums of local or general circulations.
 - (ii) Notice to the applicable Vendor List
 - (iii) Advertising in various appropriate trade journals or publications (i.e., for construction).
 - (iv) E-procurement using an internet system calculated to provide full and open advertisement.
 - (v) All solicitations shall be in compliance with 2 CFR §200.317 through §200.326, and applicable State and local requirements.
- d) **Time Frame.** For purchases of more than \$100,000.00 but less than \$150,000.00, the public notice shall run for not less than once for a week and/or be continuously posted on HOC's website for at least one week. For purchases of more than

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\$150,000.00, the public notice should run not less than once each week for two consecutive weeks and/or be continuously posted on HOC's website for at least two weeks. The Executive Director may reduce the public notice period in extraordinary when expeditious decisionmaking will be beneficial. Written documentation of the need for reducing public notice shall be included in the contract file. circumstances.

- e) **Form.** Notices/advertisements should state, at a minimum, the place, date, and time that the bids or proposals are due, the solicitation number, a contact that can provide a copy of, and information about, the solicitation, and a brief description of the needed item(s).
- f) **Time Period for Submission of Bids.** A minimum of 21 days shall be provided for preparation and submission of Sealed Bids and 15 days for Competitive Proposals. The Procurement Officer may allow for a shorter period under extraordinary circumstances

9.3. Cancellation of Solicitations.

- a) An IFB, RFP, or other solicitation may be cancelled before bids/offers are due if:
 - (i) The supplies, services or construction is no longer required;
 - (ii) The funds are no longer available;
 - (iii) Proposed amendments to the solicitation are of such magnitude that a new solicitation would be best; or
 - (iv) Other reasons that would eliminate the need for the procurement or require that the solicitation be substantially revised or amended.
- b) A solicitation may be cancelled and all bids or proposals that have already been received may be rejected if:
 - (i) The supplies or services (including construction) are no longer required;
 - (ii) Ambiguous or otherwise inadequate specifications were part of the solicitation;
 - (iii) Any factors of significance to HOC were not considered in the solicitation;
 - (iv) Prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds;

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(v) There is a reason to believe that bids or proposals may not have been independently determined in open competition, may have been collusive, or may have been submitted in bad faith; or

(vi) For good cause in the best interest of HOC.

9.4. Notice of Cancellation

- a) The reasons for cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall be provided upon request.
- b) A notice of cancellation shall be sent to all bidders/offerors solicited. If the specifications are deemed insufficient or unclear, HOC shall cancel the solicitation, and, if appropriate, explain to all prior bidders that they will be given an opportunity to compete on any re-solicitation or future procurement of similar items.
- c) If all otherwise acceptable bids or proposals received are at unreasonable prices, an analysis should be conducted to determine if either the specifications or HOC's cost estimate were inadequate. If both are determined adequate and if only one bid or proposal is received and the price is considered unreasonable, the Contracting Officer may cancel the solicitation and complete the procurement by using the Competitive Proposal method after a written determination by the Procurement Officer that such action is appropriate all bidders have been informed of HOC's intent to utilize this method of procurement.

10. SPECIFICATIONS

10.1 General. All specifications shall be drafted to promote overall economy for the purpose intended and to encourage competition in satisfying HOC's needs. Specifications shall be reviewed prior to issuing any solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items or designed so as not restrict competition to one supplier. Function or performance specifications are preferred. Detailed product specifications shall be avoided whenever possible. Consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase. For equipment purchases, a lease versus purchase analysis should be performed to determine the most economical form of procurement.

10.2 Limitation. The following types of specifications shall be avoided:

- a) Geographic restrictions not mandated or encouraged by applicable Federal law except for architect/ engineer contracts, which may include geographic location as a selection factor if adequate competition is available See 2 CFR 200.319.

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- b) Brand name specifications (unless the specifications list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use).
- c) To eliminate unfair economic advantage and organizational conflict, contractors retained by HOC to develop specifications or a scope of work shall be excluded from competing in a following procurement.

11. SURETY REQUIREMENTS

11.1 General. The standards under this section apply to construction contracts that exceed \$1050,000.00. There are no bonding requirements for Small Purchases or for Competitive Proposals. HOC may require bonds or a letter of credit in these latter circumstances when deemed appropriate; however, non-construction contracts should generally not require bid bonds.

11.2 Bid Bonds. For construction contracts exceeding \$1050,000.00, offerors shall be required to submit a bid guarantee from each bidder equivalent to 5% of the bid price.

11.3 Performance and Payment Bonds. For construction contracts exceeding \$1050,000.00, the successful bidder shall furnish an assurance of completion and payment. This assurance may be any one of the following:

- a) Performance and payment bond in a penal sum of 100% of the contract price; or
- b) Separate performance and payment bonds, each for 100% or more of the contract price; or
- c) A 20 % cash escrow; or
- d) A 25 % irrevocable letter of credit approved by the Procurement Officer.

11.4 Surety Form. Bonds must be obtained from guarantee or surety companies acceptable to the U. S. Government and authorized to do business in the State of Maryland. U. S. Treasury Circular Number 570 lists companies approved to act as sureties on bonds securing Government contracts, the maximum underwriting limits on each contract bonded, and the States in which the company is licensed to do business. Use of companies on this circular is mandatory. Individual sureties will not be accepted.

12. CONTRACTOR QUALIFICATIONS AND DUTIES

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12.1 Contractor Responsibility HOC shall not award any contract unless the prospective contractor (i.e., low responsive bidder or successful offeror) has been determined to be responsible. A responsible bidder/offeror must:

- a) Have adequate financial resources to perform the contract, or the ability to obtain them;
- b) Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all of the bidder's/offeror's existing commercial and governmental business commitments;
- c) Have a satisfactory performance record;
- d) Have a satisfactory record of integrity and business ethics;
- e) Have the necessary credentialing and/or licensing for the state of Maryland, organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
- f) Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and,
- g) Be otherwise qualified and eligible to receive an award under applicable laws and regulations, including not being suspended, debarred or under a HUD-imposed Limited Denial of Participation ("LDP").

12.2 Finding of non-responsibility. If a prospective contractor is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the official contract file, and the prospective contractor shall be advised of the reasons for the determination.

12.3 Suspension and Debarment. Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined to be ineligible by HUD in accordance with HUD regulations ([2 CFR §200.317 through §200.326](#)) or by other Federal agencies, e.g., Department of Labor for violation of labor regulations, when necessary to protect housing authorities in their business dealings. Prior to issuance of a contract, HOC shall, as provided within Section 10.2.H.1 and 10.2.H.2 of the Handbook, conduct the required searches within the HUD (LDP system and the U.S. General Services Administration System for Award Management ("SAM")) and place within the applicable contract file a printed copy of the results of each such search.

13. CONTRACT TYPES AND CREDIT PURCHASES

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13.1 Credit or Purchasing Cards. Credit or Purchasing Cards are a payment method, not a procurement method. Credit card usage should follow the rules for all other small purchases. For example, the Contracting Officer may use a credit card for Micro Purchases without obtaining additional quotes provided the price is considered reasonable. However, for amounts above the Micro Purchase level, the Contracting Officer would generally need to have obtained at least three (3) quotes before purchasing via a credit card. HOC shall adopt reasonable policy safeguards to assure that credit cards are used only for intended purposes prior to issuance (for instance, limiting the types of purchases or the amount of purchases that are permitted with credit cards).

13.2 Contract Types. Any type of contract which is appropriate to the procurement and which will promote the best interests of HOC may be used, provided the cost -plus- percentage-of-cost and percentage-of-construction-cost methods are not used. All solicitations and contracts shall include the clauses and provisions necessary to define the rights and responsibilities of both the contractor and HOC.

13.3 Options. Options for additional quantities or performance periods may be included in contracts, provided that:

- a) The option is contained in the solicitation;
- b) The option is a unilateral right of HOC;
- c) The contract states a limit on the additional quantities and the overall term of the contract;
- d) The option is evaluated as part of the initial procurement;
- e) The contract states the period within which the options may be exercised;
- f) The option may be exercised only at the price specified in or reasonably determinable from the contract.

13.4 Limitations on Option Use. An option may be exercised only if determined to be more advantageous to HOC than conducting a new procurement. If the contractor seeks an option to increase the price subject to inflation, that option must be identified in the bid and shall be clearly defined and the period that the option is exercisable specified.

14. CONTRACT CLAUSES

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14.1 Contract Pricing Arrangements. All contracts shall identify the contract pricing arrangement as well as other pertinent terms and conditions as determined by HOC that were part of the bid offer including any price adjustment factors.

14.2 Required Forms For Federally Funded Contracts. For contracts utilizing federal funds, the forms HUD-5369; 5369-A; 5369-B; 5370; 5370-C (Sections I and II); 51915; and 51915-A, which contain all HUD-required clauses and certifications for contracts of more than \$150,000.00, as well as any forms/clauses as required by HUD for Small Purchases, shall be used, as applicable, in all corresponding solicitations and contracts issued by HOC as well as all provisions required under HOC policy and state law where applicable.

14.3 Required Contract Clauses For Federally Funded Contracts: HOC shall ensure that each contract executed by it contains the required contract clauses detailed within 2 CFR §200.326 and Appendix II thereto ([See Appendix I](#)).

14.4 Required Contract Clauses for Non-Federally Funded Contracts: The Contracting Officer and General Counsel shall prepare and negotiate contracts which are not funded through federal sources. HOC shall insure that each such contract contains the following contract clauses:

- a) A right to terminate without cause by HOC.
- b) Indemnification, defense and hold harmless provision by contractor for the benefit of HOC.
- c) Contractor shall provide appropriate insurance and name HOC as an additional insured on all applicable insurance [where appropriate](#).
- d) All change orders shall be subject to HOC review and approval and shall not be accepted without HOC's written authorization.
- e) Contracts may not exceed five years including any renewal period except for those identified on Appendix IV.
- f) No automatic renewals.
- g) Maryland law applies to all contract interpretation.
- h) Jurisdiction for litigation to be exclusively in Maryland.

15. APPEALS AND REMEDIES

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15.1 Protest

- a) **Protest of Solicitation** Any protest against a solicitation issued by the HOC must be received before the response submittal deadline
- b) **Protest of Award Based on Petty Cash, Micro Purchase or Small Purchase Solicitation:** Any protest against the award of a contract based on these solicitations must be received prior to award. It shall be the responsibility of respondents to contact HOC regarding the status of a contract award.
- c) **Protest of Award Based on Sealed Bid:** Any protest arising out of the award of a contract resulting from an IFB must be received no later than ten (10) days after the bid submittal deadline.
- d) **Protest of Award Based on QBS or Competitive Proposal:** Any protest arising out of the award of a contract from a QBS or Competitive Proposal, must be received no later than ten (10) days after notification to an unsuccessful respondent that it was not selected.
- e) **Protest of HOC's Rejection of Response:** Any protest of a decision by the HOC to reject a response to an RFP or RFQ in response to a solicitation must be received no later than two (2) business days after being notified in writing of HOC's decision.
- f) **Late Protests:** Protests that are not timely received in accordance with the applicable filing deadline set forth in this Section will not be considered.

15.2. Form and Manner of Filing Protests All protests shall be in writing, clearly identified as a "procurement protest" and signed by the protesting party. Protests shall contain a detailed statement of basis of the protest. Protests lacking signatures or detailed statements or the basis of the protest shall not be considered

15.3. HOC Review of Protests The Procurement Officer shall review and investigate all properly and timely filed protests and issue a written decision to the protestor. The Procurement Officer may, at his/her discretion, suspend the procurement pending resolution of the protest if the facts presented so warrant.

15.4 Appeal Any appeal of a formal written decision by the Procurement Officer must be received by the Executive Director within two (2) business days of receipt of the written decision from the Procurement Officer or the appeal will not be considered. Appeals of a formal decision by the Procurement Officer will be reviewed and investigated by the Executive Director who shall issue the final decision.

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15.5 Notifications HOC's notification may be by any reasonable means calculated to provide timely and accurate notice of actions and decisions, including but not limited to U.S. mail, electronic mail (e-mail), [internet posting](#) or facsimile. The effective date of notice by mail is the date that the notice is deposited in the mail. The effective date of all other means of notice is the date it is transmitted.

15.6 Documentation. Documentation of the protest process and resolution shall be maintained as part of the contract file.

15.7 Contractor Claims. All claims by a contractor relating to performance of a contract shall be submitted in writing to the Procurement Officer for a written decision. Claims shall identify the contract at issue, provide a statement of the basis for the claim and include any supporting documentation. The contractor may request a conference and the Procurement Officer shall investigate the claim. The Procurement Officer shall issue a written decision and shall inform the contractor of its appeal rights to the Executive Director. Contractor claims shall be governed by the Changes Clause in the relevant form HUD-5370 or other contract between the parties.

15.8 Appeal of Contractor Claim. Any appeal of a formal written decision by the Procurement Officer must be received by the Executive Director within two (2) business days of receipt of the written decision from the Procurement Officer, or the appeal will not be considered. Appeals of a formal decision by the Procurement Officer will be reviewed and investigated by the Executive Director who shall issue the final decision.

15.9 Notifications. HOC's notification may be by any reasonable means calculated to provide timely and accurate notice of actions and decisions, including but not limited to U.S. mail, electronic mail (e-mail), [internet posting](#) or facsimile. The effective date of notice by mail is the date that the notice is deposited in the mail. The effective date of all other means of notice is the date it is transmitted.

15.10 Documentation Documentation of the claim process and resolution shall be maintained as part of the contract file.

16. AWARDING AUTHORITY AND CONTRACT MODIFICATIONS COMMISSION APPROVAL OF PROCUREMENT ACTIONS

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16.1 Awarding Authority. All awarding authority ("Awarding Authority") under this Policy is vested in the Commission. However, the Commission may and has delegated procurement Awarding Authority to the Executive Director and other employees as provided in Appendix III. All procurement awards that exceed the limits set forth in Appendix III must be presented to and approved by the Commission prior to award and/or contract execution.

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16.2 Renewals and Extensions. Except as may be required for contracts provided for in Appendix IV or with respect to those contracts approved pursuant to the procedures established in Section 6.2 hereof, in instances in which the Commission has approved an award of a contract with authorization for extensions or renewals, the Executive Director may administratively renew or extend such contract even if the value of the contract exceeds the Executive Director's Awarding Authority unless the Commission, as part of the initial award, requires reconsideration or review prior to renewal or extension.

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16.3 Change Orders and Contract Modifications. a) The Executive Director may approve contract modifications that result in increases in compensation to the Contractor which, cumulatively, including the original contract sum, do not exceed the Executive Director's Awarding Authority and provided that funds to pay for the contract modification is included in the budget for the project to which the contract is allocated.

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b) With respect to contracts for which the Executive Director does not have Awarding Authority, except contracts for construction or substantial renovation, the Executive Director may approve contract modifications that do not exceed ten (10%) percent of the original contract sum.

c) With respect to contracts for construction or substantial renovations, the Executive Director may approve change orders or contract modifications provided that after the adjustment caused by any increase in compensation to the Contractor, the Commission approved budget remains in balance. (See Budget Policy #5)

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17. DELEGATION OF CONTRACTING AUTHORITY

17.1 Procedures.Delegation. ~~While the Executive Director is responsible for ensuring that HOC's procurements comply with this Policy, the Executive Director may delegate in writing, with written notice to the Commission, before or contemporaneous with the delegation, some or all procurement authority provided to the Executive Director as set forth above and as is necessary and appropriate to conduct the business of HOC.~~

~~**17.2 Procedures.** Further, and in accordance with this delegation of authority, the Executive Director shall, where necessary, establish operational procedures (such as a procurement manual or standard operating procedures) to implement this Policy. The Executive Director shall also establish a system of sanctions for violations of the ethical standards described herein, consistent with Federal, State, or local law and the Personnel Policy.~~

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18. CONTRACT ADMINISTRATION AND PROCUREMENT PLANNING

18.1 General. HOC shall maintain a system of contract administration designed to ensure that Contractors perform in accordance with their contracts. These systems shall

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provide for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on major projects including construction contracts and similar matters. For cost-reimbursement contracts, costs are allowable only to the extent that they are consistent with the cost principles in the Handbook and applicable federal regulations.

18.2 Planning. Planning is essential to managing the procurement function properly. Every three (3) years, the HOC Finance Division will review and report to the Budget Finance and Audit Committee the record of prior purchases, as well as future needs, to:

- a) Find patterns of procurement actions that could be performed more efficiently or economically;
- b) Maximize competition and competitive pricing among contracts decrease HOC's procurement costs;
- c) Reduce HOC's administrative costs;
- d) Ensure that supplies and services are obtained without any need for re-procurement (i.e., resolving bid protests);
- e) Minimize errors that occur when there is inadequate lead time; and
- f) Provide for the most efficient storage, security, and handling for procurement records and activities

18.3 Recordkeeping HOC must maintain records sufficient to detail the significant history of each procurement action. These records shall include, but shall not necessarily be limited to the following:

- a) Rationale for the method of procurement (if not self-evident);
- b) Rationale of contract pricing arrangement (also if not self-evident);
- c) Reason for accepting or rejecting the bids or offers;
- d) Basis for the contract price (as prescribed in this Policy);
- e) A copy of the contract documents awarded or issued and signed by the Contracting Officer/Procurement Officer;
- f) Basis for contract modifications; and
- g) Related contract administration actions.

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18.4 Level of Documentation. The size and scope of documentation shall be commensurate with the value of the procurement.

18.5 Record Retention. Records are to be retained for a period of seven (7) years after final payment and all matters pertaining to the contact are closed.

19. DISPOSITION OF SURPLUS PROPERTY

19.1 General. Personal property, equipment and supplies no longer necessary for HOC's purposes shall be transferred, sold, or disposed of in accordance with applicable Federal, state, and local laws and regulations, subject to the Chief Financial Officer's (CFO's) authorization.

20. FUNDING AVAILABILITY

20.1 General. Before initiating any [procurement contract](#), the CFO shall ensure that there are sufficient
_____ funds available to cover the anticipated cost of the contract or modification.

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APPENDIX I:

[Contract Clauses and Procedures](#) ~~[Federal Regulations at Appendix II](#)~~, 2 CFR §200.317 through §200.326, ~~and [Appendix II](#)~~

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also may address the timing, form, and content of notifications to unsuccessful applicants. See also §200.210 Information contained in a Federal award.

2. *Administrative and National Policy Requirements—Required.* This section must identify the usual administrative and national policy requirements the Federal awarding agency's Federal awards may include. Providing this information lets a potential applicant identify any requirements with which it would have difficulty complying if its application is successful. In those cases, early notification about the requirements allows the potential applicant to decide not to apply or to take needed actions before receiving the Federal award. The announcement need not include all of the terms and conditions of the Federal award, but may refer to a document (with information about how to obtain it) or Internet site where applicants can see the terms and conditions. If this funding opportunity will lead to Federal awards with some special terms and conditions that differ from the Federal awarding agency's usual (sometimes called "general") terms and conditions, this section should highlight those special terms and conditions. Doing so will alert applicants that have received Federal awards from the Federal awarding agency previously and might not otherwise expect different terms and conditions. For the same reason, the announcement should inform potential applicants about special requirements that could apply to particular Federal awards after the review of applications and other information, based on the particular circumstances of the effort to be supported (e.g., if human subjects were to be involved or if some situations may justify special terms on intellectual property, data sharing or security requirements).

3. *Reporting—Required.* This section must include general information about the type (e.g., financial or performance), frequency, and means of submission (paper or electronic) of post-Federal award reporting requirements. Highlight any special reporting requirements for Federal awards under this funding opportunity that differ (e.g., by report type, frequency, form/format, or circumstances for use) from what the Federal awarding agency's Federal awards usually require. Federal awarding agencies must also describe in this section all relevant requirements such as those at 2 CFR 180.335 and 2 CFR 180.350.

If the Federal share of any Federal award may include more than \$500,000 over the period of performance, this section must inform potential applicants about the post award reporting requirements reflected in Appendix XII—Award Term and Condition for Recipient Integrity and Performance Matters.

G. FEDERAL AWARDING AGENCY CONTACT(S)—REQUIRED

The announcement must give potential applicants a point(s) of contact for answering questions or helping with problems while the funding opportunity is open. The intent of this requirement is to be as helpful as possible to potential applicants, so the Federal awarding agency should consider approaches such as giving:

- i. Points of contact who may be reached in multiple ways (e.g., by telephone, FAX, and/or email, as well as regular mail).
- ii. A fax or email address that multiple people access, so that someone will respond even if others are unexpectedly absent during critical periods.
- iii. Different contacts for distinct kinds of help (e.g., one for questions of programmatic content and a second for administrative questions).

H. OTHER INFORMATION—OPTIONAL

This section may include any additional information that will assist a potential applicant. For example, the section might:

- i. Indicate whether this is a new program or a one-time initiative.
- ii. Mention related programs or other upcoming or ongoing Federal awarding agency funding opportunities for similar activities.
- iii. Include current Internet addresses for Federal awarding agency Web sites that may be useful to an applicant in understanding the program.
- iv. Alert applicants to the need to identify proprietary information and inform them about the way the Federal awarding agency will handle it.
- v. Include certain routine notices to applicants (e.g., that the Federal Government is not obligated to make any Federal award as a result of the announcement or that only grants officers can bind the Federal Government to the expenditure of funds).

[78 FR 78608, Dec. 26, 2013, as amended at 80 FR 43310, July 22, 2015]

APPENDIX II TO PART 200—CONTRACT PROVISIONS FOR NON-FEDERAL ENTITY CONTRACTS UNDER FEDERAL AWARDS

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

(A) Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency

Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

(B) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

(C) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensa-

tion to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(E) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(F) Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

(G) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

(H) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management

(SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

(I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

(J) See §200.322 Procurement of recovered materials.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75888, Dec. 19, 2014]

APPENDIX III TO PART 200—INDIRECT (F&A) COSTS IDENTIFICATION AND ASSIGNMENT, AND RATE DETERMINATION FOR INSTITUTIONS OF HIGHER EDUCATION (IHES)

A. GENERAL

This appendix provides criteria for identifying and computing indirect (or indirect (F&A)) rates at IHES (institutions). Indirect (F&A) costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. See subsection B.1, Definition of Facilities and Administration, for a discussion of the components of indirect (F&A) costs.

1. Major Functions of an Institution

Refers to instruction, organized research, other sponsored activities and other institutional activities as defined in this section:

a. *Instruction* means the teaching and training activities of an institution. Except for research training as provided in subsection b, this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic depart-

ments or separate divisions, such as a summer school division or an extension division. Also considered part of this major function are departmental research, and, where agreed to, university research.

(1) *Sponsored instruction and training* means specific instructional or training activity established by grant, contract, or cooperative agreement. For purposes of the cost principles, this activity may be considered a major function even though an institution's accounting treatment may include it in the instruction function.

(2) *Departmental research* means research, development and scholarly activities that are not organized research and, consequently, are not separately budgeted and accounted for. Departmental research, for purposes of this document, is not considered as a major function, but as a part of the instruction function of the institution.

(3) Only mandatory cost sharing or cost sharing specifically committed in the project budget must be included in the organized research base for computing the indirect (F&A) cost rate or reflected in any allocation of indirect costs. Salary costs above statutory limits are not considered cost sharing.

b. *Organized research* means all research and development activities of an institution that are separately budgeted and accounted for. It includes:

(1) *Sponsored research* means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

(2) *University research* means all research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds. University research, for purposes of this document, must be combined with sponsored research under the function of organized research.

c. *Other sponsored activities* means programs and projects financed by Federal and non-Federal agencies and organizations which involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects and community service programs. However, when any of these activities are undertaken by the institution without outside support, they may be classified as other institutional activities.

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Appendix II

MINIMUM LEVELS OF SOLICITATION

\$ Range	Purchase Procedure	Non-Professional Goods & Services	Professional Services
<\$53,000.00 ⁽¹⁾	Micro	1 quote considered reasonable	1 quote considered reasonable
>\$53,000-\$1050,000	Small	3 written quotes minimum	3 written quotes minimum
Expected to exceed \$1050,000	Sealed Bids	Solicit all bidders on list, advertise and post on website	Solicit all bidders on list, advertise and post on website
Expected to exceed \$1050,000	Competitive Proposals	Solicit all bidders on list, advertise and post on website	Solicit all bidders on list, advertise and post on website

1. Excludes construction purchases which are set at \$2,000.00 due to Davis Bacon Act.

See Appendix IV with respect to schedule of and length of contracts for certain professional services and core services which are to be procured under this Policy.

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Appendix III

AWARDING AUTHORITY

Maximum amounts shown. All Authority is delegated to individuals.

POSITION	PURCHASE ORDERS	CONTRACTS Goods & Services	CONTRACTS Professional
Executive Director ¹	\$250,000.00	\$250,000.00	\$250,000.00
Chief Operating Officer or Deputy ED	\$1200,000.00	\$1200,000.00	\$1050,000.00
Division Directors	\$25,000.00	\$0.00	\$0.00
Assistant Division Directors	\$15,000.00	\$0.00	\$0.00
Designated Buyers ²	\$5,000.00	\$0.00	\$0.00

1. Awarding Authority limited to \$100,000 for NonCompetitive contracts
2. Executive Director designates all buyers on the recommendation of the Procurement Officer and CFO

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Appendix IV

FREQUENCY OF SELECTION FOR CERTAIN PROFESSIONALS AND CORE SERVICES

Contracts solicited every five years ~~shall~~ ~~would include~~ ~~contain~~ an initial term of two years, with three, one-year renewals allowed, subject to Commission approval at each renewal as provided below. Other combinations of terms ~~are~~ ~~would be~~ allowable, up to the maximum contract term of five years, subject to Commission approval at the time of award.

DESCRIPTION	SELECTION POLICY
Auditors <i>(Agency main audit)</i>	The Commission shall solicit auditors for a two year term with three one year renewals every five years. Initial term of two years with three All renewals shall be one-year renewals, the first renewal on approval of the Executive Director, the second renewal on approval of the Budget and Finance Committee and the third renewal subject to Commission approval. <u>The Commission may utilize an Evaluation Committee shall consist consisting exclusively of representatives of the Commission or Commissioners and representatives of the the Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto.</u>
Auditors <i>(Individual property audits)</i>	Solicit every five years. Initial term of two years with three one two-year renewals, the first renewal on approval of the Executive Director, the second renewal on approval of the Budget and Finance Committee and the third renewal subject to Commission approval. Evaluation Committee shall consist of representatives of Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto. Maximum five consecutive years for any firm.
Banks (Primary) Initial term of two years with three	Solicit <u>for a two year term with three one year renewals every five years.</u> one-year renewals, the first renewal shall be permitted on the on approval of the Executive Director, the second renewal on approval of the Budget and Finance Committee and the third renewal subject to Commission approval. Evaluation Committee shall consist of representatives of at least one Commissioner and representatives of the Finance Division, Mortgage Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto. No limit on number of times selected.
*Bond Counsel term of four years with two	Solicit <u>for a four year term with two one year renewals every six years. Initial</u> The one -year renewals, shall be subject to Commission approval at each

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renewal. No limit on number of times selected. Evaluation Committee shall consist of at least one Commissioner and representatives of Finance Division, Mortgage Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto

*Financial Advisor

Solicit for a term of four years with two one year renewals. Each renewal shall be every six years. Initial term of years with two one year renewals, subject to Commission approval at each renewal. No limit on number of times selected. Evaluation Committee shall consist of at least one Commissioner and representatives of Finance Division, Mortgage Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto.

Trustees

Select every time HOC has a new bond indenture. No limit on Number of bond issues per trustee.

*Underwriters

Solicit for a term of two years with two one year renewalsevery four years. Initial term of two years with two one year renewals. Each renewal shall be subject to Commission approval. Evaluation Committee shall consist of representatives of Finance Division, Mortgage Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto. No limit on number of times selected.

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Property Management Services
~~Initial term of two years with two~~
~~each~~

Solicit for a term of two years with two one year renewals. every four years. one year renewals, Each renewal shall be -subject to Commission approval. ~~at~~ renewal. No limit on number of times selected.

Contracts for core functions and services such as telephone, technology systems, customer relations software and property management software, electronic mortgage application software system and single family mortgage database software will not be procured on a schedule but as needed

*The Commission shall attempt to stagger the terms of these contracts so that no two terms will expire at the same time.



Attachment B

PROCUREMENT POLICY

Revised:
Effective:

PROCUREMENT POLICY

Adopted: 00/00/0000

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Preamble to Policy

The Housing Opportunities Commission of Montgomery County (“HOC”) is a complex enterprise. It operates as a traditional public housing authority managing federal funds to advance housing needs but also uses funds received from other sources and its own endeavors to advance its mission. That mission includes housing but also the added layer of development, management, financing, lending and the provision of additional supportive services for affordable and market rate residential properties as well as related commercial facilities. Given the variety of funding sources and HOC’s status as a government entity, HOC is attuned to the needs for fairness and transparency in differing transactions. HOC also recognizes that different sources of funding may require different standards and methodologies for solicitation and selection of contractors providing certain services while continuing to maintain equitable and fair treatment for all bidders. With that in mind, the Policy provides procurement procedures for the procurement of certain professional services and expertise in cases in which federal funds are not implicated distinct from those required for federally funded programs.

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1. INTRODUCTION

1.1 General. Established for the Housing Opportunities Commission of Montgomery County (hereinafter, "HOC") by Action of the Agency Board of HOC's Commissioners ("Board") on _____, 20__, this Procurement Policy ("Policy") complies with the Annual Contributions Contract ("ACC") between HOC and the United States Department of Housing and Urban Development ("HUD"), Federal Regulations at 2 CFR §200.317 through §200.326, (Appendix I), the procurement standards of the Procurement Handbook for Public Housing Authorities, *Procurement Standards*, HUD Handbook 7460.8, REV 2,(the "Handbook") and applicable State and local laws.

1.2 Changes in Laws and Regulations. In the event an applicable law or regulation is modified or eliminated, or a new law or regulation is adopted, the revised law or regulation shall, to the extent inconsistent with this Policy, automatically supersede this Policy.

2. GENERAL PROVISIONS

2.1 Policy Statement. This Policy establishes a broad framework of policies to ensure that HOC's purchasing and contracting functions promote administrative flexibility and efficiency, while at the same time maintaining prudent internal controls and compliance with applicable statutes and regulations. Specific purposes of this Policy include, but are not limited to, the following:

- a) Fairness and objectivity: providing a fair, objective, and equitable selection and contracting environment for all individuals and firms seeking to do business or contracting with HOC.
- b) Ensuring reasonable costs: promoting competition, and negotiating (where applicable) to ensure that HOC receives the most favorable prices and terms in its contracts.
- c) Efficiency: ensuring that supplies and services (consultant, construction, social services, etc.) are obtained efficiently and effectively.
- d) Value-added procurement: facilitating a procurement process that provides service and value to HOC in obtaining goods and services.
- e) Ethical standards: ensuring that HOC's procurement activities are implemented consistent with applicable ethical standards.
- f) Legal considerations: complying with all applicable federal, state and local statutes and regulations.

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2.2 Application. This Policy applies to all procurement actions of HOC except as noted under Exclusions below. Nothing in this Policy shall prevent HOC from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with the law. HOC utilizes a variety of funding sources for procurement of goods and services, including earnings from its own activities. These sources have different procurement requirements. The Policy assures that HOC avoids unnecessary complexity while at the same time complying with applicable laws and regulations without requiring application of a higher standard to procurement than is necessary.

2.3 Application of Federal or Non-Federal Funding Sources for Professional and Consulting Services. When a contract provides for the use of funds from non-federal sources, unless otherwise required by the funding source, HOC may use Section 6 for the procurement of professional and consulting services. When only federal funding is to be applied to a contract, the procurement methods for professional and consulting services proscribed in Section 5 must be utilized. When both federal funding and non-federal sources are applied in a contract the procurement method for professional and consulting services in Section 6 shall not be utilized unless the funds and scope of work can be separated as, for example, by separate and distinct timing for availability of funds or by use of barriers preventing commingling of funds or other recognized methods to fungibility. If so, the Section of the Policy applicable to the funding source may be applied for procurement of professional and consulting services

2.4 Definitions

“Contractor” is any person or entity that enters into a contract with HOC under this Policy.

“Contracting Officer” is the employee responsible for procurement and administration of a particular contract.

“Procurement,” includes the procuring, purchasing, leasing, or renting of: (1) goods, supplies, equipment, and materials; (2) construction and maintenance consultant services; (3) architectural and engineering (“A/E”) services; (4) social services; (5) professional and consulting services and (6) other services.

“Procurement Officer” is the employee of HOC within the Finance Division who is responsible for supervision and management of procurement procedures.

“Purchase Order” is a document issued by HOC that authorizes a purchase transaction. When accepted by the seller, it becomes a contract binding on both parties setting forth descriptions of the goods ordered, quantities, prices, discounts, shipment, payment and other term terms and conditions.

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2.5 Exclusions from Policy. This Policy does not govern the following types of contracts or procurements:

- a) administrative fees earned under the Section 8 voucher program,
- b) the award of vouchers under the Housing Choice Voucher Program also known as the Section 8 program,
- c) the execution of landlord Housing Assistance Payments contracts under that program, ,
- d) the acquisition of real estate which is governed by a separate HOC policy,
- e) the disposition of real estate,
- f) the sale of partnership, membership or other ownership interests in an entity owned or controlled by HOC,
- g) the purchase by HOC of partnership, membership or other ownership interests,
- h) employment contracts,
- i) loans to or from HOC,
- j) the incurring of travel expenses such as airfare, vehicle services, and hotel and meal charges, registration fees,
- k) the purchase of advertising in print, radio, television or digital media,
- l) the use of employment agencies for the hiring of temporary workers,
- m) the procurement of regulated utilities,
- n) the selection of a non-affiliated party as a shareholder, partner or member in an ownership entity when the non-affiliated party has presented an unsolicited offer to HOC to jointly own, develop, and/or operate real property which provides HOC an interest in real property or ownership interest in an entity which owns or will own real property,
- o) the purchase of financial derivatives, guaranteed investment contracts and other investments in connection with the issuance of HOC bonds when the Executive Director determines, in consultation with financial consultants, that expeditious decisionmaking is beneficial,

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- p) the selection of auditors to comply with audit and reporting requirements in tax credit partnership transactions under Section 42 of the Internal Revenue Code of 1986 when required by a limited partner,
- q) approval of an application for the issuance of conduit financing through the issuance of HOC bonds to be sold to one investor submitted by a private developer or owner.

2.6 Exclusions from Competitive Procurement. Sections 5 and 6 of this Policy does not apply to procurement transactions that are typically exempt from competitive procurement. Such procurement transactions include those made pursuant to any of the following methods, so long as the respective conditions listed below are satisfied:

- a) **U.S. General Services Administration (GSA) Schedule 70, Information Technology (“GSA IT Schedule 70”).** HOC may purchase from the GSA IT Schedule 70 pursuant to Section 211 of the E-Government Act of 2002. Without open competition, HOC may not purchase items from GSA IT Schedule 70 vendors under terms that are less favorable than those of the GSA IT Schedule 70.
- b) **Intergovernmental or Interagency Purchasing Agreements.** HOC may procure supplies and services without competitive procurement by entering into intergovernmental or interagency purchasing agreements, provided that (i) the intergovernmental/interagency purchasing agreement is between HOC and a state or local governmental agency, which may be another PHA (the “Lead Procurement Agency”), (ii) the intergovernmental/interagency purchasing agreement provides for greater economy and efficiency and results in cost savings to HOC, as evidenced by documentation showing that cost and availability were evaluated before such an agreement was executed, (iii) the intergovernmental/interagency purchasing agreement is only used to purchase common supplies and services that are of a routine nature, and (iv) the goods and services obtained under the agreement were procured by the Lead Procurement Agency in accordance with 2 CFR §200.317 through §200.326. Under this method, HOC may order supplies and services from the vendors who have a contractual agreement to furnish the supplies and services to the Lead Procurement Agency, but only under terms that are not less favorable than the terms in the Lead Procurement Agency’s contract with such vendor. Whenever permitted by the Lead Procurement Agency, HOC may procure from the vendor without a formal written intergovernmental or interagency purchasing agreement between the PHA and the Lead Procurement Agency. When required by the Lead Procurement Agency, HOC may pay a nominal fee to the lead Procurement Agency for this benefit.
- c) **Section 13 Consortium of PHAs.** HOC may procure goods and services on a noncompetitive basis if the purchase is made through a consortium of housing authorities (“PHA”) pursuant to Section 13 of the Housing Act of 1937, so long as the consortia itself is engaged in competitive procurement for those goods and services. Participating in

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such a consortia requires that HOC enter into a consortium agreement with the other participating PHAs and submit joint PHA Plans to HUD.

2.7. Public Access to Procurement Information. Most procurement information that is not confidential commercial information or identified as proprietary is a matter of public record and shall be available to the public as provided in Maryland's Public Information Act, Md. Code Ann., General Provisions Art., § 4-101 through § 4-601.

3. ETHICS IN PUBLIC CONTRACTING

3.1 General. HOC has established a code of conduct regarding procurement issues and actions and has implemented a system of sanctions for violations through its Personnel Policy. This code of conduct is consistent with applicable Federal, State, or local law. In the event of a violation, a written warning of instruction shall be issued to the involved parties. In addition, depending upon the severity of the violation and in accordance with HOC's Personnel Policy, discipline will be instituted, including but not limited to suspension and termination.

3.2 Conflicts of Interest. In accordance with Montgomery County Code 19A Article ("Ethics Code"), no employee, officer, Commissioner, or agent of HOC shall, unless permitted by waiver from the Ethics Commission participate directly or indirectly in the selection, award, or administration of any contract if a conflict of interest would occur. This type of conflict exists when a Commissioner, officer or employee is deemed to have an "economic interest" distinct from the general public in the selection, award or administration of a government contract. This may occur in an instance in which a Commissioner, officer or employee, or a relative (as provided in the Ethics Code, as hereafter defined) or a business entity in which the Commissioner or employee has an ownership interest or an instance in which the Commissioner, officer or employee and a potential bidder are negotiating or already have an employment arrangement. Any of these circumstances may result in the Commissioner, officer or employee having an "economic interest" financially distinct from that of the general public with a firm or person or entity competing for an award of a contract. In such instances, the Commissioner, officer or employee, either directly or through a relationship as described below shall be recused from participation in the decision making process:

- a) An employee, officer, Commissioner, or agent of HOC who is involved in making the award;
- b) a relative of any person listed in a) above including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister;
- c) a domestic partner of any person listed in a) above; or

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- d) an organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

3.3 Gratuities, Kickbacks, and Use of Confidential Information. In accordance with the Ethics Code, no officer, employee, Commissioner, or agent of HOC shall ask for or accept meals and beverages with a value greater than Fifty Dollars (\$50) or gratuities, favors, or items of more than nominal value (i.e. inexpensive hat with logo) not to exceed Twenty Dollars (\$20.00) from any contractor, potential contractor, or party to any subcontract, and shall not knowingly use confidential information for actual or anticipated personal gain. In the event a gratuity, favor or item of value exceeding the values proscribed is received, the recipient is required to disclose said item in writing to the Executive Director within 7 days of receipt. In the event of a violation, a written warning of instruction shall be issued to the involved parties. In addition, depending upon the severity of the violation and in accordance with HOC's Personnel Policy, other discipline will be instituted by the Human Resources Division.

3.4 Prohibition against Contingent Fees. Contractors wanting to do business with HOC must not hire a person to solicit or secure a contract for a commission, percentage, brokerage, or contingent fee, except for bona fide established commercial selling agencies.

4. ASSISTANCE TO SMALL AND OTHER BUSINESSES

4.1 Definitions.

"Small business" is a business that is: independently owned; not dominant in its field of operation; and not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in 13 CFR §121 should be used to determine business size.

"Minority-owned business" is a business which is at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to, Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Asian Indian Americans, and Hasidic Jewish Americans.

"Women's business enterprise" is a business that is at least 51% owned by a woman or women who are U.S. citizens and who control and operate the business.

"Section 3 business concern" is a business concern,

- (i) that is 51 percent or more owned by section 3 residents (public housing residents) or a low or very low income person residing in Montgomery County (collectively "section 3 participants"); or

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- (ii) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently section 3 participants, or within three years of the date of first employment with the business concern were section 3 participants; or
- (iii) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in subsections (i) or (ii) in this definition of "section 3 business concern."

"Labor surplus area business" is a business which, together with its immediate subcontractors, will incur more than 50% of the cost of performing the contract in an area of concentrated unemployment or underemployment, as defined in 20 CFR §654, Subpart A, and in the list of labor surplus areas published by the Employment and Training Administration.

4.2 Required Efforts. Consistent with Presidential Executive Orders 11625, 12138, and 12432, and Section 3 of the HUD Act of 1968, to the greatest extent feasible, efforts shall be made to ensure that small and minority-owned businesses, women's business enterprises, and other individuals or firms located in or owned in substantial part by persons residing in the area of the HOC project are used when possible. Such efforts may include, but shall not be limited to:

- a) Including such firms, when qualified, on solicitation mailing lists;
- b) Encouraging applicable businesses participation through direct solicitation of bids or proposals whenever they are potential sources;
- c) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- d) Establishing delivery schedules, where the requirement permits, which encourage participation by such firms;
- e) Using the services and assistance of available State and local agencies, the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce;
- f) Including in contracts, a clause requiring contractors, to provide opportunities for training and employment for lower income residents of the project area and to award subcontracts for work in connection with the project to business concerns which provide opportunities to Section 3 business concerns; and
- g) Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed in (a) through (f) above.

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4.3 Goals. Goals shall be established bi-annually for participation by small businesses, minority-owned businesses, women’s business enterprises, labor surplus area businesses, and Section 3 business concerns in HOC prime contracts and subcontracting opportunities.

5. PROCUREMENT METHODS

5.1 Petty Cash Purchases. Purchases under \$200.00 (“Petty Cash Purchase”) may be made through the use of a petty cash account (“Petty Cash Account”) A Petty Cash Account may be established in an amount sufficient to cover Petty Cash Purchases made during a specific time period, no less than three (3) months, as determined by the Chief Financial Officer and reconciled prior to replenishment. Petty Cash Accounts shall be securely maintained and only authorized individuals shall have access.

5.2 Small and Micro Purchase Procedures. Purchases of goods and services for any amount less than \$5,000.00 (except for construction services for which the maximum is \$2,000.00 due to Davis-Bacon Act requirements) (“Micro Purchase”) may be made through the Micro Purchase Procedure. Small Purchases (“Small Purchase”) above the Micro Purchase Ceiling (as hereinafter defined), but not exceeding \$150,000.00 (“Small Purchase Ceiling”) shall be accomplished under the Small Purchase Procedure (the “Small Purchase Procedure”).

- a) For the Small Purchase Procedure, HOC shall obtain at least three quotes, to the greatest extent feasible, and to promote competition, small purchases should be distributed among qualified sources. Quotes may be obtained orally (either in person or by telephone confirmed by email or in writing, by facsimile, in writing, including email, or through e-procurement. Award shall be made to the responsive and responsible (see, Section 12, infra) vendor that submits the lowest cost to HOC or if award is to be made for reasons other than lowest price, documentation shall be provided in the contract file. HOC shall not break down or split requirements aggregating more than the Small Purchase Ceiling into several purchases that are less than the applicable ceiling merely to: (1) permit use of the Small Purchase Procedure or (2) avoid any requirement that applies to purchases that exceed the Small Purchase Ceiling.
- b) For Micro Purchase Procedure, which are purchases of less than \$5,000 (“Micro Purchase Ceiling”) (except construction services subject to Davis-Bacon Act requirements with a maximum of \$2,000), only one quote is required provided the quote is considered reasonable by the Procurement Officer after completing a cost and price analysis as provided in Section 8 of this Policy. HOC shall not break down or split requirements aggregating more than the Micro Purchase threshold into several purchases that are less than the Micro Purchase Ceiling merely to: (1) permit use of the Micro Purchase Procedure or (2) avoid any requirement that applies to purchases that exceed the Micro Purchase Ceiling.

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5.3 Sealed Bids. A Sealed Bid (“Sealed Bid”), also known as Invitation for Bids (“IFB”), shall be used for all contracts that exceed the Small Purchase Ceiling and that are not Competitive Proposals or Non-competitive Proposals, as these terms are defined in this Policy. Under Sealed Bids, HOC publicly solicits bids and awards a firm fixed-price contract (lump sum or unit price) to the responsive and responsible bidder (see Section 12 *infra*) whose bid, conforming with all the material terms and conditions of the IFB, is the lowest in price. A Sealed Bid is the preferred method for procuring construction, supply, and non-complex service contracts that are expected to exceed \$150,000.00.

- a) **Conditions for Using Sealed Bids.** HOC shall use the Sealed Bid method when the following conditions are present:
- (i) a complete, adequate, and realistic statement of work, specification, or purchase description is available;
 - (ii) two or more responsible bidders are willing and able to compete effectively for the work;
 - (iii) the contract can be awarded based on a firm fixed price;
 - (iv) the selection of the successful bidder can be made principally on the lowest price.
- b) **Solicitation and Receipt of Bids.** An IFB is issued which includes the specifications and all contractual terms and conditions applicable to the procurement, and a statement that award will be made to the lowest responsible and responsive bidder (see Section 12, *infra*) whose bid meets the requirements of the solicitation. The IFB must state the time and place for both receiving the bids and the public bid opening. All bids received will be dated and time-stamped and stored unopened in a secure place until the public bid opening. A bidder may withdraw the bid at any time prior to the bid opening.
- c) **Bid Opening and Award.** Bids shall be opened publicly. All bids received shall be recorded on an abstract (tabulation) of bids, which shall then be made available for public inspection. If equal low bids are received from responsible bidders, selection shall be made by drawing lots or other similar random method. The method for doing this shall be stated in the IFB. If only one responsive bid is received from a responsible bidder, award shall not be made unless the price can be determined to be reasonable, based on a cost or price analysis (See Section 8, *infra*).

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- d) **Mistakes in Bids.** Correction or withdrawal of bids may be permitted, where appropriate, before bid opening by written or facsimile notice received in the office designated in the IFB prior to the time set for bid opening. After bid opening, corrections in bids may be permitted only if the bidder can show by clear and convincing evidence that a mistake of a nonjudgmental character was made, the nature of the mistake, and the bid price actually intended. A low bidder alleging a nonjudgmental mistake may be permitted to withdraw its bid if the mistake is clearly evident on the face of the bid document but the intended bid is unclear or the bidder submits convincing evidence that a mistake was made. All decisions to allow correction or withdrawal of a bid shall be supported by a written determination signed by the Procurement Officer. After bid opening, changes in bid prices or other provisions of bids prejudicial to the interests of HOC or fair competition shall not be permitted.
- e) **Competition.** All Sealed Bid procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this Section. Contractors that develop or draft specifications, requirements, statements of work, invitations for bids or requests for proposals must be excluded from competing for such procurements.

5.4 Competitive Proposals. Unlike Sealed Bid, the competitive proposal method (“Competitive Proposal”), also known as Request for Proposals (“RFP”) permits: (i) consideration of technical factors other than price; (ii) discussion with offerors concerning offers submitted; (iii) negotiation of contract price or estimated cost and other contract terms and conditions; (iv) revision of proposals before the final contractor selection; (v) withdrawal of an offer at any time until the point of award; and (vi) an award normally made on the basis of the proposal that represents the best overall value to HOC, considering price and other factors, e.g., technical expertise, past experience, quality of proposed staffing, etc., set forth in the solicitation and not solely the lowest price.

- a) **Conditions for Use.** Competitive Proposals are the preferred method for procuring professional services that will exceed the Small Purchase Ceiling and the selection is not based on price alone but rather on established criteria including price and other factors. Typical criteria include (i) demonstrated knowledge of the requirements; (ii) proposed technical approach; (iii) quality of the work plan; (iv) demonstrated prior experience; (v) successful prior performance, especially with the Commission and (vi) where applicable, performance record with respect to the Section 3 of the HUD Act of 1968 in prior contracts with HOC and others in Montgomery County . With respect to federal funded activities, construction services will typically be procured utilizing the Sealed Bid (IFB) or Small Purchase Procedure.

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- b) **Form of Solicitation.** Competitive Proposals shall be solicited through the issuance of an RFP. Each RFP shall be distributed to an adequate number of known individuals or entities providing the needed services with sufficient time to reply. The RFP shall be in writing and clearly identify the importance and relative value of each of the evaluation factors as well as any subfactors and price. A mechanism for fairly and thoroughly evaluating the technical and price proposals shall be established before the solicitation is issued for each RFP. Proposals shall be administered so as to prevent disclosure of the contents of the proposal until after award, subject to any Public Information Act requirements provided in Maryland's Public Information Act, Md. Code Ann., General Provisions Art., § 4-101 through § 4-601. HOC may assign price a specific weight in the evaluation factors or HOC may consider price in conjunction with technical factors; in either case, the method for evaluating price shall be established in the RFP.
- c) **Receipt of Responses.** Proposals shall be date-time stamped when received and held unopened securely until the time and date for receipt has passed. At that point, the proposals may be opened and evaluated in confidence.
- d) **Evaluation.** The proposals shall be evaluated only on the factors stated in the RFP. Where not apparent from the evaluation factors, HOC shall establish an evaluation plan for each RFP. Generally, all RFPs shall be evaluated by an appropriately appointed Evaluation Committee ("Evaluation Committee"). The Evaluation Committee shall be required to disclose any potential conflicts of interest or recuse if applicable, and to sign a Non-Disclosure statement. No information regarding any of the proposals shall be provided outside of the Evaluation Committee until after the award. An Evaluation Committee must not be composed solely of a supervisor and persons who directly report to such supervisor. An Evaluation Report, summarizing the results of the evaluation, shall be prepared prior to award of a contract.
- e) **Negotiations.** Negotiations are exchanges in a Competitive Proposal solicitation between HOC and offerors that are undertaken with the intent of allowing the offeror to revise its proposal. Negotiations shall be conducted with all offerors who submit a proposal determined to be within a competitive range of being selected for award as documented in the contract file, unless it is determined that negotiations are not needed with any of the offerors. This determination is based on the relative score of the proposals as they are evaluated and rated in accordance with the technical and price factors specified in the RFP. These offerors shall be treated fairly and equally with respect to any opportunity for negotiation and revision of their proposals. No offeror shall be given any information about any other offeror's proposal and no offeror shall be assisted in bringing its proposal up to the level of any other proposal. A common deadline shall be established for receipt of proposal revisions based on negotiations.

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- f) **Bargaining.** Negotiations may include bargaining. Bargaining includes persuasion, alteration of assumptions and positions, give-and-take, and may apply to price, schedule, technical requirements, type of contract or other terms of a proposed contract. When negotiations are conducted in a Competitive Proposal, they take place after establishment of the competitive range and are called discussions. Discussions are tailored to each offeror's proposal, and shall be conducted by the Contracting Officer with each offeror within the competitive range. The primary object of discussions is to maximize HOC's ability to obtain best value, based on the requirements and the evaluation factors set forth in the solicitation. The Contracting Officer shall indicate to, or discuss with, each offeror still being considered for award, significant weaknesses, deficiencies, and other aspects of its proposal (such as technical approach, past performance, and terms and conditions) that could, in the opinion of the Contracting Officer, be altered or explained to enhance materially the proposer's potential for award. The scope and extent of discussions are a matter of the Contracting Officer's judgment. The Contracting Officer may inform an offeror that its price is considered by HOC to be too high, or too low, and reveal the results of the analysis supporting that conclusion. It is also permissible to indicate to all offerors the cost or price that HOC's price analysis, market research, and other reviews have identified as reasonable. "Auctioning" (revealing one offeror's price in an attempt to get another offeror to lower their price) is prohibited. No offeror shall be provided with information concerning any other offer.
- g) **Best and Final.** In the event there are two or more offerors in the competitive range and the Contracting Officer, after negotiation and bargaining has been unable to determine the most responsible bidder from among those bidding, the Contracting Officer may invite the offerors in the competitive range to submit their best and final offers, making any changes they wish in their technical proposal and the price. The best and final offers shall be evaluated in essentially the same manner as the initial offers. At his/her discretion, the Contracting Officer may have the Evaluation Committee evaluate the best and final offers.
- h) **Award.** After evaluation of the revised proposals, if any, the contract shall be awarded to the responsible firm whose technical approach to the project, qualifications, price and/or any other factors considered, are most advantageous to HOC provided that the price is within the maximum total project budgeted amount established for the specific property or activity. If HOC is unable to negotiate a contract with the highest ranked offeror, it may reject the offer and enter into negotiations with the next highest ranked offeror.

5.5 QBS Procedures For Architectural/Engineering Services and Certain Other Contracts.

Under Qualifications Based Selection ("QBS") procedures, competitors' qualifications are evaluated using a Request for Qualifications ("RFQ") and the most qualified competitor is

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selected, subject to negotiation of fair and reasonable compensation. Unlike Competitive Proposal, price is not used as a selection factor under this method. QBS procedures may be used to purchase Architect/Engineering services, Energy Performance Contracting and development services.

- a) **Solicitation and Evaluation.** Under a QBS procurement, the Competitive Proposals procedures above shall be followed except that price shall not be included as a consideration. Evaluation factors may include (i) evidence of the offeror's ability to perform, (ii) capability to perform in a timely manner, (ii) past performance in terms of cost control and compliance with performance standards, and (iv) knowledge of local building codes and applicable federal requirements
- b) **Negotiation.** The Contracting Officer shall negotiate with the highest ranking offeror to reach an agreement on a reasonable price based on a cost and price analysis. If agreement cannot be reached, the Contracting Officer may terminate negotiations and proceed to negotiate with the next highest ranking offeror until a reasonable price is obtained.

5.6 Noncompetitive Proposal Procurement by Noncompetitive Proposals (also referred to as sole- or single-source) may be used only when the award of a contract is not feasible using Small Purchase Procedures, Sealed Bids, Cooperative Purchasing/Intergovernmental Agreement, or Competitive Proposals, and if one of the following applies:

- (i) The item is available only from a single source, based on a good faith review of available sources;
 - (ii) An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to HOC, as may arise by reason of a flood, earthquake, epidemic, riot, equipment failure, or similar event. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any of the other procurement methods and the emergency procurement shall be limited to those supplies, services, or construction necessary simply to meet the emergency; or
 - (iii) HUD authorizes the use of Noncompetitive Proposals; or
 - (iv) After solicitation of a number of sources, competition is determined inadequate.
- a) **Justification.** Each procurement based on a Noncompetitive Proposal shall be supported by a written justification for the selection of this method. The

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justification shall be approved in writing by the Executive Director or by the Board if the contract amount is expected to exceed the Awarding Authority of the Executive Director. Poor planning or lack of planning is not justification for emergency or Noncompetitive Proposal. The justification, to be included in the procurement file, should include the following type of information:

- (i) Description of the requirement;
 - (ii) History of prior purchases and their nature (competitive vs. noncompetitive);
 - (iii) The specific exception in 2 CFR §200.320(f) (1)-(4) which applies;
 - (iv) Statement as to the unique circumstances that require award by noncompetitive proposals;
 - (v) Description of the efforts made to find competitive sources (advertisement in trade journals or local publications, phone calls to local suppliers, issuance of a written solicitation, etc.);
 - (vi) Statement as to efforts that will be taken in the future to promote competition for the requirement;
 - (vii) Signature by the Contracting Officer's supervisor (or other employee above the level of the Contracting Officer); and
- b) **Price Reasonableness.** The reasonableness of the price for all procurements based on Noncompetitive Proposals shall be determined by performing a cost and price analysis pursuant to Section 8 below. Negotiations between HOC and an offeror that are undertaken with the intent of allowing the offeror to revise its proposal are permitted as well. In determining price reasonableness and a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the offeror, the offeror's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates for similar work.

6. PROCUREMENT OF PROFESSIONAL AND CONSULTING SERVICES WITH NON-FEDERAL FUNDING

6.1. Application. In addition to Sealed Bid, QBS, Competitive Proposal, Cooperative Purchasing/Intergovernmental Agreements and Noncompetitive Proposal methods of procurement as provided hereinabove, when a contract utilizes funds from non-federal

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sources only, unless otherwise required by the funding source, HOC may use the means provided below for procurement of professional and consulting services. When both federal funding and non-federal sources provide funding for a contract, the procurement method for professional and consulting services described below shall not be utilized unless the funds and scope of work can be separated and non-federal funds allocated exclusively to the professional services being procured.

6.2. Procurement of Qualified Professionals and Consultants with Non-Federal Funds

Every three years, or more often in the discretion of the Executive Director, HOC may solicit expressions of interest for the provision of professional and consulting services from qualified individuals and firms. The procurement shall be in the nature of an RFQ where price is not a factor although hourly rates or charges for specific services can be requested. From the responses received and determined to have qualified, the Commission shall establish a list of professional contractors and consultants by particular field of expertise (i.e. legal, engineering, architecture, appraisal, financing consultant, construction management, general contractors, development services and professional moving companies) whose qualifications are deemed to satisfy the requirements stated in the solicitation (each a "Qualifier"). Each Qualifier shall enter into a three year contract agreeing to perform services by task order upon negotiation of price and terms upon selection as determined in Section 6.4 below. The maximum compensation to any Qualifier for work or services during the term of a contract for all task orders shall not exceed \$250,000 unless otherwise established by the Commission. Evaluation factors may include, but shall not be limited to (i) evidence of the offeror's ability to perform, (ii) capability to perform in a timely manner, (iii) past performance in terms of cost control and compliance with performance standards, (iv) knowledge of applicable legal requirements such as local building codes or laws applicable to HOC, (v) where applicable, performance record with respect to the Section 3 of the HUD Act of 1968 in prior contracts with HOC and others in Montgomery County and (vi) other criteria specific to the service requested. An Evaluation Committee may be established to determine compliance with the procurement and satisfaction of the criteria identified. HOC shall inform each bidder of the results of the analysis of the bids in a timely fashion and the Procurement Officer shall maintain a list of Qualifiers in each category.

6.3. Solicitation and Process. Solicitation must be done publicly. HOC must use one or more of the following solicitation methods, provided that the method employed provides for meaningful competition.

- a) Advertising in newspapers or other print mediums of local or general circulations.
- b) Notices to Vendor List (as hereinafter defined).
- c) Advertising in various appropriate trade journals or publications .

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- d) E-procurement using an internet system calculated to provide full and open advertisement, including publication on HOC's website.
- e) Public notice should be published or advertised not less than once each week for two consecutive weeks or be continuously posted on HOC's website.
- f) Notices/advertisements should state, at a minimum, the place, date, and time that the bids or proposals are due, the solicitation number, a contact that can provide a copy of, and information about, the solicitation, and a brief description of the needed item(s).
- g) A minimum of 15 days shall be provided for preparation and submission of responses.
- h) HOC may cancel the solicitation for any reason.

6.4 Selection from Among Qualifiers for Specific Service.

- a) From time to time, as the needs of HOC may require, with respect to work or service with a cost not anticipated to exceed the Executive Director's Awarding Authority (as defined in Section 17 herein and displayed on Appendix III), HOC shall select three (3) or more Qualifiers in the field of expertise required to bid on a particular service or project. Depending upon the type of work to be performed and the anticipated cost of the services to be procured, HOC may use the Small Purchase, Sealed Bid, Competitive Proposal or QBS procurement process to select a contractor but only addressed to or solicited from the selected Qualifiers.
- b) In determining the award of a contract, in addition to factors specific to a particular project HOC may consider:
 - (i) related experience on similar projects;
 - (ii) number and value of recent projects performed for HOC;
 - (iii) compatibility of size of the firm with the size of the proposed project, or special familiarity with the project or project site;
 - (iv) special qualifications, experience or design approach;
 - (v) adequacy of local office facilities to render the services, ability to provide sufficient staff for the project, and technical competence in the work to be performed;

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- (vi) with respect to architectural or engineering services, familiarity with zoning, land planning and permit requirements

6.5. Evaluation Committee. When applicable, an Evaluation Committee composed of a minimum of three persons shall evaluate proposals in accordance with the published selection criteria and submit an award recommendation to the Contracting Officer. An Evaluation Committee must not be composed solely of a supervisor and persons who directly report to such supervisor.

6.6. Contracts In Excess of Executive Director's Awarding Authority. In instances in which the cost of the contract is anticipated to exceed the Executive Director's Awarding Authority (See Section 16, *infra*), HOC may select three (3) or more Qualifiers in the field of expertise required to bid on a particular service or project or it may solicit publicly and, regardless of solicitation process, utilize the Competitive Proposal method or, with respect to architects, general contractors, engineers or developer services, the QBS method for selection. In the event HOC chooses to solicit publicly, it must use one or more of the following solicitation methods, provided that the method employed provides for meaningful competition.

- a) Advertising in newspapers or other print mediums of local or general circulations.
- b) Notice to the applicable Vendor List.
- c) Advertising in various appropriate trade journals or publications.
- d) E-procurement using an internet system calculated to provide full and open advertisement, including publication on HOC's website.
- e) The substance of the notice and period of time for response shall be, at a minimum, as provided in Section 6.3(e) and (f).

6.7. Compliance with Procurement Methods. Procurement by the methods proscribed in Section 6 may be procedurally less formal than in Sealed Bid, Competitive Proposal or QBS methods for a federally funded contract, provided that, except as otherwise provided for herein, such procurements shall be conducted substantially in compliance therewith and in a manner to assure equity and fairness in solicitation and selection.

7. INDEPENDENT COST ESTIMATE (ICE)

7.1 General. For all purchases above the Small Purchase Ceiling, HOC shall prepare an Independent Cost Estimate ("ICE") prior to solicitation. The level of detail shall be commensurate with the cost and complexity of the item to be purchased and a written determination shall be maintained by the Procurement Officer. The purpose of the ICE is to

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determine the reasonableness of pricing in procurements when price is a factor or evaluating pricing in solicitations in which price is not utilized in selection criteria.

8. COST AND PRICE ANALYSIS

8.1 General. HOC shall determine that the price for the goods or services being procured is reasonable before entering into a contract.

8.2 Petty Cash Purchase and Micro Purchases. No formal cost or price analysis is required for Petty Cash Purchases and Micro Purchases. The execution of a Purchase Order by the Contracting Officer shall serve as the Contracting Officer's determination that the price obtained is reasonable, which may be based on the Contracting Officer's prior experience, price lists, catalogs, market prices or any other reasonable basis.

8.3 Small Purchases. For a Small Purchase, a comparison with other offers shall generally be sufficient determination of the reasonableness of price and no further analysis is required. If a reasonable number of quotes are not obtained to establish reasonableness through price competition, the Contracting Officer shall document price reasonableness through other means, such as prior purchases of this nature, catalog prices, the Contracting Officer's personal knowledge at the time of purchase, comparison to the ICE, or any other reasonable basis.

8.4 Sealed Bids. The presence of adequate competition should generally be sufficient to establish price reasonableness for a Sealed Bid. Where sufficient bids are not received, and when the bid received is substantially more than the ICE, and when HOC cannot reasonably determine price reasonableness, HOC must conduct a cost analysis, consistent with federal regulations(2 CFR 200.323), to ensure that the price paid is reasonable.

8.5 Competitive Proposals. The presence of adequate competition should generally be sufficient to establish price reasonableness for a Competitive Proposal. Where sufficient proposals are not received, HOC must compare the price with the ICE. For Competitive Proposals where prices cannot be easily compared among offerors, when there is not adequate competition, or where the price is substantially greater than the ICE, HOC must conduct a cost analysis, consistent with federal regulations, to ensure that the price paid is reasonable.

8.6 Non-Competitive Proposals. A cost analysis shall always be conducted for the award of a contract under the Non-Competitive Proposal method of procurement consistent with federal regulations to insure price reasonableness.

8.7 Contract Modifications. A cost analysis, consistent with federal regulations, shall be conducted for all contract modifications for projects that were procured through Sealed Bid,

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Competitive Proposals, or Non-Competitive Proposals, or for projects originally procured through the Small Purchase Procedure in which the the amount of the contract modification will result in a total contract price in excess of \$150,000.00.

9. SOLICITATION AND ADVERTISING

9.1. Vendor Lists. All interested businesses shall be given the opportunity to be included on vendor mailing lists (each a "Vendor List"). Any lists of persons, firms, or products which are used in the purchase of supplies and services (including construction) shall be kept current and include enough sources to ensure competition.

9.2. Method of Solicitation. The number of quotes or bids required for procurement of goods and services or professional services are shown in Appendix II and described below:

- a) **Petty Cash and Micro Purchases.** HOC may contact only one source if the price is considered reasonable as determined by a cost and price analysis.
- b) **Small Purchases.** Quotes may be solicited in writing, through fascimile, E-Procurement, or by any other method calculated to provide a broad opportunity for competition.
- c) **Sealed Bids and Competitive Proposals.** Solicitation must be done publicly. HOC must use one or more of the following solicitation methods, provided that the method employed provides for meaningful competition.
 - (i) Advertising in newspapers or other print mediums of local or general circulations.
 - (ii) Notice to the applicable Vendor List
 - (iii) Advertising in various appropriate trade journals or publications (i.e., for construction).
 - (iv) E-procurement using an internet system calculated to provide full and open advertisement.
 - (v) All solicitations shall be in compliance with 2 CFR §200.317 through §200.326, and applicable State and local requirements.
- d) **Time Frame.** For purchases of more than \$100,000.00 but less than \$150,000.00, the public notice shall run for not less than once for a week and/or be continuously posted on HOC's website for at least one week. For purchases of more than

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\$150,000.00, the public notice should run not less than once each week for two consecutive weeks and/or be continuously posted on HOC's website for at least two weeks. The Executive Director may reduce the public notice period if when expeditious decisionmaking will be beneficial. Written documentation of the need for reducing public notice shall be included in the contract file..

- e) **Form.** Notices/advertisements should state, at a minimum, the place, date, and time that the bids or proposals are due, the solicitation number, a contact that can provide a copy of, and information about, the solicitation, and a brief description of the needed item(s).
- f) **Time Period for Submission of Bids.** A minimum of 21 days shall be provided for preparation and submission of Sealed Bids and 15 days for Competitive Proposals. The Procurement Officer may allow for a shorter period under extraordinary circumstances

9.3. Cancellation of Solicitations.

- a) An IFB, RFP, or other solicitation may be cancelled before bids/offers are due if:
 - (i) The supplies, services or construction is no longer required;
 - (ii) The funds are no longer available;
 - (iii) Proposed amendments to the solicitation are of such magnitude that a new solicitation would be best; or
 - (iv) Other reasons that would eliminate the need for the procurement or require that the solicitation be substantially revised or amended.
- b) A solicitation may be cancelled and all bids or proposals that have already been received may be rejected if:
 - (i) The supplies or services (including construction) are no longer required;
 - (ii) Ambiguous or otherwise inadequate specifications were part of the solicitation;
 - (iii) Any factors of significance to HOC were not considered in the solicitation;
 - (iv) Prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds;

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- (v) There is a reason to believe that bids or proposals may not have been independently determined in open competition, may have been collusive, or may have been submitted in bad faith; or
- (vi) For good cause in the best interest of HOC.

9.4. Notice of Cancellation

- a) The reasons for cancellation shall be documented in the procurement file and the reasons for cancellation and/or rejection shall be provided upon request.
- b) A notice of cancellation shall be sent to all bidders/offerors solicited. If the specifications are deemed insufficient or unclear, HOC shall cancel the solicitation, and, if appropriate, explain to all prior bidders that they will be given an opportunity to compete on any re-solicitation or future procurement of similar items.
- c) If all otherwise acceptable bids or proposals received are at unreasonable prices, an analysis should be conducted to determine if either the specifications or HOC's cost estimate were inadequate. If both are determined adequate and if only one bid or proposal is received and the price is considered unreasonable, the Contracting Officer may cancel the solicitation and complete the procurement by using the Competitive Proposal method after a written determination by the Procurement Officer that such action is appropriate all bidders have been informed of HOC's intent to utilize this method of procurement.

10. SPECIFICATIONS

10.1 General. All specifications shall be drafted to promote overall economy for the purpose intended and to encourage competition in satisfying HOC's needs. Specifications shall be reviewed prior to issuing any solicitation to ensure that they are not unduly restrictive or represent unnecessary or duplicative items or designed so as not restrict competition to one supplier. Function or performance specifications are preferred. Detailed product specifications shall be avoided whenever possible. Consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase. For equipment purchases, a lease versus purchase analysis should be performed to determine the most economical form of procurement.

10.2 Limitation. The following types of specifications shall be avoided:

- a) Geographic restrictions not mandated or encouraged by applicable Federal law except for architect/ engineer contracts, which may include geographic location as a selection factor if adequate competition is available See 2 CFR 200.319.

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- b) Brand name specifications (unless the specifications list the minimum essential characteristics and standards to which the item must conform to satisfy its intended use).
- c) To eliminate unfair economic advantage and organizational conflict, contractors retained by HOC to develop specifications or a scope of work shall be excluded from competing in a following procurement.

11. SURETY REQUIREMENTS

11.1 General. The standards under this section apply to construction contracts that exceed \$100,000.00. There are no bonding requirements for Small Purchases or for Competitive Proposals. HOC may require bonds or a letter of credit in these latter circumstances when deemed appropriate; however, non-construction contracts should generally not require bid bonds.

11.2 Bid Bonds. For construction contracts exceeding \$100,000.00, offerors shall be required to submit a bid guarantee from each bidder equivalent to 5% of the bid price.

11.3 Performance and Payment Bonds. For construction contracts exceeding \$100,000.00, the successful bidder shall furnish an assurance of completion and payment. This assurance may be any one of the following:

- a) Performance and payment bond in a penal sum of 100% of the contract price; or
- b) Separate performance and payment bonds, each for 100% or more of the contract price; or
- c) A 20 % cash escrow; or
- d) A 25 % irrevocable letter of credit approved by the Procurement Officer.

11.4 Surety Form. Bonds must be obtained from guarantee or surety companies acceptable to the U. S. Government and authorized to do business in the State of Maryland. U. S. Treasury Circular Number 570 lists companies approved to act as sureties on bonds securing Government contracts, the maximum underwriting limits on each contract bonded, and the States in which the company is licensed to do business. Use of companies on this circular is mandatory. Individual sureties will not be accepted.

12. CONTRACTOR QUALIFICATIONS AND DUTIES

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12.1 Contractor Responsibility HOC shall not award any contract unless the prospective contractor (i.e., low responsive bidder or successful offeror) has been determined to be responsible. A responsible bidder/offeror must:

- a) Have adequate financial resources to perform the contract, or the ability to obtain them;
- b) Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all of the bidder's/offeror's existing commercial and governmental business commitments;
- c) Have a satisfactory performance record;
- d) Have a satisfactory record of integrity and business ethics;
- e) Have the necessary credentialing and/or licensing for the state of Maryland, organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them;
- f) Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and,
- g) Be otherwise qualified and eligible to receive an award under applicable laws and regulations, including not being suspended, debarred or under a HUD-imposed Limited Denial of Participation ("LDP").

12.2 Finding of non-responsibility. If a prospective contractor is found to be non-responsible, a written determination of non-responsibility shall be prepared and included in the official contract file, and the prospective contractor shall be advised of the reasons for the determination.

12.3 Suspension and Debarment. Contracts shall not be awarded to debarred, suspended, or ineligible contractors. Contractors may be suspended, debarred, or determined to be ineligible by HUD in accordance with HUD regulations (2 CFR §200.317 through §200.326) or by other Federal agencies, e.g., Department of Labor for violation of labor regulations, when necessary to protect housing authorities in their business dealings. Prior to issuance of a contract, HOC shall, as provided within Section 10.2.H.1 and 10.2.H.2 of the Handbook, conduct the required searches within the HUD (LDP system and the U.S. General Services Administration System for Award Management ("SAM")) and place within the applicable contract file a printed copy of the results of each such search.

13. CONTRACT TYPES AND CREDIT PURCHASES

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13.1 Credit or Purchasing Cards. Credit or Purchasing Cards are a payment method, not a procurement method. Credit card usage should follow the rules for all other small purchases. For example, the Contracting Officer may use a credit card for Micro Purchases without obtaining additional quotes provided the price is considered reasonable. However, for amounts above the Micro Purchase level, the Contracting Officer would generally need to have obtained at least three (3) quotes before purchasing via a credit card. HOC shall adopt reasonable policy safeguards to assure that credit cards are used only for intended purposes prior to issuance (for instance, limiting the types of purchases or the amount of purchases that are permitted with credit cards).

13.2 Contract Types. Any type of contract which is appropriate to the procurement and which will promote the best interests of HOC may be used, provided the cost -plus- percentage-of-cost and percentage-of-construction-cost methods are not used. All solicitations and contracts shall include the clauses and provisions necessary to define the rights and responsibilities of both the contractor and HOC.

13.3 Options. Options for additional quantities or performance periods may be included in contracts, provided that:

- a) The option is contained in the solicitation;
- b) The option is a unilateral right of HOC;
- c) The contract states a limit on the additional quantities and the overall term of the contract;
- d) The option is evaluated as part of the initial procurement;
- e) The contract states the period within which the options may be exercised;
- f) The option may be exercised only at the price specified in or reasonably determinable from the contract.

13.4 Limitations on Option Use. An option may be exercised only if determined to be more advantageous to HOC than conducting a new procurement. If the contractor seeks an option to increase the price subject to inflation, that option must be identified in the bid and shall be clearly defined and the period that the option is exercisable specified.

14. CONTRACT CLAUSES

14.1 Contract Pricing Arrangements. All contracts shall identify the contract pricing arrangement as well as other pertinent terms and conditions as determined by HOC that were part of the bid offer including any price adjustment factors.

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14.2 Required Forms For Federally Funded Contracts. For contracts utilizing federal funds, the forms HUD-5369; 5369-A; 5369-B; 5370; 5370-C (Sections I and II); 51915; and 51915-A, which contain all HUD-required clauses and certifications for contracts of more than \$150,000.00, as well as any forms/clauses as required by HUD for Small Purchases, shall be used, as applicable, in all corresponding solicitations and contracts issued by HOC as well as all provisions required under HOC policy and state law where applicable.

14.3 Required Contract Clauses For Federally Funded Contracts: HOC shall ensure that each contract executed by it contains the required contract clauses detailed within 2 CFR §200.326 and Appendix II thereto (See Appendix I).

14.4 Required Contract Clauses for Non-Federally Funded Contracts: The Contracting Officer and General Counsel shall prepare and negotiate contracts which are not funded through federal sources. HOC shall insure that each such contract contains the following contract clauses:

- a) A right to terminate without cause by HOC.
- b) Indemnification, defense and hold harmless provision by contractor for the benefit of HOC.
- c) Contractor shall provide appropriate insurance and name HOC as an additional insured on all applicable insurance .
- d) All change orders shall be subject to HOC review and approval and shall not be accepted without HOC's written authorization.
- e) Contracts may not exceed five years including any renewal period except for those identified on Appendix IV.
- f) No automatic renewals.
- g) Maryland law applies to all contract interpretation.
- h) Jurisdiction for litigation to be exclusively in Maryland.

15. APPEALS AND REMEDIES

15.1 Protest

- a) **Protest of Solicitation** Any protest against a solicitation issued by the HOC must be received before the response submittal deadline

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- b) **Protest of Award Based on Petty Cash, Micro Purchase or Small Purchase Solicitation:** Any protest against the award of a contract based on these solicitations must be received prior to award. It shall be the responsibility of respondents to contact HOC regarding the status of a contract award.
- c) **Protest of Award Based on Sealed Bid:** Any protest arising out of the award of a contract resulting from an IFB must be received no later than ten (10) days after the bid submittal deadline.
- d) **Protest of Award Based on QBS or Competitive Proposal:** Any protest arising out of the award of a contract from a QBS or Competitive Proposal, must be received no later than ten (10) days after notification to an unsuccessful respondent that it was not selected.
- e) **Protest of HOC's Rejection of Response:** Any protest of a decision by the HOC to reject a response to an RFP or RFQ in response to a solicitation must be received no later than two (2) business days after being notified in writing of HOC's decision.
- f) **Late Protests:** Protests that are not timely received in accordance with the applicable filing deadline set forth in this Section will not be considered.

15.2. Form and Manner of Filing Protests All protests shall be in writing, clearly identified as a "procurement protest" and signed by the protesting party. Protests shall contain a detailed statement of basis of the protest. Protests lacking signatures or detailed statements or the basis of the protest shall not be considered

15.3. HOC Review of Protests The Procurement Officer shall review and investigate all properly and timely filed protests and issue a written decision to the protestor. The Procurement Officer may, at his/her discretion, suspend the procurement pending resolution of the protest if the facts presented so warrant.

15.4 Appeal Any appeal of a formal written decision by the Procurement Officer must be received by the Executive Director within two (2) business days of receipt of the written decision from the Procurement Officer or the appeal will not be considered. Appeals of a formal decision by the Procurement Officer will be reviewed and investigated by the Executive Director who shall issue the final decision.

15.5 Notifications HOC's notification may be by any reasonable means calculated to provide timely and accurate notice of actions and decisions, including but not limited to U.S. mail, electronic mail (e-mail), or facsimile. The effective date of notice by mail is the date that the notice is deposited in the mail. The effective date of all other means of notice is the date it is transmitted.

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15.6 Documentation. Documentation of the protest process and resolution shall be maintained as part of the contract file.

15.7 Contractor Claims. All claims by a contractor relating to performance of a contract shall be submitted in writing to the Procurement Officer for a written decision. Claims shall identify the contract at issue, provide a statement of the basis for the claim and include any supporting documentation. The contractor may request a conference and the Procurement Officer shall investigate the claim. The Procurement Officer shall issue a written decision and shall inform the contractor of its appeal rights to the Executive Director. Contractor claims shall be governed by the Changes Clause in the relevant form HUD-5370 or other contract between the parties.

15.8 Appeal of Contractor Claim. Any appeal of a formal written decision by the Procurement Officer must be received by the Executive Director within two (2) business days of receipt of the written decision from the Procurement Officer, or the appeal will not be considered. Appeals of a formal decision by the Procurement Officer will be reviewed and investigated by the Executive Director who shall issue the final decision.

15.9 Notifications. HOC's notification may be by any reasonable means calculated to provide timely and accurate notice of actions and decisions, including but not limited to U.S. mail, electronic mail (e-mail), or facsimile. The effective date of notice by mail is the date that the notice is deposited in the mail. The effective date of all other means of notice is the date it is transmitted.

15.10 Documentation Documentation of the claim process and resolution shall be maintained as part of the contract file.

16. AWARDING AUTHORITY AND CONTRACT MODIFICATION

16.1 Awarding Authority. All awarding authority ("Awarding Authority") under this Policy is vested in the Commission. However, the Commission may and has delegated procurement Awarding Authority to the Executive Director and other employees as provided in Appendix III. All procurement awards that exceed the limits set forth in Appendix III must be presented to and approved by the Commission prior to award and/or contract execution.

16.2 Renewals and Extensions. Except as may be required for contracts provided for in Appendix IV or with respect to those contracts approved pursuant to the procedures established in Section 6.2 hereof, in instances in which the Commission has approved an award of a contract with authorization for extensions or renewals, the Executive Director may administratively renew or extend such contract even if the value of the contract exceeds the Executive Director's Awarding Authority unless the

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Commission, as part of the initial award, requires reconsideration or review prior to renewal or extension.

16.3 Change Orders and Contract Modifications

- a) The Executive Director may approve contract modifications that result in increases in compensation to the Contractor which, cumulatively, including the original contract sum, do not exceed the Executive Director's Awarding Authority provided that funds to pay for the contract modification is included in the budget for the project to which the contract is allocated.
- b) With respect to contracts for which the Executive Director does not have Awarding Authority, except contracts for construction or substantial renovation, the Executive Director may approve contract modifications that do not exceed ten (10%) percent of the original contract sum.
- c) With respect to contracts for construction or substantial renovations, the Executive Director may approve change orders or contract modifications provided that after the adjustment caused by any increase in compensation to the Contractor, the Commission approved budget remains in balance. (See Budget Policy #5)

17. DELEGATION OF CONTRACTING AUTHORITY

17.1 Procedures. The Executive Director is responsible for ensuring that HOC's procurements comply with this Policy. The Executive Director shall, where necessary, establish operational procedures (such as a procurement manual or standard operating procedures) to implement this Policy. The Executive Director shall also establish a system of sanctions for violations of the ethical standards described herein, consistent with Federal, State, or local law and the Personnel Policy.

18. CONTRACT ADMINISTRATION AND PROCUREMENT PLANNING

18.1 General. HOC shall maintain a system of contract administration designed to ensure that Contractors perform in accordance with their contracts. These systems shall provide for inspection of supplies, services, or construction, as well as monitoring contractor performance, status reporting on major projects including construction contracts and similar matters. For cost-reimbursement contracts, costs are allowable only to the extent that they are consistent with the cost principles in the Handbook and applicable federal regulations.

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18.2 Planning. Planning is essential to managing the procurement function properly. Every three (3) years, the HOC Finance Division will review and report to the Budget Finance and Audit Committee the record of prior purchases, as well as future needs, to:

- a) Find patterns of procurement actions that could be performed more efficiently or economically;
- b) Maximize competition and competitive pricing among contracts decrease HOC's procurement costs;
- c) Reduce HOC's administrative costs;
- d) Ensure that supplies and services are obtained without any need for re-procurement (i.e., resolving bid protests);
- e) Minimize errors that occur when there is inadequate lead time; and
- f) Provide for the most efficient storage, security, and handling for procurement records and activities

18.3 Recordkeeping HOC must maintain records sufficient to detail the significant history of each procurement action. These records shall include, but shall not necessarily be limited to the following:

- a) Rationale for the method of procurement (if not self-evident);
- b) Rationale of contract pricing arrangement (also if not self-evident);
- c) Reason for accepting or rejecting the bids or offers;
- d) Basis for the contract price (as prescribed in this Policy);
- e) A copy of the contract documents awarded or issued and signed by the Contracting Officer/Procurement Officer;
- f) Basis for contract modifications; and
- g) Related contract administration actions.

18.4 Level of Documentation. The size and scope of documentation shall be commensurate with the value of the procurement.

18.5 Record Retention. Records are to be retained for a period of seven (7) years after final payment and all matters pertaining to the contact are closed.

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19. DISPOSITION OF SURPLUS PROPERTY

19.1 General. Personal property, equipment and supplies no longer necessary for HOC's purposes shall be transferred, sold, or disposed of in accordance with applicable Federal, state, and local laws and regulations, subject to the Chief Financial Officer's (CFO's) authorization.

20. FUNDING AVAILABILITY

20.1 General. Before initiating any procurement, the CFO shall ensure that there are sufficient funds available to cover the anticipated cost of the contract or modification.

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APPENDIX I:

Contract Clauses and Procedures Appendix II, 2 CFR §200.317 through §200.326

also may address the timing, form, and content of notifications to unsuccessful applicants. See also §200.210 Information contained in a Federal award.

2. *Administrative and National Policy Requirements—Required.* This section must identify the usual administrative and national policy requirements the Federal awarding agency's Federal awards may include. Providing this information lets a potential applicant identify any requirements with which it would have difficulty complying if its application is successful. In those cases, early notification about the requirements allows the potential applicant to decide not to apply or to take needed actions before receiving the Federal award. The announcement need not include all of the terms and conditions of the Federal award, but may refer to a document (with information about how to obtain it) or Internet site where applicants can see the terms and conditions. If this funding opportunity will lead to Federal awards with some special terms and conditions that differ from the Federal awarding agency's usual (sometimes called "general") terms and conditions, this section should highlight those special terms and conditions. Doing so will alert applicants that have received Federal awards from the Federal awarding agency previously and might not otherwise expect different terms and conditions. For the same reason, the announcement should inform potential applicants about special requirements that could apply to particular Federal awards after the review of applications and other information, based on the particular circumstances of the effort to be supported (e.g., if human subjects were to be involved or if some situations may justify special terms on intellectual property, data sharing or security requirements).

3. *Reporting—Required.* This section must include general information about the type (e.g., financial or performance), frequency, and means of submission (paper or electronic) of post-Federal award reporting requirements. Highlight any special reporting requirements for Federal awards under this funding opportunity that differ (e.g., by report type, frequency, form/format, or circumstances for use) from what the Federal awarding agency's Federal awards usually require. Federal awarding agencies must also describe in this section all relevant requirements such as those at 2 CFR 180.335 and 2 CFR 180.350.

If the Federal share of any Federal award may include more than \$500,000 over the period of performance, this section must inform potential applicants about the post award reporting requirements reflected in Appendix XII—Award Term and Condition for Recipient Integrity and Performance Matters.

G. FEDERAL AWARDING AGENCY CONTACT(S)—REQUIRED

The announcement must give potential applicants a point(s) of contact for answering questions or helping with problems while the funding opportunity is open. The intent of this requirement is to be as helpful as possible to potential applicants, so the Federal awarding agency should consider approaches such as giving:

- i. Points of contact who may be reached in multiple ways (e.g., by telephone, FAX, and/or email, as well as regular mail).
- ii. A fax or email address that multiple people access, so that someone will respond even if others are unexpectedly absent during critical periods.
- iii. Different contacts for distinct kinds of help (e.g., one for questions of programmatic content and a second for administrative questions).

H. OTHER INFORMATION—OPTIONAL

This section may include any additional information that will assist a potential applicant. For example, the section might:

- i. Indicate whether this is a new program or a one-time initiative.
- ii. Mention related programs or other upcoming or ongoing Federal awarding agency funding opportunities for similar activities.
- iii. Include current Internet addresses for Federal awarding agency Web sites that may be useful to an applicant in understanding the program.
- iv. Alert applicants to the need to identify proprietary information and inform them about the way the Federal awarding agency will handle it.
- v. Include certain routine notices to applicants (e.g., that the Federal Government is not obligated to make any Federal award as a result of the announcement or that only grants officers can bind the Federal Government to the expenditure of funds).

[78 FR 78608, Dec. 26, 2013, as amended at 80 FR 43310, July 22, 2015]

APPENDIX II TO PART 200—CONTRACT PROVISIONS FOR NON-FEDERAL ENTITY CONTRACTS UNDER FEDERAL AWARDS

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

(A) Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency

Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

(B) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

(C) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensa-

tion to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(E) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(F) Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

(G) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

(H) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management

(SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

(I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

(J) See §200.322 Procurement of recovered materials.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75888, Dec. 19, 2014]

APPENDIX III TO PART 200—INDIRECT (F&A) COSTS IDENTIFICATION AND ASSIGNMENT, AND RATE DETERMINATION FOR INSTITUTIONS OF HIGHER EDUCATION (IHES)

A. GENERAL

This appendix provides criteria for identifying and computing indirect (or indirect (F&A)) rates at IHES (institutions). Indirect (F&A) costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. See subsection B.1, Definition of Facilities and Administration, for a discussion of the components of indirect (F&A) costs.

1. Major Functions of an Institution

Refers to instruction, organized research, other sponsored activities and other institutional activities as defined in this section:

a. *Instruction* means the teaching and training activities of an institution. Except for research training as provided in subsection b, this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic depart-

ments or separate divisions, such as a summer school division or an extension division. Also considered part of this major function are departmental research, and, where agreed to, university research.

(1) *Sponsored instruction and training* means specific instructional or training activity established by grant, contract, or cooperative agreement. For purposes of the cost principles, this activity may be considered a major function even though an institution's accounting treatment may include it in the instruction function.

(2) *Departmental research* means research, development and scholarly activities that are not organized research and, consequently, are not separately budgeted and accounted for. Departmental research, for purposes of this document, is not considered as a major function, but as a part of the instruction function of the institution.

(3) Only mandatory cost sharing or cost sharing specifically committed in the project budget must be included in the organized research base for computing the indirect (F&A) cost rate or reflected in any allocation of indirect costs. Salary costs above statutory limits are not considered cost sharing.

b. *Organized research* means all research and development activities of an institution that are separately budgeted and accounted for. It includes:

(1) *Sponsored research* means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

(2) *University research* means all research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds. University research, for purposes of this document, must be combined with sponsored research under the function of organized research.

c. *Other sponsored activities* means programs and projects financed by Federal and non-Federal agencies and organizations which involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects and community service programs. However, when any of these activities are undertaken by the institution without outside support, they may be classified as other institutional activities.

PROCUREMENT POLICY

Adopted: 00/00/0000

Resolution No.: 000000000

Appendix II

MINIMUM LEVELS OF SOLICITATION

\$ Range	Purchase Procedure	Non-Professional Goods & Services	Professional Services
<\$5,000.00 ⁽¹⁾	Micro	1 quote considered reasonable	1 quote considered reasonable
>\$5,000-\$100,000	Small	3 written quotes minimum	3 written quotes minimum
Expected to exceed \$100,000	Sealed Bids	Solicit all bidders on list, advertise and post on website	Solicit all bidders on list, advertise and post on website
Expected to exceed \$100,000	Competitive Proposals	Solicit all bidders on list, advertise and post on website	Solicit all bidders on list, advertise and post on website

1. Excludes construction purchases which are set at \$2,000.00 due to Davis Bacon Act.

See Appendix IV with respect to schedule of and length of contracts for certain professional services and core services which are to be procured under this Policy.

PROCUREMENT POLICY

Adopted: 00/00/0000

Resolution No.: 000000000

Appendix III

AWARDING AUTHORITY

Maximum amounts shown. All Authority is delegated to individuals.			
POSITION	PURCHASE ORDERS	CONTRACTS Goods & Services	CONTRACTS Professional
Executive Director ¹	\$250,000.00	\$250,000.00	\$250,000.00
Chief Operating Officer or Deputy ED	\$100,000.00	\$100,000.00	\$100,000.00
Division Directors	\$25,000.00	\$0.00	\$0.00
Assistant Division Directors	\$15,000.00	\$0.00	\$0.00
Designated Buyers ²	\$5,000.00	\$0.00	\$0.00

1. Awarding Authority limited to \$100,000 for NonCompetitive contracts
2. Executive Director designates all buyers on the recommendation of the Procurement Officer and CFO

PROCUREMENT POLICY

Adopted: 00/00/0000

Resolution No.: 000000000

Appendix IV

FREQUENCY OF SELECTION FOR CERTAIN PROFESSIONALS AND CORE SERVICES

Contracts solicited every five years shall include an initial term of two years, with three, one-year renewals allowed, subject to approval at each renewal as provided below. Other combinations of terms are allowable, up to the maximum contract term of five years, subject to Commission approval at the time of award.

DESCRIPTION

SELECTION POLICY

Auditors
(Agency main audit)

The Commission shall solicit auditors for a two year term with three one year renewals. All renewals shall be subject to Commission approval. The Commission may utilize an Evaluation Committee consisting exclusively of representatives of the Commission or Commissioners and representatives of the Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto.

Banks (Primary)

Solicit for a two year term with three one year renewals. The first renewal shall be permitted on the approval of the Executive Director, the second renewal on approval of the Budget and Finance and Audit Committee and the third renewal subject to Commission approval. Evaluation Committee shall consist of at least one Commissioner and representatives of the Finance Division, Mortgage Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto. No limit on number of times selected.

*Bond Counsel

Solicit for a four year term with two one year renewals. The one -year renewals, shall be subject to Commission approval at each renewal. No limit on number of times selected. Evaluation Committee shall consist of at least one Commissioner and representatives of Finance Division, Mortgage Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto

*Financial Advisor

Solicit for a term of four years with two one year renewals. Each renewal shall be subject to Commission approval at each renewal. No limit on number of times selected. Evaluation Committee shall consist of at least one commissioner and representatives of Finance Division, Mortgage Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto.

Trustees

Select every time HOC has a new bond indenture. No limit on number of bond issues per trustee.

PROCUREMENT POLICY

Adopted: 00/00/0000

Resolution No.: 000000000

*Underwriters

Solicit for a term of two years with two one year renewals. Each renewal shall be subject to Commission approval. Evaluation Committee shall consist of representatives of Finance Division, Mortgage Finance Division and Executive Division provided that the members of the Committee shall not consist of a supervisor and persons who report directly thereto. No limit on number of times selected.

Property Management Services

Solicit for a term of two years with two one year renewals. Each renewal shall be subject to Commission approval. No limit on number of times selected.

Contracts for core functions and services such as telephone, technology systems, customer relations software and property management software, electronic mortgage application software system and single family mortgage database software will not be procured on a schedule but as needed

*The Commission shall attempt to stagger the terms of these contracts so that no two terms will expire at the same time.

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

ACCEPTANCE OF THIRD QUARTER FY'17 BUDGET TO ACTUAL STATEMENTS

JUNE 7, 2017

- **The Agency ended the third quarter with a net cash deficit of \$1,756,145, which resulted in a third quarter budget to actual negative variance of \$1,611,511.**
- **The General Fund experienced delays in the receipt of anticipated fee income which were partially offset by savings in expenses through the third quarter.**
- **At the end of the third quarter, the unrestricted properties in the Opportunity Housing Fund generated net cash flow of \$5,787,318 or \$1,809,127 less than budgeted.**
- **The Public Housing Program ended the quarter with a surplus primarily as a result of greater than anticipated subsidy due to a higher pro-ration factor coupled with the continued receipt of Asset Repositioning Fees for some of the converted scattered site units. 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, 2017. The surplus will be restricted to the program.**

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

To accept the Third Quarter FY'17 Budget to Actual Statements.

DISCUSSION – THIRD QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the Third Quarter of FY'17 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (HCV) Programs and all Capital Improvements Budgets.

HOC overall (see Attachment A)

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'17 Third Quarter Capital Budget to Actual Comparison.

The Agency ended the Third Quarter with a net cash deficit of \$1,756,145. This deficit resulted in a Third Quarter budget to actual negative variance of \$1,611,511 when compared to the anticipated Third Quarter net cash deficit of \$144,634. The primary cause was lower recognizable income in the Opportunity Housing portfolio (see Opportunity Housing Fund). There was also lower than anticipated income in the General Fund that was partially offset by savings in expenses (see General Fund). These negative variances were partially offset by greater than anticipated 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).

Explanations of major variances by fund

The General Fund consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of \$7,401,598, which resulted in a negative variance of \$54,243 when compared to the projected deficit of \$7,347,355.

As of March 31, 2017, income in the General Fund was \$937,757 less than budgeted. This variance is primarily due to delays in the receipt of budgeted development and commitment

fees. The FY'17 adopted budget projected \$3,723,278 of development and commitment fee income for the year. However, \$1,151,040 in development fees and \$707,111 in commitment fees to the general fund will not be received in FY17. It is now expected that \$898,082 of these development fees will be received in FY18 and \$200,000 in FY19, and \$562,101 of the delayed commitment fees will be received in FY18. Furthermore, the FY'17 adopted budget included ground rent of \$98,247 to be generated by the scattered site tax credit properties. As a result of deficits in the tax credit portfolio, we were unable to recognize this income.

Expenses in the General Fund were \$883,515 less than budgeted. The positive variance was primarily the result of savings in administrative salaries and benefits, which ended the quarter with a positive variance of \$1,102,223. A portion of these savings is the result of timing issues and staff does not anticipate the full savings to be realized at year end.

The Multifamily Bond Fund and Single Family Bond Fund are budgeted to balance each year. Income (the bond draw downs that finance the operating costs for these funds) is in line with the budget. There is a positive expense variance in the Bond Funds as a result of administrative salary lapse.

The Opportunity Housing Fund

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'17 Operating Budget. This group ended the quarter with cash flow of \$4,919,038, or \$1,490,862 less than projected. It should be noted that we can only recognize revenue up to the amount budgeted for each property. A few 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 \$4,799,814, or \$1,610,086 below budget.

Unrestricted Development Corporations

	(9 Months) <u>Budget</u>	(9 Months) <u>Actual</u>	<u>Variance</u>	(9 Months) <u>Adjusted</u>
Alexander House	\$954,620	\$705,652	(\$248,968)	\$705,652
The Barclay	(\$4,533)	\$77,914	\$82,447 ⁽¹⁾	\$0
Glenmont Westerly	\$196,444	\$224,011	\$27,567 ⁽¹⁾	\$196,444
Magruder's Discovery	\$488,694	\$478,775	(\$9,919)	\$478,775
The Metropolitan	\$1,451,217	\$1,437,891	(\$13,326)	\$1,437,891
Montgomery Arms	\$289,072	\$302,815	\$13,743 ⁽¹⁾	\$289,072
TPM - 59 MPDUs	\$188,392	\$134,683	(\$53,709)	\$134,683
Paddington Square	\$388,571	\$361,386	(\$27,185)	\$361,386
TPM - Pomander Court	\$148,160	\$44,841	(\$103,319)	\$44,841
Pooks Hill High-Rise	\$399,916	\$322,940	(\$76,976)	\$322,940
Scattered Site One Dev. Corp.	\$348,203	\$247,278	(\$100,925)	\$247,278
Scattered Site Two Dev. Corp.	(\$8,206)	\$45,948	\$54,154 ⁽¹⁾	\$45,948
Sligo Development Corp.	\$52,772	\$51,058	(\$1,714)	\$51,058
TPM - Timberlawn	\$564,290	\$554,029	(\$10,261)	\$554,029
VPC One Corp.	\$550,627	(\$185,515)	(\$736,142)	(\$185,515)
VPC Two Corp.	\$401,661	\$115,332	(\$286,329)	\$115,332
Subtotal	\$6,409,900	\$4,919,038	(\$1,490,862)	\$4,799,814
		Recognizable Cash Flow		(\$1,610,086)

Notes:

(1) - Properties exceeding budgeted cash flow.

Alexander House ended the quarter with a negative cash flow variance of \$248,968; however, it should be noted that the Commission's FY'17 budget only included a development corporation fee of \$500,000 from Alexander House. Historically, staff has not adjusted for this until the fourth quarter. However, it is anticipated that the cash shortfall at Alexander House will have no impact on the development corporation fees paid to the Agency at year end. **The Barclay** experienced lower than anticipated concessions and vacancy loss, which contributed to a positive cash flow variance. **Glenmont Westerly** experienced greater than projected cash flow as a result of savings in maintenance expenses; plans to upgrade kitchen and bathroom lighting fixtures, switches, outlets and breakers have been postponed until FY'18. **Magruder's Discovery** ended the quarter slightly below budget due to higher than projected personnel costs. **The Metropolitan** had a negative cash flow variance which reflects average rents less than budgeted due to Yieldstar rent adjustments to increase occupancy coupled with higher than anticipated vacancy. Higher than anticipated vacancy losses at **TPM – 59 MPDUs, Paddington Square, TPM – Pomander Court, and Pooks Hill High-Rise** resulted in negative cash flow variances. **Scattered Site One Development Corporation** ended the quarter with a negative cash flow variance as a result of higher than budgeted vacancy loss coupled with unanticipated maintenance expenditures to address HOA violations, including: repair/removal of peeling exterior paint and power washing of several units. **VPC One and VPC Two Corporations** ended the third quarter with negative variances of \$736,142 and \$286,329, respectively, primarily as a result of vacancy losses greater than anticipated.

Staff recognizes that the VPC properties have been particularly challenging to lease and continue to refine efforts to expedite the lease up and stabilization of these units.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'17 Operating Budget. Cash flow from this group of Development Corporation properties was \$338,454 less than budgeted. On a consolidated basis, the **RAD 6** properties ended the quarter with a negative variance of \$445,051, which consisted primarily of variances at **Sandy Spring Meadow** and **Seneca Ridge**. **Sandy Spring Meadow** ended the third quarter with a negative cash flow variance of \$93,833 primarily due to actual gross rents that are \$113,222 below budget; the variance is due to the fact that rent for PBRA units were inadvertently budgeted at market rates. This variance is partially offset by a positive expense variance driven by debt service expense that was lower than budget due to a difference in allocation of RAD 6 debt service to the six properties. The FY'17 budget allocated the RAD 6 debt service by unit count at the six properties; however, the actual debt service was sized based on the share each property could support. A third quarter budget amendment will be proposed to allocate the RAD 6 debt service based on the actual sizing of the debt by property. **Seneca Ridge** experienced a negative variance of \$298,888 driven primarily by expenses that exceeded budget by \$216,772. In addition to the variance due to the debt service allocation, there were notable variances related to administrative personnel costs, temporary staffing costs, utilities expenses, and maintenance costs; specifically, cleaning, landscaping, painting and extermination.

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'17 Operating Budget. This group ended the third quarter with cash flow of \$1,054,508 or \$132,037 less than budgeted. 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 \$994,956 or \$191,589 below budget.

Unrestricted Opportunity Housing Properties

	(9 Months) Budget	(9 Months) Actual	Variance	(9 Months) Adjusted
64 MPDUs	\$88,264	\$25,841	(\$62,423)	\$25,841
Chelsea Towers	\$33,661	\$14,058	(\$19,603)	\$14,058
Fairfax Court	\$81,269	\$47,491	(\$33,778)	\$47,491
Holiday Park	\$36,672	\$26,972	(\$9,700)	\$26,972
Jubilee Falling Creek	\$8,340	(\$2,919)	(\$11,259)	\$0
Jubilee Hermitage	\$7,169	\$5,092	(\$2,077)	\$5,092
Jubilee Horizon Court	\$1,980	\$5,162	\$3,182 ⁽¹⁾	\$1,980
Jubilee Woodedge	\$9,292	\$8,664	(\$628)	\$8,664
McHome	\$94,862	\$85,629	(\$9,233)	\$85,629
McKendree	\$19,416	\$48,566	\$29,150 ⁽¹⁾	\$19,416
MHLP VII	\$93,341	\$82,799	(\$10,542)	\$82,799
MHLP VIII	\$155,099	\$120,197	(\$34,902)	\$120,197
MPDU 2007 Phase II	\$24,377	\$24,014	(\$363)	\$24,014
Pooks Hill Mid-Rise	\$184,285	\$197,531	\$13,246 ⁽¹⁾	\$184,285
Southbridge	\$53,476	\$59,111	\$5,635 ⁽¹⁾	\$53,476
Strathmore Court	\$295,042	\$301,245	\$6,203 ⁽¹⁾	\$295,042
Subtotal	\$1,186,545	\$1,054,508	(\$132,037)	\$994,956
		Recognizable Cash Flow		(\$191,589)

Notes:

(1) - Properties exceeding budgeted cash flow.

- 64 MPDUs** ended the quarter with a negative cash flow variance \$62,423 as a result of unanticipated mold remediation costs in December 2016. **Chelsea Towers** ended the quarter with higher than anticipated vacancy loss. **Fairfax Court** and **Holiday Park** experienced higher than anticipated vacancy coupled with lower gross rent, which resulted in a negative cash flow variance. **Jubilee Falling Creek** experienced a leak, which resulted in higher than budgeted water expenses and required mold remediation, which led to maintenance expenses in excess of budget. **McHome** experienced higher than anticipated write-off of bad debts and HOA fees, which led to a negative cash flow variance. **MHLP VII** reported higher than budgeted maintenance expenses at several HUBs. **MHLP VIII** also reported a negative cash flow variance of 34,902; this variance was due to a higher than budgeted payment in lieu of taxes (PILOT) for the units in HUB W. **Pooks Hill Mid-Rise** experienced lower than anticipated operating expenses, resulting in a positive cash flow variance. **Strathmore Court** ended the quarter with a positive cash flow variance of \$6,203 as a result of lower than anticipated expenses, which offset negative income variances.
- The second group consists of properties whose cash flow will not be used for the Agency's FY'17 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

\$180,669 higher than budgeted as of the close of the third quarter. **The Ambassador** experienced a greater than anticipated cash flow deficit due to the property being decommissioned sooner than anticipated; the property is not generating any income to fund operating expenses. **Avondale Apartments** reported a negative cash flow variance of \$49,114. This is primarily attributed to a higher than budgeted vacancy loss. **Diamond Square** generated \$28,301 less than budgeted cash flow as result of higher than anticipated extermination and security contract costs. **Greenhills Apartments** had a positive cash flow variance of \$29,849 as a result of lower than anticipated maintenance expenses as the property is preparing to undergo renovations. **State Rental Combined** had a negative cash flow variance of \$178,483 driven by negative variances in rental income and vacancy loss coupled with higher than budgeted maintenance expenses. Finally, **Westwood Tower** ended the quarter with a positive cash flow variance of \$392,997. This variance is attributed to lower than anticipated vacancy combined with savings related to maintenance expenses, which are the result of timing and staff does not anticipate the full savings to be realized at year end.

The Public Fund (Attachment D)

- The Public Housing Rental Program ended the third quarter with a surplus of \$266,939, which resulted in a positive variance of \$424,459 when compared to the projected shortfall of \$157,520. Income was \$1,232,989 more than budgeted largely due to the receipt of higher than anticipated operating subsidy. Several factors impacted the positive variance. The budget assumed a pro-ration of 87.85% for CY'16. The actual pro-ration for CY'16 was increased to 89.76%. In addition, the Agency continued to receive subsidy for some of the scattered sites that converted to the **VPC One** and **VPC Two Corporations**. The majority of this subsidy was received as Asset Repositioning Fees (ARF). Finally, the funding to pay for the vouchers at the **Arcola Towers and Waverly House** was received as operating subsidy through December 2016 resulting in continued income at the former Public Housing properties. There is a corresponding expense recorded to reflect the subsidy being moved to the tax credit properties as voucher revenue which is the primary cause for the negative expense variance of \$808,531.
- The Housing Choice Voucher Program (HCVP) ended the Third Quarter with a shortfall of (\$426,066) which resulted in a positive variance of \$1,224,725 when compared to the projected shortfall of (\$1,650,791). The shortfall was comprised of lower than anticipated Housing Assistance Payments (HAP) coupled with lower than projected HAP revenue. The program ended the period with an administrative surplus due to revenue that was \$155,772 higher than anticipated and savings in administrative expenses of \$811,836. The higher revenue was the result of a higher proration factor of 84% up to December 2016 and 77% in the third quarter compared to the budgeted proration factor of 81%. All savings are restricted to the program.

The Capital Budget (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'17. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being

presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

Ambassador, Jubilee Falling Creek, 64 MPDUs, Pomander Court, Pooks Hill High-Rise, Seneca Ridge, Timberlawn, and Washington Square have exceeded their FY'17 capital budgets; the overages will be covered by existing replacement reserves. Unanticipated capital expenditures have occurred at a few NSP units and will be covered by existing property reserves.

Resolution No. : 17-34

**Re: Acceptance of Third Quarter FY'17
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'17 Budget to Actual Statements during its June 7, 2017 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Third Quarter FY'17 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 7, 2017.

Patrice Birdsong
Special Assistant to the Commission

S

E

A

L

FY 17 Third Quarter Operating Budget to Actual Comparison

	<u>Unrestricted Net Cash Flow</u>		
	(9 Months) Budget	(9 Months) Actual	Variance
General Fund			
General Fund	(\$7,347,355)	(\$7,401,598)	(\$54,243)
Administration of Multifamily and Single Family Fund			
Multifamily Fund	\$0	\$189,105	\$189,105
Single Family Fund	\$353,385	\$29,546	(\$323,839)
Excess Bond Fund Cash Flow	(\$353,385)	(\$218,651)	\$134,734
Opportunity Housing Fund			
Opportunity Housing Properties	\$1,186,545	\$992,037	(\$194,508)
Development Corporation Property Income	\$6,409,900	\$4,795,281	(\$1,614,619)
Restricted Development Corporation Properties	(\$210,779)	(\$141,865)	\$68,914
OHRF			
OHRF Balance	\$1,937,370	(\$498,740)	(\$2,436,110)
Excess Cash Flow Restricted	(\$1,937,370)	\$0	\$1,937,370
Draw from existing funds	\$0	\$498,740	\$498,740
Net -OHRF	\$0	\$0	\$0
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	\$38,311	(\$1,756,145)	(\$1,794,456)
Total -Public Fund	(\$1,808,311)	(\$159,127)	\$1,649,184
Total -Public Fund Reserves	\$1,625,366	\$159,127	(\$1,466,239)
SUBTOTAL - Public Funds	(\$182,945)	\$0	\$182,945
TOTAL - All Funds	(\$144,634)	(\$1,756,145)	(\$1,611,511)

FY 17 Third Quarter Capital Budget to Actual Comparison

	(12 Months)	Capital Expenses (9 Months)	Variance
	Budget	Actual	
General Fund			
East Deer Park	\$152,404	\$119,604	\$32,800
Kensington Office	\$249,999	\$137,346	\$112,653
Information Technology	\$1,170,271	\$615,615	\$554,656
Opportunity Housing Fund	\$5,721,116	\$2,606,466	\$3,114,650
TOTAL - All Funds	\$7,293,790	\$3,479,031	\$3,814,759

FY 17 Third Quarter Operating Budget to Actual Comparison
Development Corp Properties - Net Cash Flow

	(9 Months) <u>Budget</u>	Variance <u>Income</u>	<u>Expense</u>	(9 Months) <u>Actual</u>	<u>Variance</u>
Properties with unrestricted cash flow for FY17 operating budget					
Alexander House	\$954,620	(\$143,924)	(\$105,044)	\$705,652	(\$248,968)
The Barclay	(\$4,533)	\$85,218	(\$2,771)	\$77,914	\$82,447
Glenmont Westerly	\$196,444	(\$34,021)	\$61,588	\$224,011	\$27,567
Magruder's Discovery	\$488,694	(\$2,186)	(\$7,733)	\$478,775	(\$9,919)
The Metropolitan	\$1,451,217	(\$74,959)	\$61,633	\$1,437,891	(\$13,326)
Montgomery Arms	\$289,072	\$14,363	(\$620)	\$302,815	\$13,743
TPM - 59 MPDUs	\$188,392	(\$42,216)	(\$11,493)	\$134,683	(\$53,709)
Paddington Square	\$388,571	(\$12,068)	(\$15,117)	\$361,386	(\$27,185)
TPM - Pomander Court	\$148,160	(\$56,774)	(\$46,545)	\$44,841	(\$103,319)
Pooks Hill High-Rise	\$399,916	(\$123,047)	\$46,071	\$322,940	(\$76,976)
Scattered Site One Dev. Corp.	\$348,203	(\$36,985)	(\$63,941)	\$247,278	(\$100,925)
Scattered Site Two Dev. Corp.	(\$8,206)	\$14,373	\$39,780	\$45,948	\$54,154
Sligo Development Corp.	\$52,772	(\$8,181)	\$6,467	\$51,058	(\$1,714)
TPM - Timberlawn	\$564,290	(\$97,744)	\$87,483	\$554,029	(\$10,261)
VPC One Corp.	\$550,627	(\$671,580)	(\$64,562)	(\$185,515)	(\$736,142)
VPC Two Corp.	\$401,661	(\$363,199)	\$76,870	\$115,332	(\$286,329)
Subtotal	\$6,409,900	(\$1,552,930)	\$62,066	\$4,919,038	(\$1,490,862)
Properties with restricted cash flow (external and internal)					
Glenmont Crossing	\$165,635	(\$40,196)	\$64,442	\$189,882	\$24,247
RAD 6 Ken Gar	\$57,539	(\$52,030)	\$1,032	\$6,541	(\$50,998)
MetroPointe	(\$210,779)	\$689	\$68,225	(\$141,865)	\$68,914
Oaks at Four Corners	\$62,028	\$30,242	(\$16,806)	\$75,464	\$13,436
RAD 6 Parkway Woods	\$34,332	(\$42,831)	\$19,661	\$11,162	(\$23,170)
RAD 6 Sandy Spring Meadow	\$55,031	(\$137,544)	\$43,711	(\$38,802)	(\$93,833)
RAD 6 Seneca Ridge	\$47,541	(\$82,116)	(\$216,772)	(\$251,347)	(\$298,888)
RAD 6 Towne Centre Place	\$13,487	(\$64,161)	\$52,131	\$1,457	(\$12,030)
RAD 6 Washington Square	\$77,060	\$59,612	(\$25,744)	\$110,928	\$33,868
Subtotal	\$301,874	(\$328,335)	(\$10,120)	(\$36,580)	(\$338,454)
TOTAL ALL PROPERTIES	\$6,711,774	(\$1,881,265)	\$51,946	\$4,882,458	(\$1,829,316)

FY 17 Third Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(9 Months) Budget	Variance		(9 Months) Actual	Variance
		Income	Expense		
Properties with unrestricted cash flow for FY17 operating budget					
64 MPDUs	\$88,264	(\$13,893)	(\$48,530)	\$25,841	(\$62,423)
Chelsea Towers	\$33,661	(\$21,043)	\$1,441	\$14,058	(\$19,603)
Fairfax Court	\$81,269	(\$21,036)	(\$12,742)	\$47,491	(\$33,778)
Holiday Park	\$36,672	(\$6,615)	(\$3,085)	\$26,972	(\$9,700)
Jubilee Falling Creek	\$8,340	(\$289)	(\$10,970)	(\$2,919)	(\$11,259)
Jubilee Hermitage	\$7,169	(\$597)	(\$1,480)	\$5,092	(\$2,077)
Jubilee Horizon Court	\$1,980	(\$261)	\$3,442	\$5,162	\$3,182
Jubilee Woodedge	\$9,292	(\$363)	(\$265)	\$8,664	(\$628)
McHome	\$94,862	\$67	(\$9,300)	\$85,629	(\$9,233)
McKendree	\$19,416	\$2,911	\$26,239	\$48,566	\$29,150
MHLP VII	\$93,341	(\$4,724)	(\$5,818)	\$82,799	(\$10,542)
MHLP VIII	\$155,099	\$13,808	(\$48,710)	\$120,197	(\$34,902)
MPDU 2007 Phase II	\$24,377	(\$980)	\$616	\$24,014	(\$363)
Pooks Hill Mid-Rise	\$184,285	(\$2,090)	\$15,336	\$197,531	\$13,246
Southbridge	\$53,476	\$3,066	\$2,569	\$59,111	\$5,635
Strathmore Court	\$295,042	(\$89,333)	\$95,537	\$301,245	\$6,203
Subtotal	\$1,186,545	(\$141,372)	\$9,335	\$1,054,508	(\$132,037)
Properties with restricted cash flow (external and internal)					
617 Olney Sandy Spring Road	(\$6,260)	(\$41)	(\$5,429)	(\$11,730)	(\$5,470)
The Ambassador	(\$135,753)	(\$172,534)	\$133,831	(\$174,456)	(\$38,703)
Avondale Apartments	\$106,146	(\$35,957)	(\$13,157)	\$57,032	(\$49,114)
Brooke Park	(\$5,477)	(\$5,995)	\$11,049	(\$424)	\$5,053
Brookside Glen (The Glen)	\$179,314	(\$30,344)	\$59,377	\$208,347	\$29,033
CDBG Units	(\$983)	(\$328)	\$11,859	\$10,548	\$11,531
Dale Drive	\$10,095	(\$381)	\$2,789	\$12,503	\$2,408
Diamond Square	\$195,914	(\$860)	(\$27,442)	\$167,613	(\$28,301)
Greenhills Apartments	\$205,462	(\$82,826)	\$112,676	\$235,311	\$29,849
King Farm Village	\$3,808	(\$75)	\$4,508	\$8,241	\$4,433
NCI Units	\$5,610	\$209	\$3,221	\$9,039	\$3,429
NSP Units	\$886	(\$9,986)	(\$2,781)	(\$11,881)	(\$12,767)
Paint Branch	\$27,622	\$18,072	(\$3,297)	\$42,396	\$14,774
State Rental Combined	\$195,435	(\$90,078)	(\$88,405)	\$16,952	(\$178,483)
Westwood Tower	\$54,290	\$128,866	\$264,131	\$447,287	\$392,997
Subtotal	\$836,109	(\$282,258)	\$462,930	\$1,016,778	\$180,669
TOTAL ALL PROPERTIES	\$2,022,654	(\$423,630)	\$472,265	\$2,071,286	\$48,632

FY 17 Third Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(9 Months) <u>Budget</u>	(9 Months) <u>Actual</u>	<u>Variance</u>
Public Housing Rental			
Revenue	\$1,182,868	\$2,415,857	\$1,232,989
Expenses	\$1,340,388	\$2,148,918	(\$808,530)
Net Income	(\$157,520)	\$266,939	\$424,459
 Housing Choice Voucher Program			
HAP revenue	\$61,741,026	\$61,713,426	(\$27,600)
HAP payments	\$63,208,872	\$62,924,155	\$284,717
Net HAP	(\$1,467,846)	(\$1,210,729)	\$257,117
Admin.fees & other inc.	\$5,093,541	\$5,249,313	\$155,772
Admin. Expense	\$5,276,486	\$4,464,650	\$811,836
Net Administrative	(\$182,945)	\$784,663	\$967,608
Net Income	(\$1,650,791)	(\$426,066)	\$1,224,725

FY 17 Third Quarter Operating Budget to Actual Comparison
For Public Housing Rental Programs - Net Cash Flow

	(9 Months) <u>Budget</u>	Variance		(9 Months) <u>Actual</u>	<u>Variance</u>
		<u>Income</u>	<u>Expense</u>		
Elizabeth House	(\$122,753)	(\$27,808)	(\$56,230)	(\$206,791)	(\$84,038)
Holly Hall	(\$34,767)	\$6,136	(\$70,330)	(\$98,961)	(\$64,194)
Arcola Towers	\$0	\$344,636	(\$345,046)	(\$409)	(\$409)
Waverly House	\$0	\$291,962	(\$296,353)	(\$4,391)	(\$4,391)
Seneca Ridge	\$0	(\$898)	\$39	(\$859)	(\$859)
Emory Grove / Washington Square	\$0	\$1,227	(\$43,040)	(\$41,813)	(\$41,813)
Towne Centre Place / Sandy Spring Meadow	\$0	(\$4,675)	(\$143)	(\$4,818)	(\$4,818)
Ken Gar / Parkway Woods	\$0	(\$3,436)	\$98	(\$3,338)	(\$3,338)
Scattered Sites Central	\$0	\$1,389	(\$328)	\$1,061	\$1,061
Scattered Sites East	\$0	(\$1,257)	(\$1,275)	(\$2,532)	(\$2,532)
Scattered Sites Gaithersburg	\$0	\$250,871	(\$2,186)	\$248,685	\$248,685
Scattered Sites North	\$0	\$362,067	(\$210)	\$361,857	\$361,857
Scattered Sites West	\$0	\$12,775	\$6,174	\$18,949	\$18,949
TOTAL ALL PROPERTIES	(\$157,520)	\$1,232,989	(\$808,531)	\$266,939	\$424,459

FY 17 Third Quarter Operating Budget to Actual Comparison
For Capital Improvements

	(12 Months) <u>Budget</u>	(9 Months) <u>Actual</u>	<u>Variance</u>
General Fund			
East Deer Park	\$152,404	\$119,604	\$32,800
Kensington Office	\$249,999	\$137,346	\$112,653
Information Technology	\$1,170,271	\$615,615	\$554,656
Subtotal	\$1,572,674	\$872,565	\$700,109
Opportunity Housing			
Ambassador	\$3,900	\$10,679	(\$6,779)
Alexander House	\$168,532	\$67,815	\$100,717
Avondale Apartments	\$35,000	\$17,344	\$17,656
The Barclay	\$36,572	\$16,386	\$20,186
Brooke Park	\$840	\$0	\$840
Brookside Glen (The Glen)	\$113,165	\$47,438	\$65,727
CDBG Units	\$13,500	\$0	\$13,500
Chelsea Towers	\$12,000	\$10,338	\$1,662
Dale Drive	\$7,308	\$0	\$7,308
Diamond Square	\$750,871	\$457,211	\$293,660
Fairfax Court	\$34,808	\$13,243	\$21,565
Glenmont Crossing	\$138,645	\$68,479	\$70,166
Glenmont Westerly	\$175,251	\$51,087	\$124,164
Greenhills Apartments	\$106,580	\$5,908	\$100,672
Holiday Park	\$28,825	\$6,520	\$22,305
Jubilee Falling Creek	\$0	\$9,238	(\$9,238)
Jubilee Hermitage	\$1,850	\$485	\$1,365
Jubilee Horizon Court	\$1,000	\$0	\$1,000
Jubilee Woodedge	\$1,000	\$0	\$1,000
Ken Gar	\$10,000	\$8,843	\$1,157
King Farm Village	\$0	\$0	\$0
Magruder's Discovery	\$41,280	\$17,668	\$23,612
McHome	\$81,281	\$26,780	\$54,501
McKendree	\$44,029	\$12,957	\$31,072
MetroPointe	\$61,800	\$19,113	\$42,687
The Metropolitan	\$326,298	\$174,667	\$151,631
Montgomery Arms	\$59,820	\$36,609	\$23,211
MHLP VII	\$40,750	\$20,069	\$20,681
MHLP VIII	\$93,449	\$33,439	\$60,010
MPDU 2007 Phase II	\$3,000	\$455	\$2,545
617 Olney Sandy Spring Road	\$1,000	\$0	\$1,000
64 MPDUs	\$55,000	\$72,065	(\$17,065)
TPM - 59 MPDUs	\$84,830	\$74,090	\$10,740
Oaks at Four Corners	\$216,057	\$81,133	\$134,924
NCI Units	\$43,200	\$8,288	\$34,912
NSP Units	\$11,600	\$17,555	(\$5,955)
Paddington Square	\$92,168	\$40,682	\$51,486
Paint Branch	\$21,400	\$9,413	\$11,987
Parkway Woods	\$2,500	\$0	\$2,500
TPM - Pomander Court	\$2,500	\$12,095	(\$9,595)
Pooks Hill High-Rise	\$113,000	\$221,140	(\$108,140)
Pooks Hill Mid-Rise	\$111,300	\$40,367	\$70,933
Sandy Spring Meadow	\$5,000	\$1,934	\$3,066
Scattered Site One Dev. Corp.	\$1,418,459	\$157,161	\$1,261,298
Scattered Site Two Dev. Corp.	\$64,263	\$35,110	\$29,153
Seneca Ridge	\$8,500	\$9,260	(\$760)
Southbridge	\$29,160	\$0	\$29,160
Sligo Development Corp.	\$63,700	\$13,371	\$50,329
State Rental Combined	\$174,100	\$174,496	(\$396)
Strathmore Court	\$216,675	\$52,781	\$163,894
Towne Centre Place	\$5,000	\$2,320	\$2,680
TPM - Timberlawn	\$13,040	\$30,616	(\$17,576)
VPC One Dev. Corp.	\$99,220	\$47,724	\$51,496
VPC Two Dev. Corp.	\$62,100	\$34,136	\$27,964
Washington Square	\$4,000	\$6,730	(\$2,730)
Westwood Tower	\$411,990	\$331,228	\$80,762
Subtotal	\$5,721,116	\$2,606,466	\$3,114,650
TOTAL	\$7,293,790	\$3,479,031	\$3,814,759

APPROVAL OF FY'17 THIRD QUARTER BUDGET AMENDMENT

JUNE 7, 2017

- **The FY'17 Adopted Budget allocated the RAD 6 Development Corporation Debt Service by unit count.**
- **The actual debt service allocated to each property was sized based on the share of debt each property could support.**
- **This amendment revises the budgeted allocation to correspond with the debt sized for each of the six properties.**
- **Total operating budget for the Agency has increased by \$167 from \$243,976,884 to \$243,977,051.**
- **Total capital budget for the Agency remains \$293.1 million as amended on January 13, 2017.**
- **Personnel Complement remains unchanged.**
- **No policy changes are reflected in the budget amendment.**

RAD 6 Debt Service Allocation							
Principal							
				FY'17			
				Amended	FY17 Adopted	Change	
				416,400	417,834	(1,434)	
911-405g	RAD 6 - Washington Square	50	22%	92,691	77,953	19%	14,738
911-414s	RAD 6 - Seneca Ridge	71	34%	142,600	110,693	26%	31,907
911-422a	RAD 6 - Ken Gar	19	7%	28,500	29,623	7%	(1,123)
911-426b	RAD 6 - Parkway Woods	24	8%	32,232	37,418	9%	(5,186)
911-430t	RAD 6 - Towne Centre Place	49	12%	48,315	76,396	18%	(28,081)
911-432t	RAD 6 - Sandy Spring Meadow	55	17%	72,061	85,751	21%	(13,690)
				268			
Interest							
				FY'17			
				Amended	FY17 Adopted	Change	
				979,391	977,961	1,430	
911-405g	RAD 6 - Washington Square	50	22%	218,014	182,454	19%	35,560
911-414s	RAD 6 - Seneca Ridge	71	34%	335,403	259,088	26%	76,315
911-422a	RAD 6 - Ken Gar	19	7%	67,033	69,333	7%	(2,300)
911-426b	RAD 6 - Parkway Woods	24	8%	75,811	87,579	9%	(11,768)
911-430t	RAD 6 - Towne Centre Place	49	12%	113,639	178,807	18%	(65,168)
911-432t	RAD 6 - Sandy Spring Meadow	55	17%	169,491	200,700	21%	(31,209)
				268			
MIP							
				FY'17			
				Amended	FY17 Adopted	Change	
				118,540	118,369	171	
911-405g	RAD 6 - Washington Square	50	22%	26,387	22,083	19%	4,304
911-414s	RAD 6 - Seneca Ridge	71	34%	40,595	31,358	26%	9,237
911-422a	RAD 6 - Ken Gar	19	7%	8,113	8,394	7%	(281)
911-426b	RAD 6 - Parkway Woods	24	8%	9,176	10,599	9%	(1,423)
911-430t	RAD 6 - Towne Centre Place	49	12%	13,754	21,641	18%	(7,887)
911-432t	RAD 6 - Sandy Spring Meadow	55	17%	20,514	24,294	21%	(3,780)
				268			
Total Debt Service							
				FY'17			
				Amended	FY17 Adopted	Change	
				1,514,331	1,514,164	167	
911-405g	RAD 6 - Washington Square	50	22%	337,092	282,490	19%	54,602
911-414s	RAD 6 - Seneca Ridge	71	34%	518,598	401,139	26%	117,459
911-422a	RAD 6 - Ken Gar	19	7%	103,646	107,350	7%	(3,704)
911-426b	RAD 6 - Parkway Woods	24	8%	117,219	135,596	9%	(18,377)
911-430t	RAD 6 - Towne Centre Place	49	12%	175,708	276,844	18%	(101,136)
911-432t	RAD 6 - Sandy Spring Meadow	55	17%	262,066	310,745	21%	(48,679)
				268			

BUDGET IMPACT:

The total FY'17 Operating Budget for HOC increased slightly from \$243,976,884 to \$243,977,051. This is an increase of \$167. Approval by the Commission of any budget amendment will revise the FY'17 Budget to reflect an accurate plan for the use of the Agency's resources for the remainder of the year.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the FY'17 Third Quarter Budget at the May 23, 2017 meeting. Action is requested at the June 7, 2017 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends the Budget, Finance and Audit Committee recommend to the full Commission approval of the FY'17 third quarter budget amendment.

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'17 on June 17, 2016; 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'17 Budget; and

WHEREAS, the effect of the FY'17 Third Quarter Budget Amendment is an increase of \$167 to both revenue and expenses.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby amends the FY'17 Operating Budget by increasing total revenues and expenses for the Agency from \$243,976,884 to \$243,977,051.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 7, 2017.

Patrice Birdsong
Special Assistant to the Commission

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FY 2017 Adopted Operating Budget 3rd Quarter Budget Amendment			Second Quarter	Net Changes				Third Quarter
	Revenues	Expenses	Budget Amendment	To Revenue	To Expenses	Revenues	Expenses	Budget Amendment
General Fund								
General Fund	\$23,686,050	\$24,043,213	(\$357,163)	\$0	\$0	\$23,686,050	\$24,043,213	(\$357,163)
Restrict to GFOR	\$0	\$1,012,012	(\$1,012,012)	\$0	\$0	\$0	\$1,012,012	(\$1,012,012)
Multifamily & Single Family Bond Funds								
Multifamily Fund	\$20,071,618	\$20,071,618	\$0	\$0	\$0	\$20,071,618	\$20,071,618	\$0
Single Family Fund	\$12,990,384	\$12,990,384	\$0	\$0	\$0	\$12,990,384	\$12,990,384	\$0
Opportunity Housing Fund								
Opportunity Housing Reserve Fund	\$5,584,917	\$1,125,679	\$4,459,238	\$0	\$0	\$5,584,917	\$1,125,679	\$4,459,238
Opportunity Housing & Development Corps	\$71,698,223	\$70,572,387	\$1,125,836	\$167	\$167	\$71,698,390	\$70,572,554	\$1,125,836
Restrict to OHRF	\$0	\$4,459,238	(\$4,459,238)	\$0	\$0	\$0	\$4,459,238	(\$4,459,238)
Draw from GFOR for MetroPointe Deficit	\$243,339	\$0	\$243,339	\$0	\$0	\$243,339	\$0	\$243,339
Public Fund								
Public Housing Rental	\$1,642,432	\$1,843,517	(\$201,085)	\$0	\$0	\$1,642,432	\$1,843,517	(\$201,085)
County Contributions towards Public Housing	\$201,085	\$0	\$201,085	\$0	\$0	\$201,085	\$0	\$201,085
Housing Choice Voucher Program	\$90,842,771	\$91,598,214	(\$755,443)	\$0	\$0	\$90,842,771	\$91,598,214	(\$755,443)
County Contributions towards HCVP Administration	\$755,443	\$0	\$755,443	\$0	\$0	\$755,443	\$0	\$755,443
Federal , State and Other County Grants	\$16,260,622	\$16,260,622	\$0	\$0	\$0	\$16,260,622	\$16,260,622	\$0
TOTAL - ALL FUNDS	\$243,976,884	\$243,976,884	\$0	\$167	\$167	\$243,977,051	\$243,977,051	\$0

Footnotes - explanation of changes

Operating Budget

OH I Add increase in RAD 6 Debt Service - \$167

PF E Add increase in Restricted Cash Flow for RAD 6 Debt Service - \$167

**ACCEPTANCE OF CY 2016
TAX CREDIT PARTNERSHIP PROPERTY AUDITS**

June 7, 2017

- **The Finance Division was responsible for the successful completion of 15 Tax Credit Partnership Property Audits for CY'16.**
- **A standard unqualified audit opinion was received for all 15 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits.**
- **The audits for Shady Grove Apartments LP, Manchester Manor Apartments LP, The Willows of Gaithersburg Associates LP, Barclay One Associates LP and MHLP IX 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.**

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM:	Staff:	Gail Willison	Division:	Finance	Ext. 9480
		Eugenia Pascual		Finance	Ext. 9478
		Varun Chawla		Finance	Ext. 9572
		Jim Atwell		Internal Audit	Ext. 9426

RE: Acceptance of Calendar Year (CY) 2016 Tax Credit Partnership Property Audits

DATE: June 7, 2017

STATUS: Committee Reports: Deliberation X

OVERALL GOAL & OBJECTIVE:

To review and accept the Calendar Year (CY) 2016 Tax Credit Partnership Property Audits

BACKGROUND:

HOC maintains 17 tax credit partnerships. Two of the tax credit partnerships, Strathmore Court Associates LP and The Metropolitan of Bethesda LP, are reported on a fiscal year basis in order to be consistent with the market rent portions of those properties. The other 15 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, 2016:

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
Arcola Towers RAD LP
Waverly House RAD LP

See Appendix A includes further details on each of the tax credit partnership properties that report on a calendar year basis. Although the audits for Montgomery Homes LP IX, Shady Grove Apartments LP, Manchester Manor Apartments LP, The Willows of Gaithersburg Associates LP and Barclay One Associates LP audits have not been finalized, we have received drafts of these audits and the independent auditors have reported no findings. This is not expected to change when finalized.

It is anticipated that the five CY 2016 Tax Credit Partnership Audits, when finalized, will receive a standard unqualified audit opinion from the independent certified public accounting firms performing the audits. HOC's Internal Auditor, Jim Atwell, has reviewed all 15 audited financial statements.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept the 15 CY 2016 Tax Credit Partnership Property Audits?

BUDGET IMPACT:

None. The cost of the audits have been budgeted and is included in the annual property budgets.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the tax credit partnership audits at the May 23, 2017 meeting. Action is requested at the June 7, 2017 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission acceptance of the CY 2016 Tax Credit Partnership Property Audits.

WHEREAS, the Housing Opportunities Commission of Montgomery County has completed the CY'16 Tax Credit Audits for 15 tax credit partnership properties; and

WHEREAS, a standard unqualified audit opinion was received for all 15 of the CY'16 Tax Credit Partnership Property Audits from the respective independent certified public accounting firms performing the audits; and

WHEREAS, the audits for Montgomery Homes LP IX, Shady Grove Apartments LP, Manchester Manor Apartments LP, The Willows of Gaithersburg Associates LP and Barclay One Associates LP have not been finalized; 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 CY 2016 tax credit partnership property audits.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 7, 2017.

Patrice M. Birdsong
Special Assistant to the Commission

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Appendix A

TAX CREDIT AUDIT STATUS

CY: 2016

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	O'Connor Davies		Unqualified	None
2 Montgomery Homes LP X	75	Yes	None	Kozak, Pollekoff & Goldman, P.C.		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	None	Novogradac & Company		Unqualified	None
6 MV Affordable Housing Associates, LP	94	No	None	O'Connor Davies		Unqualified	None
7 Spring Garden One Associates LP	83	No	4	Novogradac & Company		Unqualified	None
8 Barclay One Associates LP	81	No	4	Kozak, Pollekoff & Goldman, P.C.		Unqualified	None
9 Wheaton Metro Limited Partnership	53	No	6	Novogradac & Company		Unqualified	None
10 Forest Oak Towers LP	175	No	6	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	9	Novogradac & Company		Unqualified	None
13 Tanglewood and Sligo LP	132	No	12	Novogradac & Company		Unqualified	None
14 Arcola Towers RAD LP	141	No	15	Novogradac & Company		Unqualified	None
15 Waverly House RAD LP	157	No	15	Novogradac & Company		Unqualified	None

**APPROVAL OF LOANS AND ADVANCES TO NON-HOC OWNED
ENTITIES AS OF DECEMBER 31, 2016
AND AS OF JUNE 30, 2016**

June 7, 2017

- **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, 2016 through December 31, 2016, there was a net decrease in advances for capitalization and operations to the tax credit partnerships of \$407,748.**
- **Total advances have increased in 236 properties from \$1,047,222 on June 30, 2015 to \$1,095,763 as of June 30, 2016.**
- **Staff recommends approving \$76,930,734 in loans and advances to the tax credit partnerships as of December 31, 2016 and \$1,095,763 in advances to the 236 properties as of June 30, 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
Eugenia Pascual Finance Ext. 9478
Varun Chawla Finance Ext. 9572

RE: Approval of Loans and Advances to Non-HOC Owned Entities

DATE: June 7, 2017

STATUS: Committee Report: Deliberation X

OVERALL GOAL & OBJECTIVE:

To approve \$76,930,734 in loans and advances to the tax credit partnerships as of December 31, 2016 and \$1,095,763 in advances to the 236 properties as of June 30, 2016.

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).

Attachment A — Tax Credit Partnerships

Attachment A shows that \$76,930,734 that was advanced from HOC to the tax credit partnerships as of December 31, 2016. This amount includes \$54,810,829 for capitalization loans and \$22,119,905 for advances to the properties. Capitalization loans increased by \$2,392,357 primarily as a result of the additional loan to Arcola Towers RAD LP for the sprinkler systems and increase in Strathmore Court Associates LP as capitalized interest has been added to the principal loan balance and the loan balance has been amortized since March 2016. During the period of January 1, 2016 through December 31, 2016, there was a net decrease in advances to the tax credit partnerships of \$2,800,105. The majority of the decrease is attributable to Arcola Towers RAD LP and Waverly House RAD LP as construction expenses were repaid to HOC.

Attachment B — Section 236 Properties

Attachment B highlights advances to the 236 properties. Total advances have increased from \$1,047,222 on June 30, 2015 to \$1,095,763 as of June 30, 2016. The increase in town Center Apartments is a result of an increase in capital expenditures that was reimbursed in FY 2017 from replacement reserve funds in the amount of \$95,000.

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve \$76,930,734 in loans and advances to the tax credit partnerships as of December 31, 2016 and \$1,095,763 in advances to the 236 properties as of June 30, 2016?

BUDGET IMPACT:

There is no budget impact for FY'17.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the loans and advances to the non-HOC entities at the May 23, 2017 meeting. Action is requested at the June 7, 2017 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval of loans and advances to non-HOC entities.

RESOLUTION NO.: 17-37

**RE: Approval of Loans and Advances to
Non-HOC Owned Entities as of
December 31, 2016 and as of June 30, 2016**

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 capitalization loans and advances for operations to the tax credit partnerships of \$407,748 as of December 31, 2016; and

WHEREAS, total advances have increased for 236 properties from \$1,047,222 on June 30, 2015 to \$1,095,763 as of June 30, 2016.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves \$76,930,734 in loans and advances to the tax credit partnerships as of December 31, 2016 and \$1,095,763 in advances to the 236 properties as of June 30, 2016.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 7, 2017.

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, 2016 THROUGH DECEMBER 31, 2016**

Loans from HOC for Capitalization (a)					Funds Advanced/(Collected) by HOC for Operations			TOTAL ADVANCES	
Fund	Name of property		Balance 12/31/15	Activity Jan-1 thru Dec-31	Balance 12/31/16	Balance 12/31/15	Activity Jan-1 thru Dec-31	Balance 12/31/16	12/31/16
819-711-712	MHLP IX		\$ 1,153,175	(5,341)	\$ 1,147,834	\$ 2,693,656	123,094	\$ 2,816,750	\$ 3,964,584
820-713	MHLP X		1,138,644		1,138,644	(6,540)	(23,262)	(29,802)	1,108,842
SUBTOTAL			2,291,819	(5,341)	2,286,478	2,687,116	99,832	2,786,948	5,073,426
831-787	STRATHMORE COURT	a	1,000,000	1,487,874	2,487,874	3,306,275	480,269	3,786,544	6,274,418
832-788	THE METROPOLITAN	b	977,000		977,000	11,020,427	523,145	11,543,572	12,520,572
833-741	MANCHESTER MANOR		-		-	411,101	82,459	493,560	493,560
834-742	SHADY GROVE		-	-	-	1,119	(331)	788	788
835-743	THE WILLOWS		293,182		293,182	(8,191)	3,861	(4,330)	288,852
838-745	GEORGIAN COURT		34,237	(34,237)	-	16,333	14,843	31,176	31,176
837-744	STEWARTOWN		360,092	(16,542)	343,550	92,917	19,426	112,343	455,893
839-746	THE BARCLAY		2,891,404		2,891,404	(155,659)	(9,786)	(165,445)	2,725,959
840-747	SPRING GARDEN		3,274,431		3,274,431	(16,694)	13,485	(3,209)	3,271,222
818-100	WHEATON METRO		1,633,687		1,633,687	1,823,235	5,592	1,828,827	3,462,514
842-749	FOREST OAK		317,220	(249,898)	67,322	2,587	2,129	4,716	72,038
899-000W	HAMPDEN LANE		230,468		230,468	(58,949)	138,546	79,597	310,065
843-750	TANGLEWOOD & SLIGO HILLS		4,712,083	(178,438)	4,533,645	69,234	94,673	163,907	4,697,552
811-415A	ARCOLA TOWERS		11,448,000	1,388,939	12,836,939	1,419,911	(640,254)	779,657	13,616,596
811-417W	WAVERLY HOUSE		22,954,849		22,954,849	4,309,248	(3,627,994)	681,254	23,636,103
SUBTOTAL			50,126,653	2,397,698	52,524,351	22,232,894	(2,899,937)	19,332,957	71,857,308
GRAND TOTAL			\$ 52,418,472	2,392,357	\$ 54,810,829	\$ 24,920,010	(2,800,105)	22,119,905	\$ 76,930,734

(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, 2015 THROUGH JUNE 30, 2016**

Fiscal Year Properties

Fund	Name of property	Balance 06/30/15	Activity July-15 thru June-16	Balance 06/30/16
871-701B	Bauer Park Apartments	\$ 561,446	(52,380)	\$ 509,066
873-704R	Town Center Apartments	485,776	100,921	586,697
	Total	\$ 1,047,222	48,541	\$ 1,095,763

AUTHORIZATION TO WRITE OFF BAD DEBT RELATED TO TENANT ACCOUNTS RECEIVABLE

June 7, 2017

- **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.**
- **This year's proposed write-off of bad debt balance from former tenants totals \$120,467 and covers the time period of April 1, 2016 through March 31, 2017. This reflects a decrease of \$11,002 or 8.4% compared to \$131,469 for the same period last year.**
- **The combined recommended write-off of \$120,467 consists of \$71,048 from Opportunity Housing properties, \$19,592 from Supportive Housing, \$14,351 from RAD 6 multifamily properties, \$6,179 from Tax Credit properties, \$5,227 from Public Housing properties and \$4,070 from 236 properties.**
- **The next anticipated write-off of former tenants bad debt balance will be for the period covered April 1, 2017 through March 31, 2018 and will be performed in the fourth quarter of FY2018.**

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Gail Willison Division: Finance Ext. 9480
 Eugenia Pascual Finance Ext. 9478
 Bobbie DaCosta Property Management Ext. 9524

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

DATE: June 7, 2017

STATUS: Committee Report: 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 provides greater potential for debt collection. HOC records all proposed write-offs for former tenant accounts receivable balances in HOC’s “Bad Debt Database” as well as in the various individuals’ Equifax Credit Bureau files.

HOC also maintains a rent collections firm, Rent Collect Global (RCG). All delinquent balances of \$200.00 or more are submitted to RCG for further pursuit. Additionally, HOC now offers a Surety Bond Program in which residents are provided the option to purchase a security bond, at a much lower rate, from the firm SureDeposit, Inc. in lieu of paying a traditional security deposit to the Agency. The bonds are offered at a much lower rate than paying a traditional security deposit. Moreover, the full value of the surety bond is available to HOC for recovery of any damage or other loss, just as a traditional security deposit. Through HOC’s own collection efforts and the services of RCG and SureDeposit, the Agency makes every effort to pursue all tenant debts.

The proposed write-off of former tenant accounts receivable balances for the fiscal year period April 1, 2016 through March 31, 2017 is \$120,467. The last approved write-off was for \$131,469 on June 1, 2016 which covered the time period from April 1, 2015 through March 31, 2016.

The current fiscal year write-off of \$120,467 reflects a decrease of \$11,002 or 8.4% compared to the previous write-off amount of \$131,469 due primarily to a decrease in Public Housing and

Opportunity Housing properties. The primary reasons for the write-off include tenants who voluntarily left their units, were evicted for non-payment, who failed to complete annual certifications and finally tenants who passed away while in the units.

<u>Property Type</u>	<u>Current Write-offs</u>	<u>Prior Write-offs</u>	<u>\$ Change</u>	<u>% Change</u>
	<u>04/01/16 - 03/31/17</u>	<u>04/01/15 - 03/31/16</u>		
Public Housing	\$ 5,227	\$ 20,317	\$ (15,090)	-74.27%
Opportunity Housing	71,048	85,417	(14,369)	-16.82%
Tax Credits	6,179	9,626	(3,447)	-35.81%
236 Properties	4,070	7,913	(3,843)	-48.57%
Supportive Housing	19,592	6,820	12,772	187.28%
RAD6	14,351	1,376	12,975	942.97%
	<u>\$ 120,467</u>	<u>\$ 131,469</u>	<u>\$ (11,002)</u>	<u>-8.37%</u>

The following table shows the write-off by fund:

<u>Fund/Property</u>	<u>Amount</u>
<u>Public Fund</u>	
PH Scattered Sites - East	\$ (121)
PH Scattered Sites - Gaithersburg	343
PH Scattered Sites - North	1,321
PH Scattered Sites - West	661
Elizabeth House	890
Holly Hall	819
Arcola Towers	155
Waverly House	147
Sandy Spring	1,013
Total	\$ 5,227
% Public Fund to Total Write-offs	4.34%

Opportunity Housing (OH) Fund

McHome	\$	2,677
Paintbranch		7,211
MPDU I/64		1,190
State Rental Partnership Combined		9,912
Magruders		707
Camp Hill Square		9,226
Scattered Site One Dev Corp		11,110
Scattered Site Two Dev Corp		199
VPC One Corp		14,625
VPC Two Corp		6,372
TPM Dev Corp -Pomander Court		997
Avondale		339
MHLP VIII		6,483
Total	\$	71,048
% Opportunity Housing Fund to Total Write-offs		58.98%

Tax Credit Properties

MHLP X	\$	6,179
Total	\$	6,179
% Tax Credit Properties to Total Write-offs		5.13%

236 Properties

Bauer Park	\$	3,174
Town Center Apts		896
Total	\$	4,070
% 236 Properties to Total Write-offs		3.38%

Supportive Housing

McKinney X - County	\$	14,254
McKinney X - County MHA		4,127
McKinney XII - Perm Supp Hsg - MHA		(48)
McKinney XII - Perm.Supp Housing		1,259
Total	\$	19,592
% Supportive Housing to Total Write-offs		16.26%

<u>RAD 6</u>	
RAD 6 - Seneca Ridge	\$ 13,106
RAD 6 - Washington Square	1,245
Total	\$ 14,351
% RAD 6 Properties to Total Write-offs	11.91%

Within the Public Housing properties, there was a decrease of \$15,090 as a result of HOC's exit strategy from its public housing portfolio, utilizing HUD's RAD Program.

Within the Opportunity Housing portfolio, there was a decrease of \$14,369 primarily due to Scattered Site Two Development Corporation, VPC Two Corporation, Pomander Court and Sligo Development Corporation partially reduced by the net increase in other properties.

Within the Tax Credit properties, there was a decrease in write-offs of \$3,447 as a result of a decrease in MHLP IX-Pond Ridge/MPDU and Hampden Lane partially offset by an increase in MHLP X.

Both Bauer Park and Town Center Apartments contributed to the decrease of \$3,843 within the 236 properties.

Within the Supportive Housing program, there was an increase of \$12,772 as a result of tenants who terminated leases under the County McKinney Program.

This year's write-off of \$14,351 within the RAD 6 properties consists of \$13,106 from Seneca Ridge and \$1,245 from Washington Square. Parkway Woods (\$989) and Towne Centre Place (\$387) accounted for last year's total write-off of \$1,376.

The next anticipated write-off will cover April 1, 2017 through March 31, 2018. The write-off will be performed in the fourth quarter of FY'18. Upon approval, the write-off 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 reviewed the Write-off of Bad Debt at the May 23, 2017 meeting. Action is requested at the June 7, 2017 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission the authorization to write off bad debt related to tenant accounts receivable.

RESOLUTION NO.: 17-38

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, 2016 through March 31, 2017 is \$71,048 from Opportunity Housing, \$19,592 from Supportive Housing, \$14,351 from RAD6, \$6,179 from Tax Credit properties, \$5,227 from Public Housing and \$4,070 from 236 properties, totaling \$120,467.

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 \$120,467 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 7, 2017.

Patrice M. Birdsong
Special Assistant to the Commission

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**APPROVAL TO EXTEND THE \$60 MILLION PNC BANK LINE OF CREDIT
AND THE \$90 MILLION REAL ESTATE LINE OF CREDIT (RELOC)
TO FINANCE COMMISSION APPROVED ACTIONS RELATED TO:
MONTGOMERY HOMES LIMITED PARTNERSHIP (MHLP) VII, FAIRFAX
COURT APARTMENTS, CHEVY CHASE LAKE DEVELOPMENT
CORPORATION AND AMBASSADOR APARTMENTS**

June 7, 2017

- **The Commission previously approved advances from the \$60 million PNC Bank Line of Credit and the \$90 million Real Estate Line of Credit (RELOC) for Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation and Ambassador Apartments.**
- **Staff requests that the Lines of Credit maturity dates for the above referenced properties be extended through June 30, 2018.**
- **The estimated total annual cost related to these advances from the two Lines of Credit is approximately \$204,963 based on one month London Interbank Offered Rate (LIBOR) as of April 24, 2017 under existing pricing level.**

Property	Line of Credit	Current Maturity date	Principal Balance	Estimated Annual Cost under LOC	Libor Rate & Spread	
MHLP VII	\$60 million	June 2017	\$ 522,725	\$ 11,719	2.24194%	Taxable
Fairfax Court Apartments	\$60 million	June 2017	746,000	16,725	2.24194%	Taxable
Chevy Chase Lake Dev. Corp.	\$60 million	June 2017	6,794,170	152,321	2.24194%	Taxable
Ambassador Apartments	\$90 million	Sept 2017	1,862,495	24,198	1.29923%	Tax-exempt
Total			\$ 9,925,390	\$ 204,963		

ISSUES FOR CONSIDERATION:

Does the Commission wish to approve extending the maturity dates to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation and Ambassador Apartments through June 30, 2018?

PRINCIPALS:

HOC

PNC Bank, N.A.

Montgomery Homes Limited Partnership (MHLP) VII

Fairfax Court Apartments

Chevy Chase Lake Development Corporation

Wheaton-University Boulevard Limited Partnership for Ambassador Apartments

BUDGET IMPACT:

The amount of interest expense for FY 2018 is estimated to be \$204,963. The interest expense has been included in the FY'18 Agency Budget.

TIME FRAME:

The Budget, Finance and Audit Committee reviewed the requested extension of the lines of credit at the May 23, 2017 meeting. Action is requested at the June 7, 2017 Commission meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

The Budget, Finance and Audit Committee recommends to the full Commission approval to extend the use of the \$60 Million PNC Bank Line of Credit and the \$90 Million RELOC to finance Commission approved actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation and Ambassador Apartments.

RESOLUTION No.: 17-39

RE: Approval to Extend the \$60 Million PNC Bank Line of Credit and the \$90 million Real Estate Line of Credit (RELOC) to Finance Commission Approved Actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation and Ambassador Apartments

WHEREAS, various Commission actions related to Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation, and Ambassador Apartments are currently financed through the \$60 Million PNC Bank Line of Credit and \$90 Million RELOC; and

WHEREAS, it is proposed to extend, through June 30, 2018, the use of the \$60 Million PNC Bank Line of Credit at the taxable borrowing rate of LIBOR plus 90 basis points or the tax exempt rate of 68.5% of LIBOR plus 59 basis points and the \$90 Million RELOC at the taxable rate of LIBOR plus 58 basis points or the tax exempt rate of 68.5% of LIBOR plus 38 basis points to finance approved Commission actions; and

WHEREAS, the estimated cost, as of April 24, 2017, under the Lines of Credit is expected to be approximately \$204,963.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby approves extending, through June 30, 2018, the use of the \$60 Million PNC Bank Line of Credit and the \$90 Million RELOC to finance various Commission actions related to: Montgomery Homes Limited Partnership (MHLP) VII, Fairfax Court Apartments, Chevy Chase Lake Development Corporation and Ambassador Apartments.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 7, 2017.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL OF AMENDMENT TO THE FY'18 AGENCY BUDGET

June 7, 2017

- **The Budget, Finance and Audit Committee reviewed the FY'18 Budget Amendment during April and May 2017.**
- **The Amended Operating Budget for FY'18 is \$237.7 million, a decrease of \$5.8 million from the FY'18 Adopted Budget of \$243.5 million.**
- **The Amended Capital Budget for FY'18 is \$205.8 million, an increase of \$22.2 million from the FY'18 Adopted Budget of \$183.6 million.**

The major differences in the Amended Operating Budget from the FY'18 Adopted Budget are as follows:

General Fund:

Changes in Revenue:

Revenues increased in the General Fund (Attachment 1-1) by \$1,779,232. There are several reasons for the change.

- Commitment Fees of \$1,836,484 were added to reflect the timing and amount of fees projected in the amended development budgets. Forty percent of the change in fees, or \$734,593, is reflected in the General Fund and sixty percent, or \$1,101,891, in the Opportunity Housing Reserve Fund (OHRF).
- Agency Overhead Fees increased by \$785,129 to reflect an increase in personnel cost used in the Agency's indirect cost model; the FY'18 Adopted Budget utilized an indirect cost model that was based on FY'16 budgeted salaries and benefits. The FY'18 amended budget utilizes an indirect cost model that is based on FY'17 budgeted salaries and benefits.
- Development fees of \$1,093,684 were added to reflect the timing and amount of fees projected in the amended development budgets. Forty percent of the change in fees, or \$437,474, is reflected in the General Fund and sixty percent, or \$656,210, in the Opportunity Housing Reserve Fund (OHRF).
- Vehicle Rental Income increased by \$141,156 to reflect replacement of vehicles in the Agency's fleet. The cost of these vehicles is allocated to the property and/or division to which the vehicle is assigned.
- A transfer of \$28,729 was added from the Rental Assistance Demonstration (RAD) 6 proceeds for Real Estate personnel.
- FHA Risk Sharing income increased by \$21,907 based on changes in projected July 1, 2017 outstanding loan balances, which is restricted.
- The transfer from the OHRF for Real Estate division personnel costs increased by \$1,474.
- Development Corporation Fees decreased by \$309,826 and, as a result, changed projected cash flow at the properties.
- Ground Rent Income on the Tax Credit Scattered Site properties decreased by \$55,139.

- Loan Management Fees decreased by a net of \$6,265 to reflect an increase in the projected fees for Greenhills and a decrease in fees for Town Center.

Changes in Expenses:

Expenses increased in the General Fund (Attachment 1-1) by \$688,643. There are several reasons for the change.

- Expenses of \$495,060 were added to reflect building rent for the Gaithersburg and Silver Spring Customer Service Centers.
- Expenses of \$216,810 were added for the Customer Relationship Management (CRM) Software. The Commission approved the purchase of the software in FY'17.
- Additional Information Technology expenses of \$50,252 were added for required software upgrades.
- Vehicle rent expense for additional fleet vehicles increased by \$42,641.
- Expense of \$33,540 was added for the vehicle insurance associated with vehicles leased from Enterprise.
- Restriction of FHA Risk Sharing income increased by \$21,907.
- The projected loss generated by Hampden Lane increased by \$12,567.
- Updates to the Personnel Complement, which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB), resulted in a net decrease of \$182,582.
- Audit expense for the Agency decreased by \$1,552 based on the contract amount.

The FY'18 Adopted Budget was balanced without the use of reserves; however, it included fees from development activity that are one-time in nature. A portion (\$161,658) of these fees was restricted to the General Fund Operating Reserve (GFOR). As a result of the net changes in the FY'18 Budget Amendment, the cash restrictions have been increased by \$723,305 to \$884,963.

Multifamily Bond Funds:

Non-administrative revenue and expenses in the Bond Funds are based on a three-year rolling average of interest income, interest expense, and updates to fee expenses. The FY'18 Adopted Budget was based on the three-year period FY'13 – FY'15. The FY'18 Budget Amendment is based on the three-year period FY'14 – FY'16. As a result of the lower interest earned in FY'16 when compared to FY'13, previously included in the calculation, projected interest income was reduced by \$1,584,078. 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 \$9,903 reflecting a reduction of \$48,295 from an update to the Personnel Complement and a management fee increase of \$38,392 based on an increased indirect cost rate.

A corresponding decrease is included 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, interest expense, and updates to fee expenses. The FY'18 Adopted Budget was based on the three-year period FY'13 – FY'15. The FY'18 Budget Amendment is based on the three-year period FY'14 – FY'16. As a result of the lower interest earned in FY'16 when compared to FY'13, previously included in the calculation, projected interest income was reduced by \$1,328,503. 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 decreased by \$32,357 reflecting a \$22,907 decrease based on an update to the Personnel Complement and a decrease of \$9,450 as a result of lower management fee expense calculated as a percentage of personnel costs, and other operating expenses.

A corresponding decrease is included in revenues to reflect the decrease 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.

Revenues decreased in the **Opportunity Housing and Development Corporation** (Attachment 1-1) properties by \$3,139,515.

The following changes are updates to the FY'18 Budget to reflect amendments to the FY'17 Budget approved by the Commission in FY'17:

- The majority of the change reflects the sale of 122 units at Alexander House to a tax credit partnership; this transaction reduced revenue by \$1,941,215.
- The RAD 6 PBRA units were budgeted at market rent in the FY'18 Adopted Budget; the correction resulted in a decrease of \$695,185 to revenue.
- The project based voucher (PBV) units in the VPC properties included the utility allowance as rental income in the FY'18 Adopted Budget; a decrease of \$257,859 is reflected in the FY'18 Amended Budget.

The remaining changes reflect updates to the FY'18 budget not previously addressed by the Commission.

- Rental income for Timberlawn increased by \$179,258 to reflect the post-renovation rents included in the proforma.
- Security deposit interest income increased by \$6,987.
- Updates to other Opportunity Housing and Development Corporation properties resulted in a reduction of \$205,601 in net rental income at various properties impacted by market conditions.
- As a result of lower debt service, the draw from the debt service reserve for the VPC properties is decreased by \$143,335. Transfers at all other properties decreased by \$64,288, of which \$25,000 reflects a decrease in county funding for utilities at Paddington Square; the balance of the decrease is primarily attributable to decreased personnel costs for counselors at the RAD 6 and Tanglewood properties.
- Non-dwelling rent decreased by \$15,514 due to the closure of the daycare center at Timberlawn.
- Finally, there were other miscellaneous reductions to revenue totaling \$2,763.
- The draw from the GFOR for MetroPointe increased by \$91,669 as a result of lower projected rents at the property.

Changes in Expenses:

There is a net decrease of \$2,680,562 to expenses in the **Opportunity Housing and Development Corporation** (Attachment 1-1) properties. There are several reasons for the change.

- Agency overhead allocated to the properties increased by \$1,004,751 as a result of increased personnel costs; the FY'18 Adopted Budget utilized an indirect cost model that was based on FY'16 budgeted salaries and benefits. The FY'18 Amended Budget utilizes an indirect cost model that is based on FY'17 budgeted salaries and benefits.
- Debt service for VPC One and VPC Two decreased as a result of a lower interest rate; the principal payments for FY'18 increased by \$218,035 and interest expense decreased by \$848,129.
- Utility costs at various properties increased by a total of \$154,187.
- Other operating expenses increased by \$90,535.
- Vehicle rent expense increased by \$39,744 based on the anticipated replacement of vehicles in the Agency's fleet.
- Vehicle insurance expense of \$21,157 was added for vehicles leased from Enterprise.
- Expenses were decreased to eliminate the expenses related to the 122 Alexander House units that were sold to a tax credit partnership, which totaled \$1,941,219.
- Contributions to the debt service reserve decreased by \$241,980 as a result of the payoff of the line of credit draw for Greenhills and a decrease in the outstanding draw for Fairfax Court. There is also a related decrease of \$5,857 in interest expense.
- Expenses decreased by an additional \$165,813 as a result of updates to the Personnel Complement.
- Licenses, fees, and permit expenses decreased by \$61,381 across various properties.
- Replacement reserve contributions decreased by \$18,430.
- Debt service at various properties decreased by \$2,141.

The net impact of these changes resulted in a decrease of \$614,195 in restricted cash flow, a decrease of \$309,826 in development corporation fees, and a decrease of \$367,284 in unrestricted cash flow from the Opportunity Housing portfolio (($\$1,158,991 - \$1,617,944$)+($\$280,352 - \$188,683$)= $\$367,284$).

Revenues increased in the **Opportunity Housing Reserve Fund (OHRF)** by a net of \$1,758,101 as a result of a \$1,101,891 increase in Commitment Fees and a \$656,210 increase in Development Fees. Expenses increased by \$1,474 to reflect costs associated with the Real Estate Development Personnel Complement (See General Fund).

The FY'18 Adopted Budget included a surplus of \$1,111,341 that was to be restricted to the OHRF. As a result of the net increase in anticipated fees expenses, the surplus has increased by \$1,756,627 resulting in an anticipated restriction of \$2,867,968 to the OHRF.

Public Fund:

Revenue decreased by \$50,884 in the **Public Housing Rental Program** (Attachment 1-1) primarily due to the decrease of \$90,730 in public housing operating subsidy income. This decrease was partially offset by increase of \$39,981 in tenant income due to higher projected occupancy at the remaining Public Housing properties. In addition, the allocation of the contribution from the County Contract for utilities to Public Housing was decreased by \$2,538. Other miscellaneous income reductions of \$135 are included in the FY'18 Amended budget. The draw from existing public housing cash will increase by \$57,946.

Expenses increased by a net of \$4,524 primarily due to an increase of \$81,341 in utility costs. Administrative expenses increased by \$9,343 to reflect the addition of local phone service costs at Elizabeth House. These increases were partially offset by a decrease of \$57,114 in maintenance expenses and a decrease of \$25,585 due to updates to the Personnel Complement. In addition, management fee expenses decreased by \$3,203 based on a decrease in the HUD management fee, which decreased from \$63.52 per unit to \$61.76 per unit. Other miscellaneous expense reductions of \$258 are included in the FY'18 Amended Budget.

Revenue in the **Public Housing Home Ownership Program** (Attachment 1-1) decreased by \$14,095 as a result of decreased Public Housing Operating Subsidy. Expenses increased by \$5,670 based on an increase of \$3,446 to maintenance expenses, increase of \$2,128 for property assistance contract fees, updates to the Personnel Complement of \$1,132, which includes reductions for both Workers' Compensation and Other Post Employment Benefits (OPEB), increase of \$756 to utility expenses and other miscellaneous expense reductions of \$1,792. The FY'18 Adopted Budget projected contributing a surplus of \$2,051 to the public housing reserve. The FY'18 Amended Budget requires a draw of \$17,714 from the reserve.

Revenues decreased in the **Housing Choice Voucher Program (HCVP)** (Attachment 1-1) by \$4,689,417 largely from a decrease in anticipated Housing Assistance Payments (HAP) revenue

of \$8,762,042 due to lower projected utilization and a decreased HAP proration and a \$375,846 reduction to administrative fee income as a result of a lower proration. These reductions were partially offset by an increase of \$4,448,471 in the draw from previously unspent 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 2% reduction to County Contract Maximum Allowable Request Ceiling (MARC), the available funds were reduced by \$12,641 (See Federal, State and County Grants). This is reflected as a decrease to revenue of \$12,641 resulting from the reduction of the aforementioned carve out and corresponding decrease to the available contribution line.

Expenses decreased by a net of \$4,702,058. The reduction was primarily a result of lower HAP expenses of \$4,326,212 based on lower projected utilization, updates to the Personnel Complement of \$249,498, a \$66,678 decrease in management fee expense which is based on voucher utilization, and a \$59,670 reduction to other administrative expenses.

Federal, State and County Grants (Attachment 1-1) increased by \$1,372,210. There were several factors that contributed to the increase:

- The Rent Supplement Grant funded by County Recordation Taxes was increased by \$893,284 resulting in an increase in both revenue and expenses, as amended in the FY'17 budget by the Commission.
- The Federal and County portions of the McKinney grants increased by \$408,632 and \$150,943, respectively. Tenant rental income increased by \$1,555. Additionally, \$27,769 will be drawn from McKinney program reserves. Expenses related to the McKinney programs also increased by \$79,584 to provide additional tenant rent payments and case management costs of \$180,000 were added. Other various program expenses increased by a total of \$65,717. An additional \$263,598 will be restricted to the program.
- The Service Coordinator Grant, which is the only grant funded based on a set fee per client, increased by \$16,128 based on an increase in client referral by the County. Expenses in the program were increased by \$9,747. The balance of the revenue increase will result in an increase in the cash restricted in the program of \$6,381 ($\$16,128 - \$9,747 = \$6,381$).
- The County Housing Locator Grant increased by \$64,140 to provide an additional housing locator. Expenses increase by \$68,472. The shortfall will be funded by a \$4,332 transfer from the main County Contract.

- The HOME RAP grant was increased by \$3,700; there was a corresponding increase in the program’s housing assistance payment expense.
- The County Contract decreased by \$195,434 as a result of a 2% reduction to the Maximum Agency Request Ceiling (MARC). A number of grant programs are balanced using transfers from the County Contract, which increased by a total of \$1,184:

\$4,332	Transfer to Housing Locators grant
\$2,982	Transfer to State Housing Counselor grant
\$2,841	Transfer to Service Linked Emergency Assistance grant
\$1,636	Transfer to State RAP
(\$6,831)	Transfer to ROSS-FSS grant
(\$3,776)	Transfer to State Emergency Assistance grant
<u>\$1,184</u>	<u>Increase in transfers from County Contract</u>

- Transfers from the County Contract to Tanglewood and the RAD 6 properties for counselor salaries increased by \$11,133. Funding for rental license fees and transfers to properties of rental license fee funding decreased by \$20,000. The management fee charged to the County Contract decreased by \$16,590. Additionally, expenses of \$39,865 for CRM software were allocated to the County Contract.
- Minimal revenue increases of \$729 and \$246 were included in the Service Linked Emergency Assistance and Turnkey grants, respectively. Expenses in the programs included corresponding increases.
- The revenue for the Capital Fund Grant decreased by \$666 as a result of updates to the Personnel Complement.
- Finally, the Personnel Complement resulted in an expense decrease of \$210,839. 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 2% reduction to the main County Contract and complement update.

Capital Budget:

The FY’18 Amended Capital Budget reflects the changes that were discussed at the Budget, Finance and Audit Committee meeting on May 2, 2017. The Amended Capital Budget for FY’18 is \$205.8 million and reflects a net increase of \$22.2 million from the budget adopted on June 17, 2016 (Attachment 1-2).

- **Capital Improvements Budget**

Adjustments totaling a net increase of \$108,914 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 \$173,523 (-\$127,404 - \$224,999 + \$178,880 = (\$173,523)). In addition, the capital budget for Alexander House was decreased by \$148,625 to reflect the sale of 122 units to a tax credit partnership. Finally, several Opportunity Housing properties were adjusted reflecting a net increase of \$213,234. (Attachment 1-2) .

- **Capital Development Budget:**

Adjustments totaling a net increase of \$22.3 million were made to the overall budget and timing of development projects in FY'18 for Greenhills Apartments (increased \$15,129,501) and Shady Grove Apartments (\$7,200,000 was added).

Enclosure 1 includes two spreadsheets that detail the major changes made from the FY'18 Adopted Operating Budget and Capital Budget to the FY'18 Amended Budget.

Enclosure 2 includes the resolutions to amend the FY'18 Operating and Capital Budgets.

BUDGET IMPACT:

Amendment of the FY'18 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'18 Budget at the June 7, 2017 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'18 before the fiscal year begins on July 1, 2017.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

To amend the Agency FY'18 Operating and Capital Budgets by approving the attached resolutions (Enclosure 2).

ENCLOSURES:

- 1) Spreadsheets highlighting major budget changes from FY'18 Adopted Operating and Capital Budgets
- 2) Resolutions to amend the FY'18 Budget
 - Amendment of the FY'18 Budgets, Bond Draw Downs and Transfers
 - Approval of FY'18 Wage Adjustments and Service Increment for Non-represented Merit System Staff for the Period of July 1, 2017 through June 30, 2018
 - Amendment of FY'18 Reimbursement Resolution

**Spreadsheets Highlighting Major Budget Changes from
FY'18 Adopted Operating and Capital Budgets**

Enclosure 1

AMENDMENT OF THE FY'18 BUDGET RESOLUTIONS

- A - Amendment of the Agency FY'18 Budget, Bond Draw Downs and Transfers
- B - Approval of FY'18 Wage Adjustments and Service Increment for Non-represented Merit System Staff for the Period of July 1, 2017 through June 30, 2018
- C - Amendment of FY'18 Reimbursement Resolution

Enclosure 2

Attachment A

RESOLUTION NO.: 17-40A

RE: Amendment of the Agency FY'18 Budget,
Bond Draw Downs and Transfers

WHEREAS, the Housing Opportunities Commission adopted a budget for FY'18 on June 17, 2016; 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'18 Budget; and

WHEREAS, the net effect of the Agency FY'18 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'18 Operating Budget by decreasing total revenues and expenses for the Agency from \$243.5 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:

\$ 1,488,783 from the Multifamily Housing Development Bond (MHDB) Indenture
\$ 1,524,625 from the 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 \$1,439,343 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'18 Capital Budget by increasing revenues and expenses for the Agency from \$183.6 million to \$205.8 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 7, 2017.

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Patrice Birdsong,
Special Assistant to the Commission

Attachment B

RESOLUTION No.: 17-40B

**RE: APPROVAL OF FY 2018
WAGE ADJUSTMENTS AND SERVICE
INCREMENT FOR NON-
REPRESENTED MERIT SYSTEM
STAFF FOR THE PERIOD OF JULY 1,
2017 THROUGH JUNE 30, 2018**

WHEREAS, the Commission wishes to award a compensation package for non-represented merit system staff for FY 2018.

NOW, THEREFORE, BE IT RESOLVED that effective the first pay period after July 1, 2017, each non-represented merit system staff member shall receive a general wage adjustment equal to the greater of \$700 or 1%.

BE IT FURTHER RESOLVED that the Pay Grade Schedule will be increased by 1%.

BE IT FURTHER RESOLVED that non-represented merit system staff who receive a fully satisfactory FY 2017 performance evaluation shall receive a 3.5% service increment effective the first pay date in September 2017.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission at a regular meeting conducted on Wednesday, June 7, 2017.

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**Patrice Birdsong,
Special Assistant to the Commission**

Attachment C

RESOLUTION: 17-40C

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

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

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

WHEREAS, the Commission currently intends and reasonably expects to participate in tax-exempt borrowings to finance such capital expenditures in an amount not to exceed \$72,970,871 , *all or a portion of which may reimburse* the Commission for the portion of such capital expenditures incurred or to be incurred subsequent to the date which is 60 days prior to the date hereof but before such borrowing, and the proceeds of such tax-exempt borrowing will be allocated to reimburse the Commission’s expenditures within 18 months of the later of the date of such capital expenditures or the date that *each of* the Projects (as hereinafter defined) is placed in service (but in no event more than 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 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 18 Capital Budget attached, including **900 Thayer Avenue, Alexander House, The Barclay, Brooke Park, Brookside Glen, CDBG-**

NSP-NCI, Chelsea Towers, Chevy Chase Lake, Dale Drive, Diamond Square, Fairfax Court, Glenmont Crossing, Glenmont Westerly, Holiday Park, Jubilee Hermitage, Jubilee Horizon Court, Jubilee Woodedge, Jubilee Falling Creek, 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 II, VPC One and VPC Two (669 Scattered Site Properties), MPDU III, Southbridge, State Rental Combined, Strathmore Court, , Town Center Apartments, 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 General Fund Property Reserve Account for these Projects and from its operating cash.

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

Section 3. *Issuance of Bonds or Notes.* The Commission presently intends and reasonably expects to participate in tax-exempt borrowings of which proceeds in an amount not to exceed \$72,970,871 **will be applied** to reimburse the Commission for its expenditures in connection with the Projects.

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

Section 5. *Repeal of Inconsistent Resolutions.* All other resolutions 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

FY 2018 Operating Budget Comparison from Adopted Budget		Revenues	Expenses	Adopted Budget	Net Changes To Revenue	Net Changes To Expenses	Revenues	Expenses	Amended Budget
General Fund									
General Fund		\$21,699,459	\$23,344,428	(\$1,644,969)	\$1,779,232	\$688,643	\$23,478,691	\$24,033,071	(\$554,380)
	Restrict to GFOR	\$0	\$161,658	(\$161,658)	\$0	\$723,305	\$0	\$884,963	(\$884,963)
Multifamily & Single Family Bond Funds									
Multifamily Fund		\$19,809,826	\$19,809,826	\$0	(\$1,593,981)	(\$1,593,981)	\$18,215,845	\$18,215,845	\$0
Single Family Fund		\$12,951,584	\$12,951,584	\$0	(\$1,360,860)	(\$1,360,860)	\$11,590,724	\$11,590,724	\$0
Opportunity Housing Fund									
Opportunity Housing & Dev Corps		\$75,124,932	\$73,506,988	\$1,617,944	(\$3,139,515)	(\$2,680,562)	\$71,985,417	\$70,826,426	\$1,158,991
	Draw from GFOR for MetroPointe Deficit	\$188,683	\$0	\$188,683	\$91,669	\$0	\$280,352	\$0	\$280,352
Opportunity Housing Reserve Fund		\$2,284,289	\$1,172,948	\$1,111,341	\$1,758,101	\$1,474	\$4,042,390	\$1,174,422	\$2,867,968
	Restricted to OHRF	\$0	\$1,111,341	(\$1,111,341)	\$0	\$1,756,627	\$0	\$2,867,968	(\$2,867,968)
Public Fund									
Public Housing Rental		\$1,486,086	\$1,786,510	(\$300,424)	(\$50,884)	\$4,524	\$1,435,202	\$1,791,034	(\$355,832)
	County Contributions towards Public Housing	\$279,701	\$0	\$279,701	(\$2,538)	\$0	\$277,163	\$0	\$277,163
	Draw from Existing Property Cash	\$20,723	\$0	\$20,723	\$57,946	\$0	\$78,669	\$0	\$78,669
	Restricted to Public Housing Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Public Housing Homeownership		\$80,419	\$78,368	\$2,051	(\$14,095)	\$5,670	\$66,324	\$84,038	(\$17,714)
	Draw From/Restricted to Public Housing Reserves	\$0	\$2,051	(\$2,051)	\$17,714	(\$2,051)	\$17,714	\$0	\$17,714
Housing Choice Voucher Program		\$93,067,345	\$93,861,307	(\$793,962)	(\$4,689,417)	(\$4,702,058)	\$88,377,928	\$89,159,249	(\$781,321)
	County Contributions towards HCVF Administration	\$793,962	\$0	\$793,962	(\$12,641)	\$0	\$781,321	\$0	\$781,321
Federal, State and Other County Grants		\$15,710,323	\$15,710,323	\$0	\$1,372,210	\$1,372,210	\$17,082,533	\$17,082,533	\$0
TOTAL - ALL FUNDS		\$243,497,332	\$243,497,332	\$0	(\$5,787,059)	(\$5,787,059)	\$237,710,273	\$237,710,273	\$0

Footnotes - explanation of changes recommended to adopted

GF R	\$734,593	Increase Commitment Fees	PH-R R	\$39,981	Increase tenant income due to decreased vacancy projections
GF R	\$785,129	Increase Agency Overhead Fees	PH-R R	(\$90,730)	Decrease PH operating subsidy
GF R	\$437,474	Increase Development fees	PH-R R	(\$135)	Decrease miscellaneous income
GF R	\$141,156	Increase in Vehicle Rental Income		(\$50,884)	
GF R	\$28,729	Increase draw from development budgets for RE personnel			
GF R	\$21,907	Increase FHA Risk Sharing MIP Income based on changes in projected outstanding loan balances at 7/1/17	PH-R R	(\$2,538)	Decrease County Contribution for Public Housing
GF R	\$1,474	Increase transfer from OHRF for Real Estate Complement update			
GF R	(\$309,826)	Decrease Development Corporation Fees	PH-R R	\$57,946	Increase draw from PH reserves
GF R	(\$55,139)	Decrease Ground Rent income from Scattered Site Tax Credit Properties			
GF R	(\$6,265)	Net Change in Loan Management Fees for Greenhills (increased \$6k) and Town Center (decreased \$12k)			
	\$1,779,232				
GF E	\$495,060	Add CSC Building rent	PH-R E	\$81,341	Increase utility expenses
GF E	\$216,810	Add CRM Software Costs	PH-R E	\$9,343	Increase administrative expenses to add budget for local phone service
GF E	\$50,252	Increase IT expenses for required software upgrades	PH-R E	(\$57,114)	Decrease maintenance expenses
GF E	\$42,641	Increase vehicle rent expense	PH-R E	(\$25,585)	Update personnel complement
GF E	\$33,540	Increase vehicle insurance for Enterprise fleet	PH-R E	(\$3,203)	Decrease management fee based on change in HUD rate
GF E	\$21,907	Increase restriction of FHA Risk Sharing income	PH-R E	(\$258)	Decrease insurance expense
GF E	\$12,567	Increase Hampden Lane TC Loss covered by general fund		\$4,524	
GF E	(\$182,582)	Decrease personnel costs based on complement update	PH-H R	\$17,714	Increase draw from PH reserves
GF E	(\$1,552)	Decrease agency audit expense based on contract amount	PH-H R	(\$14,095)	Decrease PH operating subsidy
	\$688,643			\$3,619	
GFOR E	\$723,305	Increase in surplus restricted to GFOR	PH-H E	\$3,446	Increase maintenance expenses
			PH-H E	\$2,128	Add property assistance contract fee
MF R	(\$1,584,078)	Reduce interest income in Multifamily Bond Fund	PH-H E	\$1,132	Update personnel complement
MF R	(\$9,903)	Decrease bond drawdown for updated expenses	PH-H E	\$756	Increase utility expenses
MF R	(\$1,593,981)		PH-H E	(\$1,792)	Decrease insurance expense
				\$5,670	
MF E	(\$1,584,078)	Adjust Expenses and restrictions of Cash in Multifamily Bond Fund	PH-H E	(\$2,051)	Decrease contribution to PH reserves
MF E	(\$48,295)	Update Personnel Complement			
MF E	\$38,392	Increase Management Fee expense	HCVF R	\$4,448,471	Increase draw from HAP reserves
	(\$1,593,981)		HCVF R	(\$8,762,042)	Decrease HAP income
SF R	(\$1,328,503)	Reduce interest income in Single Family Bond Fund	HCVF R	(\$375,846)	Decrease administrative fee income
SF R	(\$32,357)	Decrease bond drawdown for updated expenses		(\$4,689,417)	
	(\$1,360,860)		HCVF R	(\$12,641)	Decrease county contribution towards HCV program
SF E	(\$1,328,503)	Adjust Expenses and restrictions of Cash in Single Family Bond Fund	HCVF E	(\$4,326,212)	Decrease HAP expenses
SF E	(\$22,907)	Update Personnel Complement	HCVF E	(\$249,498)	Update complement
SF E	(\$9,450)	Decrease Management Fee expense	HCVF E	(\$66,678)	Decrease allocated agency overhead
	(\$1,360,860)		HCVF E	(\$59,670)	Decrease administrative expenses
				(\$4,702,058)	

OH R	\$179,258	Increase rental income at Timberlawn based on post-renovation rent
OH R	\$6,987	Increase security deposit interest income
OH R	(\$1,941,215)	Decrease Alexander House revenue for sale of 122 units
OH R	(\$695,185)	Reduce RAD 6 rents to correct PBRA rents
OH R	(\$257,859)	Reduce VPC rents to correct PBV rents
OH R	(\$205,601)	Adjust net rental income for market conditions at various properties
OH R	(\$143,335)	Decrease VPC draw from Debt service reserve
OH R	(\$64,288)	Decrease transfers various properties; primarily Paddington Square transfer of county utility funding decrease by \$25k
OH R	(\$15,514)	Eliminate non-dwelling rent from Timberlawn due removal of daycare center
OH R	(\$2,763)	Decrease misc income; primarily at Glenmont Crossing
	(\$3,139,515)	
OH R	\$91,669	Increase draw from GFOR for Metropointe
OH E	\$1,004,751	Increase allocated agency overhead
OH E	\$218,035	Increase principal payment for VPC One and Two based on revised financing
OH E	\$154,187	Adjust utility expenses
OH E	\$90,535	Other miscellaneous expense updates to properties
OH E	\$39,744	Increase vehicle rent expense based on updated vehicle allocation
OH E	\$21,157	Increase vehicle insurance for enterprise vehicles
OH E	(\$1,941,219)	Decrease due to sale of Alexander House TC units
OH E	(\$848,129)	Decrease interest expense for VPC One and Two based on revised financing
OH E	(\$614,195)	Decrease restricted cash
OH E	(\$309,826)	Decrease development corporation fees
OH E	(\$241,980)	Reduce debt service reserve contributions for Greenhills and Fairfax Court
OH E	(\$165,813)	Update personnel complement
OH E	(\$61,381)	Decrease licenses, fees and permit expenses
OH E	(\$18,430)	Decrease replacement reserve contributions
OH E	(\$5,857)	Net decrease of interest on Greenhills and other properties
OH E	(\$2,141)	Adjust debt service various properties
	(\$2,680,562)	
OHRF R	\$1,101,891	Increase Commitment Fees
OHRF R	\$656,210	Increase Development fees
	\$1,758,101	
OHRF E	\$1,756,627	Increase cash flow restriction
OHRF E	\$1,474	Increase transfer from OHRF for RE division
	\$1,758,101	

Grants R	\$893,284	Increase county rent supplement program
Grants R	\$408,632	Increase federal portion of McKinney grants
Grants R	\$150,943	Increase county portion of McKinney grants
Grants R	\$64,140	Increase housing locator grant from county
Grants R	\$27,769	Add draw from McKinney program reserves to balance grant
Grants R	\$16,128	Increase service coordinators funding from county
Grants R	\$4,332	Increase transfer from County Contract to Housing Locators to balance
Grants R	\$3,700	Increase HOME - RAP grant
Grants R	\$2,982	Increase transfer from County Contract to State Housing Counselor grant
Grants R	\$2,841	Increase transfer from County Contract to State Service Linked Housing Emergency Assistance grant
Grants R	\$1,636	Increase transfer from County Contract to State RAP
Grants R	\$1,555	Increase tenant income - McKinney grants
Grants R	\$729	Increase emergency assistance grant
Grants R	\$246	Increase turnkey grant
Grants R	(\$195,434)	Reduce County Contract grant
Grants R	(\$6,831)	Decrease transfer from County Contract to ROSS-FSS grant
Grants R	(\$3,776)	Decrease transfer from County Contract to State Emergency Assistance grant
Grants R	(\$666)	Decrease Capital Fund Grant
	\$1,372,210	
Grants E	\$893,290	Increase HAP expense on Rent Supplement grant
Grants E	\$263,598	Increase restricted cash flow
Grants E	\$180,000	Add case management on McKinney X
Grants E	\$79,584	Increase McKinney HAP expense
Grants E	\$68,472	Increase Housing Locator program expenses
Grants E	\$65,717	Increase various McKinney program expenses
Grants E	\$39,865	Add portion of CRM costs to County Contract
Grants E	\$11,133	Increase transfer from County Contract to Tanglewood and RAD 6 for counselor salaries
Grants E	\$9,747	Increase Service Coordinator program expenses
Grants E	\$6,381	Increase restricted cash flow on Service Coordinator grant
Grants E	\$4,332	Increase transfer from County Contract to Housing Locators to
Grants E	\$2,982	Increase transfer from County Contract to State Housing Counselor grant
Grants E	\$2,841	Increase transfer from County Contract to State Service Linked Housing Emergency Assistance grant
Grants E	\$1,636	Increase transfer from County Contract to State RAP
Grants E	(\$210,171)	Update Complement
Grants E	(\$20,000)	Decrease transfer from County Contract to properties for rental license fees
Grants E	(\$16,590)	Decrease management fee - County Contract
Grants E	(\$6,831)	Decrease transfer from County Contract to ROSS-FSS grant
Grants E	(\$3,776)	Decrease transfer from County Contract to State Emergency
	\$1,372,210	

FY 2018 Proposed Capital Budget Comparison from Recommended Budget		Revenues	Expenses	Recommended Budget	Net Changes to Revenue	Net Changes to Expenses	Revenues	Expenses	Proposed Budget
Capital Improvements									
	East Deer Park	\$152,404	\$152,404	\$0	(\$127,404)	(\$127,404)	\$25,000	\$25,000	\$0
	Kensington Office	\$249,999	\$249,999	\$0	(\$224,999)	(\$224,999)	\$25,000	\$25,000	\$0
	Information Technology	\$810,000	\$810,000	\$0	\$178,880	\$178,880	\$988,880	\$988,880	\$0
	Opportunity Housing Properties	\$4,960,915	\$4,960,915	\$0	\$64,609	\$64,609	\$5,025,524	\$5,025,524	\$0
	Public Housing Properties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$6,173,318	\$6,173,318	\$0	(\$108,914)	(\$108,914)	\$6,064,404	\$6,064,404	\$0
Capital Development Projects									
	900 Thayer	\$14,370,121	\$14,370,121	\$0	\$0	\$0	\$14,370,121	\$14,370,121	\$0
	Alexander House	\$14,272,957	\$14,272,957	\$0	\$0	\$0	\$14,272,957	\$14,272,957	\$0
	Ambassador	\$44,036,499	\$44,036,499	\$0	\$0	\$0	\$44,036,499	\$44,036,499	\$0
	Bauer Park Apartments	\$6,955,007	\$6,955,007	\$0	\$0	\$0	\$6,955,007	\$6,955,007	\$0
	Chevy Chase Lake	\$39,181,615	\$39,181,615	\$0	(\$0)	(\$0)	\$39,181,615	\$39,181,615	\$0
	Elizabeth House III	\$41,655,648	\$41,655,648	\$0	\$0	\$0	\$41,655,648	\$41,655,648	\$0
	Greenhills Apartments	\$5,238,800	\$5,238,800	\$0	\$15,129,501	\$15,129,501	\$20,368,301	\$20,368,301	\$0
	Shady Grove	\$0	\$0	\$0	\$7,200,000	\$7,200,000	\$7,200,000	\$7,200,000	\$0
	Stewartown	\$4,604,019	\$4,604,019	\$0	\$0	\$0	\$4,604,019	\$4,604,019	\$0
	Town Center Apartments	\$6,085,457	\$6,085,457	\$0	\$0	\$0	\$6,085,457	\$6,085,457	\$0
	Waverly House	\$1,033,430	\$1,033,430	\$0	\$0	\$0	\$1,033,430	\$1,033,430	\$0
		\$177,433,553	\$177,433,553	\$0	\$22,329,501	\$22,329,501	\$199,763,054	\$199,763,054	\$0
TOTAL - ALL FUNDS		\$183,606,871	\$183,606,871	\$0	\$22,220,587	\$22,220,587	\$205,827,458	\$205,827,458	\$0

Footnotes - explanation of changes

- CI R \$178,880 Increase Capital Improvements Budget for Information Technology
- CI R (\$224,999) Decrease Capital Improvements Budget for the Kensington Office
- CI R (\$127,404) Decrease Capital Improvements Budget for East Deer Park
(\$173,523)
- CI-OH R (\$148,625) Decrease Alexander House Capital Improvements for sale of tax credit units
- CI-OH R \$213,234 Adjust Capital Improvements Budget for various Opportunity Housing properties
\$64,609
- CI R (\$108,914) Total
- CI E \$178,880 Increase Capital Improvements Budget for Information Technology
- CI E (\$224,999) Decrease Capital Improvements Budget for the Kensington Office
- CI E (\$127,404) Decrease Capital Improvements Budget for East Deer Park
(\$173,523)
- CI-OH E (\$148,625) Decrease Alexander House Capital Improvements for sale of tax credit units
- CI-OH E \$213,234 Adjust Capital Improvements Budget for various Opportunity Housing properties
\$64,609
- CI R (\$108,914) Total

- CD R \$15,129,501 Adjust timing of Greenhills Renovation
- CD R \$7,200,000 Add Shady Grove Renovation
\$22,329,501
- CD E \$15,129,501 Adjust timing of Greenhills Renovation
- CD E \$7,200,000 Add Shady Grove Renovation
\$22,329,501

Development and Finance Committee

APPROVAL OF THE FINANCING PLAN AND BUDGET, FEASIBILITY AND PUBLIC PURPOSE FOR GREENHILLS APARTMENTS LIMITED PARTNERSHIP



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
JENNIFER HINES ARRINGTON
UGONNA IBEBUCHI

June 7, 2017

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EXECUTIVE SUMMARY

Greenhills Apartments (“Greenhills” or the “Property”) is a 78-unit development originally constructed in 1984 on 8.204 acres on the east side of Route 27 just south of downtown Damascus. 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. The Property is completing the pre-development phase of a planned renovation scheduled to begin late summer 2017 and is presenting herein the Financing Plan to perform said renovation.

On January 8, 2016, interim financing was closed upon using a short-term, tax-exempt, interest-only loan from BB&T Bank in the amount of \$4,320,000 which repaid funds drawn under the PNC Real Estate Line of Credit (“RELOC”) for the Property.

On September 7, 2016, the Commission approved a Preliminary Development Plan for the renovation of the Property which included the submission of a Low Income Housing Tax Credit (“LIHTC”) application to the Maryland Department of Housing and Community Development (“DHCD”). The Commission also authorized management to freeze new leasing at the Property to create up to 12 vacant units to facilitate rehabilitation to avoid temporary off-site relocation of residents during construction.

On December 19, 2016, the Commission approved PNC Real Estate-Tax Credit Capital as LIHTC Syndicator for Greenhills and authorized the Executive Director to negotiate and execute a Limited Partnership Agreement. The projected capital contribution from the tax credit equity investor is approximately \$5.6 million.

On April 5, 2017, the Commission approved a Final Development Plan including the sale of Greenhills Apartments to Greenhills Apartments Limited Partnership and plans to renovate and refinance the Property, scheduled to begin in August 2017.

The 4% LIHTC application was submitted to DHCD on February 7, 2017, and staff received an award letter for 4% tax credits on May 17, 2017.



EXECUTIVE SUMMARY

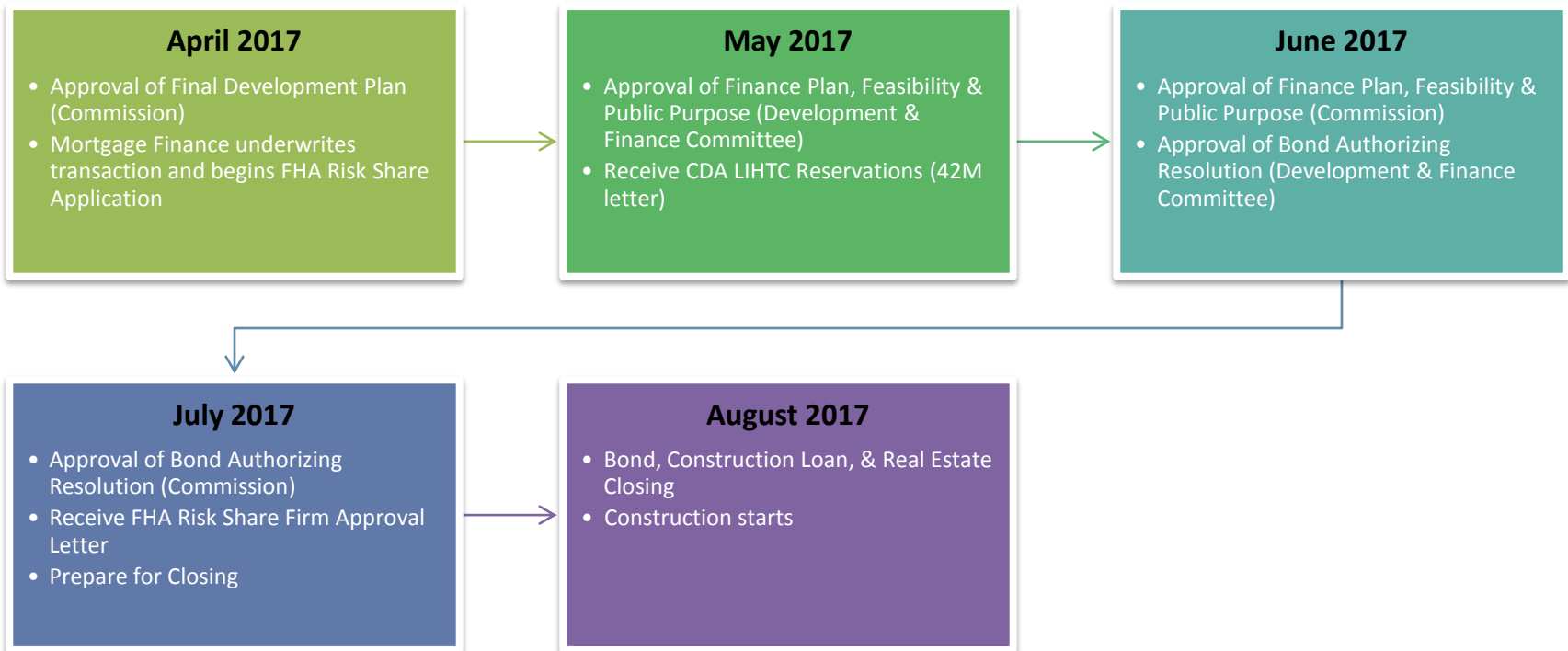
Staff has completed its underwriting and recommends the Development and Finance Committee approve and recommend to the Commission the following:

- Approval of the Financing Plan and Budget totaling \$25,534,076 for Greenhills Apartments that includes the combined use of proceeds from the issuance of private activity bonds (credit enhanced by FHA under its Risk Sharing Agreement with HOC), short-term, tax-exempt construction draws on the PNC RELOC, bridge funding during construction by way of draws on the PNC RELOC, LIHTC equity, a seller note, and deferred developer fees.
- Approval for HOC to provide credit enhancement via FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing agreement between HOC and HUD, and share 25%/75% in the risk for the transaction.
- Approval of the feasibility and public purpose for Greenhills and allocate up to \$12 million in volume cap for the transaction.
- Approval of PNC Capital Markets, LLC as the Senior Manager for the tax-exempt bond issuance for Greenhills Apartments.

EXECUTIVE SUMMARY

	Greenhills Apartments	
Units/Affordability	78 Units 71% Affordable (55 Units)	
	1 55 22	Office ≤ 60% AMI Market
Amount of Bond Issuance (up to)	\$12,000,000	
Permanent Financing/First Mortgage	\$11,081,537 Private Activity Bonds / Risk Share Mortgage	
Short-Term, Tax-Exempt Financing (to meet the 50% test)	\$378,244 Tax-Exempt Draws on PNC RELOC	
Construction Bridge Loan	\$1,988,164 Tax-Exempt Draws on PNC RELOC	
Permanent Interest Rate	4.85%	
Amortization	35 Years	
Debt Service Coverage Ratio	1.15	
County Participation	Payment-in Lieu of Taxes (PILOT) Agreement Estimated Value of PILOT \$107,312 in CY 2019	

FINANCING SCHEDULE



PROPERTY OVERVIEW



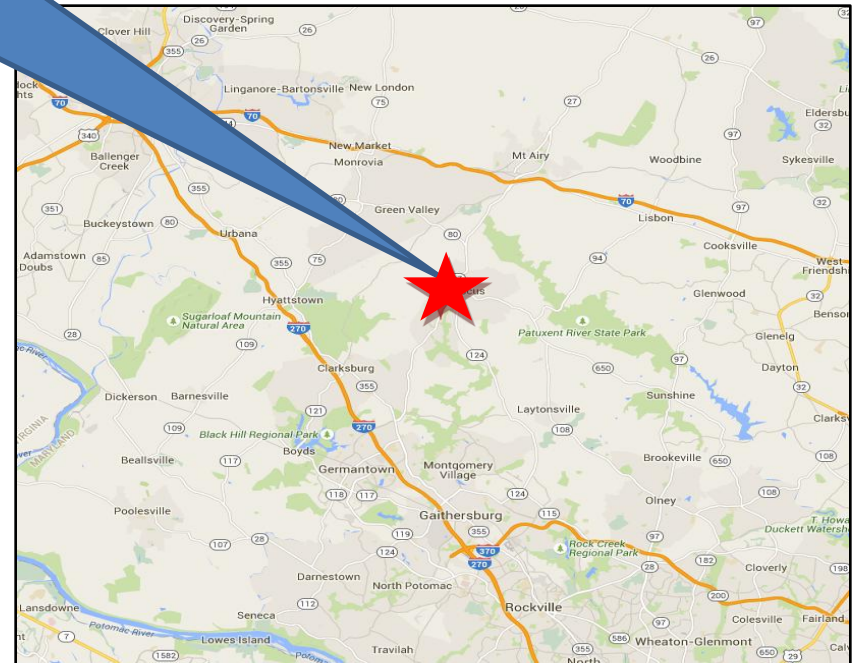
Location	10560 Tralee Terrace, Damascus, MD
Owner	Housing Opportunities Commission
Property Manager	Avison Young
Total Units	78
Unit Mix	1 unit – 2BR/1BA (apt)/office 25 units – 2BR/1BA (apt) 30 units – 2BR/2.5BA (TH) 22 units – 3BR/1.5BA (TH)
Current Occupancy	80% as of 5/11/17

Public Purpose Greenhills will be a mixed income community with 55 units reserved for families and individuals earning 60% of the Area Median Income (AMI) or below and 22 units rented at market rates.

- 55 units (or 71%) @ 60% AMI or less
- 22 units (or 29%) @ Market rate rents

Vacancy 16 units. Leasing at the property temporarily ceased in an effort to maintain at least 12 vacant units in order to facilitate renovations and allow for tenants to relocate within the community. Leasing efforts have begun again, but potential tenants and tenant lease renewals are deterred by the likelihood of having to move to another unit during renovations.

Planned Renovation The proposed renovation scope includes interior units, stairways, exterior walls, roofing, decks and patios, a new playground for children, as well as fencing and exterior site work.



FINANCING PLAN

The Greenhills transaction contemplates: a) the issuance of tax-exempt Private Activity Bonds to fund a permanent mortgage loan insured by the FHA Risk Sharing Program; b) short term, tax-exempt draws on the PNC RELOC to enable the transaction to meet the 50% Test; c) bridge funding during construction by way of draws on the PNC RELOC; d) LIHTC equity, which will mostly be contributed upon cost certification and stabilized occupancy; e) use of \$300,000 in existing replacement reserves; f) a deferral of 19% of the Developer's Fee; and, g) a Seller's Note.

Greenhills requires approximately \$11.5 million of tax-exempt financing to qualify for 4% tax credits. The permanent, 35-year, FHA Risk Share mortgage loan is expected to be approximately \$11.08 million. The transaction is expected to generate approximately \$5.6 million in tax credit equity, which will be contributed in stages: 1) 20% at loan closing; 2) 16.21% at construction completion; 3) 51.16% at cost certification and stabilized occupancy; and, 4) 4.63% at the issuance of 8609s, the IRS certification which enables the owners of a low-income rental buildings to obtain an allocation of low-income housing tax credits for each building they own in a multi-building development. During the rehabilitation period, approximately \$378,244 will be funded by way of short-term, tax-exempt draws on the PNC RELOC. Private activity bond cap of up to \$12 million will be allocated at the outset for the bonds. Staff anticipates a need for up to \$1.98 million in bridge financing for construction, which staff recommends utilizing the PNC RELOC.

Upon construction completion, cost certification and issuance of the 8609s, the bridge loan and short-term tax-exempt draws on the PNC RELOC will be repaid and the remaining portion of the developer fee paid with equity contributions from the tax credit investor, Columbia Housing SLP Corporation, an entity of PNC Real Estate Tax Credit Capital. Amortization of the long-term, tax-exempt, Risk Share mortgage will commence after final FHA endorsement in August 2019.

Sources	Amount	Per Unit
Tax-Exempt Mortgage Loan	\$11,081,537	\$142,071
Short Term Tax-Exempt Bonds	\$378,244	\$4,849
LIHTC Proceeds	\$5,602,825	\$71,831
Existing Replacement Reserves	\$300,000	\$3,846
Seller's Take-Back Loan	\$7,701,470	\$98,737
Deferred Developer Fee	<u>\$470,000</u>	<u>\$6,026</u>
Total Sources	\$25,534,076	\$327,360

Uses	Amount	Per Unit
Acquisition Cost	\$12,040,000	\$154,359
Construction or Rehabilitation Cost	\$6,452,340	\$82,722
Costs Related to Construction	\$1,889,501	\$24,224
Financing & Legal Costs	\$1,388,299	\$17,799
Repayment of Short-Term Debt	\$378,244	\$4,849
Development Fees	\$2,476,690	\$31,752
Initial Reserves @ \$2,500/unit	\$195,000	\$2,500
Operating Reserves, Guarantees, & Soft Cost Contingency	<u>\$714,002</u>	<u>\$9,154</u>
Total	\$25,534,076	\$327,360

TRANSACTION HIGHLIGHTS

Public Purpose	Greenhills preserves 55 (71%) affordable units @ 60% of AMI. The market rate units will remain market rate, workforce housing.
County Interest	Rehabilitation of this property preserves safe, quality, affordable housing for individuals and families in the County. HOC has received a recommendation for a Payment in Lieu of Taxes (PILOT) agreement from the county, which is estimated to be valued at \$107,312 in CY 2019.
Volume Cap Allocation	No more than \$12 million in volume cap will be required for tax-exempt bond financing. Currently, \$41,925,000 of volume cap is available for use. (See page 11.)
Bond Financing	\$11.1 million – long-term, tax-exempt, permanent mortgage at 4.85% interest and 35-year amortization \$378,244 – short-term, PNC RELOC tax-exempt draws at 68.5% of 1 Month LIBOR plus 38 basis points
Credit Enhancement	The permanent mortgage loan will be enhanced with FHA Risk Share mortgage insurance. No credit enhancement required for short-term draws on the RELOC. HOC will share 25% of the risk; FHA 50%.
Construction Bridge Loan	\$1,988,164 – short-term, PNC RELOC tax-exempt draws at 68.5% of 1 Month LIBOR plus 38 basis points. Draw will be repaid with LIHTC equity.
LIHTC Equity	Approximately \$5.6 million – The tax credit equity will be paid in stages: 1) loan closing; 2) construction completion; 3) cost certification & stabilized occupancy; and 4) issuance of the final 8609s. The LIHTC syndicator, PNC Real Estate Tax Credit Capital, has offered \$1.185 per credit.
Developer Fee	The developer’s fee will be \$2,476,690; however, \$470,000 will be deferred.
Development Team	Owner/Developer – HOC General Contractor – Hamel Builders, Inc. Architect – Bennett Frank McCarthy Architects, Inc. Property Management – Avison Young LIHTC Syndicator/Investor– PNC Real Estate -Tax Credit Capital/Columbia Housing SLP Corporation Trustee – U.S. Bank

GREENHILLS: DEBT FINANCING COMPARISON

	1 (Recommended)	2 (Alternative)
Short + Long-term Debt	PNC RELOC + Long-term Bonds	Short-Term Notes + Long-term Bonds
Total Need	\$11,459,781 \$378,244 – Short-term \$11,081,537 – Long-term	\$11,459,781 \$378,244 – Short-term \$11,081,537 – Long-term
Description	<ul style="list-style-type: none"> • Use of proceeds from the public sale of Private Activity Bonds for tax-exempt construction financing; short term debt will be drawn to meet the 50% for LIHTC. • FHA Risk Sharing will provide credit enhancement for permanent debt. • A portion of the \$5.6 million in LIHTC equity and deferred developer fees will pay off the RELOC draw. 	<ul style="list-style-type: none"> • Issue short-term notes and use the proceeds from the public sale of Private Activity Bonds for tax-exempt construction financing • A portion of the approximately \$5.6 million in LIHTC equity and deferred developer fees will pay off the short term notes.
Benefits	<ul style="list-style-type: none"> • Low cost construction financing • Certainty of execution 	<ul style="list-style-type: none"> • Certainty of execution • Fixed interest rate for long & short term debt.
Risks/ Cons	<ul style="list-style-type: none"> • Timing of RELOC payoff • Interest rate fluctuation: 68.5% of 1 Month LIBOR plus 38 basis points 	<ul style="list-style-type: none"> • Higher interest rate for short term bonds than RELOC: 1.9% (projected). • Higher issuance costs
Mitigants	<ul style="list-style-type: none"> • 60 bps cushion included in interest rate 	<ul style="list-style-type: none"> • 60 bps cushion included in interest rate



PRO FORMA

Current	CY 2016	Per Unit
Effective Gross Income (EGI)	\$1,109,178	\$14,220
Operating Expenses	\$388,034	\$4,975
Replacement Reserves	\$78,000	\$1,000
Net Operating Income (NOI)	\$721,143	\$9,245
Debt Service	\$66,776	\$856
Cash Flow Before Distributions	\$654,367	\$8,389
DSCR	10.79	

Stabilized Proforma	CY 2019	Per Unit
Effective Gross Income (EGI)	\$1,254,939	\$16,089
Operating Expenses	\$473,364	\$6,069
Replacement Reserves	\$27,300	\$350
Net Operating Income (NOI)	\$781,575	\$10,020
Debt Service	\$679,631	\$8,713
Cash Flow Before Distributions	\$101,945	\$1,307
DSCR	1.15	

- Currently, the property is financed with an **interest-only loan** from BB&T Bank for \$4.3 million (scheduled to mature on January 8, 2018).
- Post-rehabilitation, the Property is expected to reach 93% occupancy in CY 2019, its first stabilized year. Rent and expense annual growth rates are projected at 2% and 3%, respectively.
- Operating expenses in CY 2019 are projected to be \$6,069 per unit, escalating 3% annually.
- Annual replacement reserves contributions in conformance with its permanent, Risk Share mortgage will be \$350/unit.
- The Property will benefit from a continuing Payment in Lieu of Taxes (“PILOT”) agreement from Montgomery County.
- Staff anticipates that the Property will comfortably support the proposed \$11.1 million loan with a debt service coverage ratio of 1.15.

VOLUME CAP NEED/USES (\$'000)

Year	2015	2016	Projected 2017	Projected 2018
Balance Carried Forward	\$88,742	\$29,011	\$44,784	\$3,225
Special Allocation				
Annual Bond Cap Allocation	\$35,869	\$36,246	\$35,643	\$36,000
	1%	2%	1%	1%
TOTAL BOND CAP AVAILABLE	\$124,611	\$65,258	\$80,427	\$39,225
HOC PROGRAMS				
Single Family	\$0	\$19,503	\$16,363	
Arcola Towers	13,545	\$970		
Waverly House	\$22,305			
Ambassador Apartment				\$0
Alexander House		\$0	\$22,139	
Greenhills			\$12,000	
Elizabeth House III				\$18,800
Town Center Apartments				\$9,100
900 Thayer		\$0		\$15,000
Bauer Park				\$11,200
Stewartown			\$7,500	
TOTAL HOC PROGRAMS	\$35,850	\$20,473	\$58,002	\$54,100
PRIVATE DEVELOPERS				
Gaithersburg - Olde Towne	\$25,525			
Germantown - Churchill II				
Bethesda – Lakeview House	\$34,225			
Willow Manor at Fairland			\$19,200	
TOTAL PRIVATE ACTIVITY	\$59,750	\$0	\$19,200	\$0
TOTAL BOND CAP REMAINING	\$29,011	\$44,784	\$3,225	(\$14,875)

- At the end of 2016, HOC had \$44,785,000 of volume cap available.
- HOC was allocated \$35.6 million of bond cap in 2017 from the State of Maryland.
- Currently, there is \$41,925,000 of volume cap available, less bond cap used for Alexander House in early 2017 and Single Family in May 2017.
- HOC expects to request the bond cap need (in excess of available cap) to complete additional projects in 2018.

BOND CAP MATRIX

The Bond Cap Matrix was developed to measure and compare qualitative and quantitative variables of all tax-exempt bond transactions of the Commission. The indices were first introduced 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.

Qualitative variables were introduced with quantitative variables to provide support for the allocation of volume cap, should the pure numbers suggest otherwise. The variables measured relate to pricing, feasibility, and public purpose for not only Greenhills, but for the preceding 17 other properties that were evaluated for HOC financing.

#	Name of Property	Year	Score
1	Greenhills	2017	83%
2	Alexander House	2017	90%
3	Waverly House	2015	94%
4	Arcola Towers	2015	94%
5	Lakeview House	2015	81%
6	Olde Towne Apartments	2015	88%
7	Churchill Senior Living Phase II	2014	85%
8	Galaxy Apartments	2010	83%
9	Victory Forest	2008	88%
10	Forest Oak Towers	2007	77%
11	Covenant Village	2006	96%
12	Oakfield Apartments	2005	85%
13	Stratford Place Apartments	(Not financed)	
14	Clopper's Mill Manor	2004	88%
15	Charter House	(No cap allocation)	
16	Blair Park Apartments	2004	94%
17	Olney Manor Apartments	2004	88%
18	Randolph Manor Apartments	2002	88%

BOND CAP MATRIX: QUALITATIVE VARIABLES

Factors	Score	Comments
Public Purpose	+	55 units at 60% of AMI or lower to be preserved.
Fees	+	\$229,196 financing fee at closing and \$487,041 of ongoing loan management fees (2 years construction +15 years compliance period)
Structure – Term of Affordability	+	LIHTC transaction with extended use provision for 30 years of affordability.
Credit Enhancement – Risk to HOC	+	The long-term bonds will be supported by FHA mortgage insurance pursuant to the Risk Share Agreement with HOC
Readiness to Proceed	+	Development plan approved; financing approvals pending. Closing planned early August, 2017.
Need to Use Bond Cap	N/A	Volume cap supports the development of the project and generates fees for HOC.
Geography	neutral	Located in Damascus, a low density area near schools, convenient retail and recreation centers.
Developer Experience	+	Experienced development team
Project Design	+	The development contains 26 apartment units and 52 townhouse units, an appropriate unit mix for families.
Apartment Type	neutral	The community consists of garden (Apt) /townhome (TH) units, ideal for families.
Bedroom Mix	+	26 units – 2BR/1BA (Apt), 30 units – 2BR/2.5BA (TH), 22 units – 3BR/1.5BA (TH)
Cost per Unit	-	\$327,360 per unit (\$154,359 is acquisition cost and \$83,972 is rehabilitation cost, not including contingency.)
Delivery Date	+	Tenant in place renovations to begin in August 2017 and finish in October 2018.
HOC Ownership	N/A	HOC will retain managing ownership; majority ownership by limited partner investors.
Community Needs	+	Moderate to High. The current supply of conventional, stabilized rental units in the Greenhills market area has a low vacancy rate of 3% as of September 2016, per a recent market study. Even with the projected delivery of up to 895 new units to the market area between 2016-2019, there is still a projected excess demand for new rental units.

BOND CAP MATRIX: QUANTITATIVE VARIABLES

Factors	Score	Comments
Tax Exempt Savings Index	+	For every dollar of savings to the developer, we achieve \$6.78 of public purpose.
Cap Usage Index	+	For every dollar of bond cap allocated, we achieve \$0.67 in public purpose.
Public Purpose Index	-	The percentage of the total market potential that is devoted to public purpose is 14% for this transaction.
Unit Cap Cost Index	+	For every dollar of cost per unit, \$0.62 is provided in volume cap.

The current projections for the Property anticipate public purpose that exceeds the basic LIHTC requirement. Tax-exempt, bond financed transactions require a minimum 20% of units to be reserved for households with incomes at or below 50% of AMI or 40% of the units to be reserved for households with incomes at or below 60% of AMI. Of the 78 units planned for renovation, 55 of the units will be restricted to households making 60% or less of the Washington DC/MD/VA area AMI. The remaining 22 rental units will remain market rate, workforce housing and 1 unit will be used as an office. The rehabilitation of the Property will preserve safe, quality, affordable housing for individuals and families in the County.

The Public Purpose Index appears low due to the Property's location in the Damascus area, where market rents more closely align with the Frederick market and demonstrate lower rents than other parts of Montgomery county, where market rents are much higher. However, the property is still providing a substantial public purpose by providing 71% of its units to households earning 60% or less of AMI, which exceeds the minimum required for Tax-exempt bond financed transactions. It also generates fees to the Commission which enable it to continue to realize its public purpose mission.

Taken together, the combined qualitative and the quantitative variables score of 83% supports an allocation of up to \$12 million of bond cap for 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.

ISSUES FOR CONSIDERATION

Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve the Financing Plan and Budget, Feasibility, and Public Purpose for Greenhills Apartments?

- Having completed the underwriting, reviewed the approved Development Plan, evaluated various financial executions, and confirmed operating projections, this project is believed to be feasible.
- By providing financing to renovate a combined 55 affordable rental units at or below 60% of the AMI and 22 market rate, workforce housing units, the allocation of the Commission's volume cap totaling approximately \$12 million to this transaction is appropriate and supported by the discussion in the Bond Cap Matrix Summary.
- The investment preserves affordable housing for individuals and families in a submarket that has excess demand for rental housing, according to a market study procured by HOC. The availability of two-story townhouse units at Greenhills is also a distinguishing factor that addresses the housing needs of larger families with children.
- The investment generates fees to the Commission that will assist in furthering of its public purpose.

Does the Commission wish to assume 25% of the risk on the long-term, permanent mortgage issued on the Property through FHA Risk Share mortgage insurance?

Does the Commission wish to appoint PNC Capital Markets, LLC as the senior manager for the transaction?

FISCAL/ BUDGET IMPACT

The transaction will likely have a positive impact on the budget since loan management fees, currently projected at \$10,500 annually, will increase to approximately \$27,704 annually, totaling \$470,968 over the required 17 year period. The Commission will also receive a 2% commitment fee (\$221,631) which will be divided, 40% to the Commission's General Fund and 60% to the Opportunity Housing Reserve Fund (OHRF).

TIME FRAME

Action at the June 7, 2017 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 the following:

1. The Greenhills Financing Plan and Budget, totaling \$25,534,076 in transaction costs, includes the combined financing sources of LIHTC equity, short-term tax-exempt draws on the PNC RELOC, a permanent mortgage loan (credit enhanced by FHA Risk Sharing), a seller note, a bridge loan for construction draws utilizing the PNC RELOC, a deferred developer fee and a portion of the Property's existing Replacement Reserve. Debt financing will include the following:
 - Issuance of private activity, tax-exempt bonds for approximately \$11.1 million to fund a permanent mortgage loan;
 - Short term tax-exempt draws of approximately \$378,244 on the PNC RELOC to enable the transaction to meet the 50% Test LIHTC requirement and will be repaid via LIHTC equity contribution; and,
 - A bridge loan from the PNC RELOC or another internal HOC source of approximately \$1.98 million to be repaid via LIHTC equity contribution.
2. To provide credit enhancement via FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing agreement between HOC and HUD, and share 25% / 75% in the risk for the transactions.
3. To permit tax-exempt draws on the PNC RELOC to meet the 50% test for LIHTC and to fund a bridge loan during construction draws, if applicable, not to exceed \$2.5 million in aggregate for Greenhills Apartments Limited Partnership.
4. To allocate volume cap for Greenhills Apartments for up to \$12 million.
5. The Feasibility and Public Purpose for Greenhills Apartments, given that 71% of the units are affordable at or below 60% of AMI.
6. PNC Capital Markets, LLC, as Senior Manager for the tax-exempt bond issuance for Greenhills Apartments.

RESOLUTION No.: 17-41a

RE: Approval of the Financing Plan and Budget, Feasibility and Public Purpose for Greenhills Apartments, and Authorization for the Commission to Make Loans and for Greenhills Apartments Limited Partnership to Accept Loans in Accordance with the Financing Plan

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

WHEREAS, Greenhills Apartments (the "Property") is a 78-unit, mixed-income apartment and townhome community located at 10560 Tralee Terrace in Damascus, Maryland which was acquired by the Commission in 1998; and

WHEREAS, on November 14, 2014, a tax-exempt draw on the Commission's PNC Bank, N.A. Real Estate Line of Credit ("RELOC") was made in the amount of \$4,200,000 to retire the mortgage on the Property; and

WHEREAS, on January 8, 2016, interim financing was closed upon using a 12-month, tax-exempt, interest-only loan (the "Interim Loan") from BB&T Bank in the amount of \$4,300,000 to retire a draw on the RELOC, a previous interim source in anticipation of a rehabilitation plan for the property; and

WHEREAS, on December 7, 2016, the Commission approved the extension of the Interim Loan for up to an additional 12 months, in accordance with the Interim Loan terms; and

WHEREAS, on April 5, 2017, the Commission approved a Final Development Plan (the "Development Plan") that proposed a sale of the Property to Greenhills Apartments Limited Partnership (the "Partnership") and a tenant-in-place renovation financed by Commission-issued tax-exempt bonds, equity from the sale of 4% Low Income Housing Tax Credits (LIHTC), tax-exempt draws on the RELOC to meet 4% LIHTC requirements and to fund construction, a seller take-back loan, and a deferred Developer Fee; and

WHEREAS, upon rehabilitation, the Property will reserve 55 units (71%) for households with incomes that are at or below 60% of the Washington, DC-MD-VA Area Median Income (AMI), one (1) unit for a management office, and the remaining 22 units for households paying market rate rents; and

WHEREAS, the Commission controls Greenhills Apartments GP LLC, an affiliate entity that serves as the general partner of the Partnership; and

WHEREAS, staff explored options for construction and permanent financing for the Property, including a combination of short-term debt (i.e. Short-term Notes versus draws on the RELOC and long-term debt (i.e. loans funded from the proceeds of the Commission's issuance of tax-exempt, Private Activity Bonds), credit-enhanced by the Federal Housing Administration's (FHA) mortgage insurance pursuant to a Risk Sharing Agreement between the Commission and FHA; and

WHEREAS, after reviewing options for debt financing, the transaction, as proposed, will be financed using a number of sources including LIHTC equity; short-term tax-exempt loan by way of draws on the RELOC to meet the 50% test for LIHTC and for bridge funding during construction; the issuance of tax-exempt, Private Activity Bonds to fund a permanent mortgage loan insured by the FHA Risk Sharing Program; acquisition financing in the form of a seller take-back loan; a deferred Developer Fee; and, a portion of the Property's existing Replacement Reserves (collectively, the "Financing Plan"); and

WHEREAS, in the event the RELOC is unavailable and/or the Partnership's LIHTC investor does not approve of it as a funding source for the short-term construction loan, the Commission is prepared to issue tax-exempt short-term bonds to fund a construction loan insured through the FHA Risk Sharing Program in the same amount; and

WHEREAS, the Property will require an allocation of a portion of the Commission's tax-exempt volume cap in an amount not to exceed \$12 million; and

WHEREAS, a review of the transaction has been completed and it has been determined that given the financial commitments to the Property and its operating projections, this transaction is believed to be feasible, and that by providing 55 units (71%) at or below 60% of the AMI, the Property will provide significant public purpose supporting an allocation of tax-exempt volume cap.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting in its own capacity, and for and on behalf of Greenhills Apartments GP LLC, acting in its capacity as the general partner of Greenhills Apartments Limited Partnership, that the Financing Plan and Budget, Feasibility and Public Purpose, as recommended by the Development and Finance Committee, are hereby approved and that the staff is hereby authorized to proceed with the review and processing of the necessary financing applications and other documentation.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves of the allocation of tax-exempt volume cap in an amount not to exceed \$12 million for the transaction and authorizes the Commission to make tax-exempt loans to the Partnership as follows:

1. For short-term construction financing (no more than 30 months), up to \$2.5 million will be loaned to the Partnership by way of tax-exempt draws on the Commission's RELOC to meet the 50% Test for LIHTC for approximately \$378,244 and provide bridge funding for approximately \$1.9 million (or, alternatively, through the issuance of tax-exempt short-term bonds)(the "Short-Term Loan"); and
2. For long-term permanent financing, a senior mortgage loan of up to \$12 million, funded by the proceeds from the issuance of tax-exempt, Private Activity Bonds, with credit enhancement by FHA Risk Sharing (the "Permanent Loan").

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves assuming 25 percent of the risk for the Permanent Loan in accordance with the Risk Sharing Agreement between the Commission and FHA and, therefore, the issuance of a Financing Commitment.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Greenhills Apartments GP LLC, acting in its capacity as the general partner of Greenhills Apartments Limited Partnership, approves Greenhills Apartments Limited Partnership acceptance of the Permanent Loan.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the appointment of PNC Capital Markets, LLC as senior manager for the issuance of tax-exempt, Private Activity Bonds, in accordance with the Financing Plan for the Property.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting in its own capacity and for and on behalf of Greenhills Apartments GP LLC, acting in its capacity as the general partner of Greenhills Apartments Limited Partnership, authorizes and directs the Executive Director, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the consummation of the Greenhills Apartments Financing Plan and 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 adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on June 7, 2017.

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Patrice M. Birdsong
Special Assistant to the Commission

RESOLUTION No.:17-41b

RE: Approval of Tax-Exempt Draws not to exceed \$2,500,000 by HOC on the PNC Bank Real Estate Line of Credit (\$90 million) to Pay for Rehabilitation Costs for Greenhills Apartments

WHEREAS, Greenhills Apartments (the “Property”) is a 78-unit apartment and townhome community located in Damascus, Maryland that is owned by the Housing Opportunities Commission of Montgomery County (“HOC”); and

WHEREAS, HOC has approved a Final Development Plan and Financing Plan for the Property, which propose the substantial rehabilitation of the property, preserving it as an affordable housing development in the northern section of Montgomery County; and

WHEREAS, HOC negotiated a Real Estate Line of Credit (“RELOC”) with PNC Bank, National Association and may use the line to provide short-term financing for the pre-development, rehabilitation, and acquisition of multifamily properties in Montgomery County; and

WHEREAS, HOC has the option to draw funds on a taxable basis with an interest rate at an optional (1-month, 2-month, or 3-month) London Interbank Offered Rate (“LIBOR”) plus 58 basis or on a tax-exempt basis at 68.5% of an optional LIBOR plus 38 basis points; and

WHEREAS, HOC desires to fund a portion of the construction costs with the RELOC as part of the approved Financing Plan for the rehabilitation of the Property and desires to make a series of draws beginning on or about August 2017.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that a series of tax-exempt draws on the PNC Bank, National Association Real Estate Line of Credit for an aggregate amount not to exceed \$2,500,000 is approved for a maximum term of 30 months from construction closing.

BE IT FURTHER RESOLVED that the Executive Director is authorized to take any and all 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 without further Commission action.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on June 7, 2017.

Patrice M. Birdsong
Special Assistant to the Commission

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AUTHORIZATION TO CONTRACT FOR ALARM AND SPRINKLER
INSTALLATION AT BAUER PARK AND APPROVAL TO ADVANCE FUNDS
FROM THE OPPORTUNITY HOUSING RESERVE FUND TO FULLY FUND
THE CONTRACT

SECTION 236 HOUSING AGE-RESTRICTED DEVELOPMENT



STACY L. SPANN, EXECUTIVE DIRECTOR

**KAYRINE V. BROWN
ZACHARY MARKS
JAY SHEPHERD**

June 7, 2017

Table of Contents

Bauer Park Apartments is located at 14639 Bauer Drive in Rockville, Maryland (“Bauer Park”). This packet outlines the use of County Capital Improvements Program (CIP) funds for the required installation of a sprinkler and fire alarm system with water main upgrades to accommodate the new sprinkler service.

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Summary & Recommendation	7

Executive Summary

- Bauer Park Apartments is located at 14639 Bauer Drive in Rockville and is financed with a Section 236 mortgage which is still outstanding. Bauer Park is owned by Banor Housing, Inc., a non-profit created to develop the property, whose board includes three HOC Commissioners.
- In the FY10-18 County Capital Improvements Program (CIP) Amendment cycle, the County Council authorized \$8,820,000 to install sprinklers and fire alarms in three Public Housing buildings (Arcola Towers, Holly Hall, and Elizabeth House) that serve seniors. The CIP appropriation also included funding of sprinkler and fire alarm system installation at Bauer Park and after delays to address water pressure deficiencies at the property, the work is now preparing to begin.
- Under the CIP authorization, \$1,076,890 is available to Bauer Park for the programming and mobilization needs to install the fully pressurized system.
- Staff has solicited an Invitation For Bid (IFB #2047 Fire Protection, Code Up-Grades and Water Main Upgrade at Bauer Park Apartments) and received two compliant responses from Hamel Builders (\$1,814,664) and Nichols Contracting Inc. (\$1,585,357).
- Based on these responses, the cost to install new sprinkler and fire alarm systems at Bauer Park the work will exceed the available funds in the CIP by \$523,110; therefore, staff requests authorization for short-term advance from the Opportunity Housing Reserve Fund (“OHRF”) to supplement the gap. The OHRF will be reimbursed from refinancing proceeds.
- Staff recommends proceeding with the selection of Nichols Contracting, Inc. to complete the sprinkler and fire alarm installation and fund the contract from 1) residual dedicated CIP funds, and 2) the OHRF.
- A final renovation scope will be developed and presented for Commission approval to include only those elements of the property that need replacement and updating.

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
Bauer Park Apartments	3 buildings, 3-story low-rise, 142 units	\$1,326,272	\$1,076,890
Arcola Towers**	12-story high-rise, 141 units	\$2,659,858	\$0
Elizabeth House**	16-story high-rise, 106 units	\$2,767,130	\$0
Holly Hall Apartments**	3-story low-rise, 96 units	\$1,566,415	\$0
Town Center Apartments**	10-story high-rise, 112 units	\$400,000	\$0
Contingency		\$100,325	\$0
Total CIP Funds Available <i>** Installation complete, funds expended.</i>		\$8,820,000	\$1,076,890

Opportunity Housing Reserve Fund “OHRF” Balances

The unobligated balance in the OHRF as of March 31, 2017 is \$7,069,099. If approved, and with obligations considered herein of \$523,110, the remaining balance would be \$6,545,989.

IFB #2047 Fire Protection and Code Upgrades at Bauer Park

Procurement

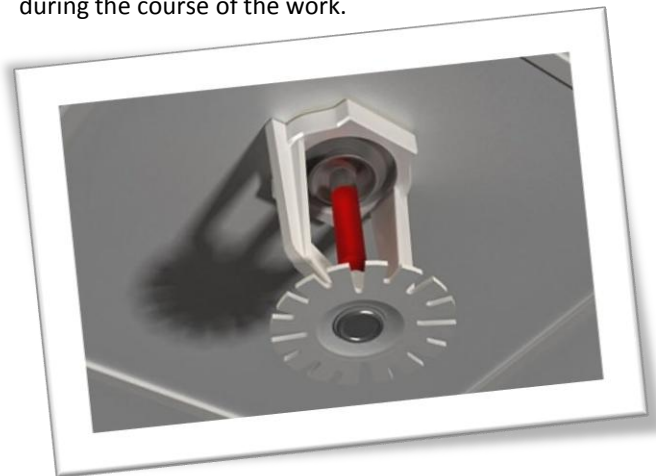
On April 19, 2017, HOC issued IFB #2047 Fire Protection and Code Upgrades at Bauer Park designed to solicit bids from qualified Fire Protection Contractors who are licensed by the State of Maryland and registered with the Washington Suburban Sanitary Commission (WSSC) as a Master Plumber and insured to conduct business within the State of Maryland and Montgomery County.

On April 26, 2017, a mandatory pre-bid conference was held at Bauer Park and representatives from three firms were present for the conference.

On May 12, 2017, two (2) qualified bids were received by the HOC Procurement Office. Staff from three HOC departments convened to review and qualify bids.

IFB #2047 Scope of Work

Provide and install 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 including the water main upgrade. Units will be occupied during the course of the work.



June 7, 2017



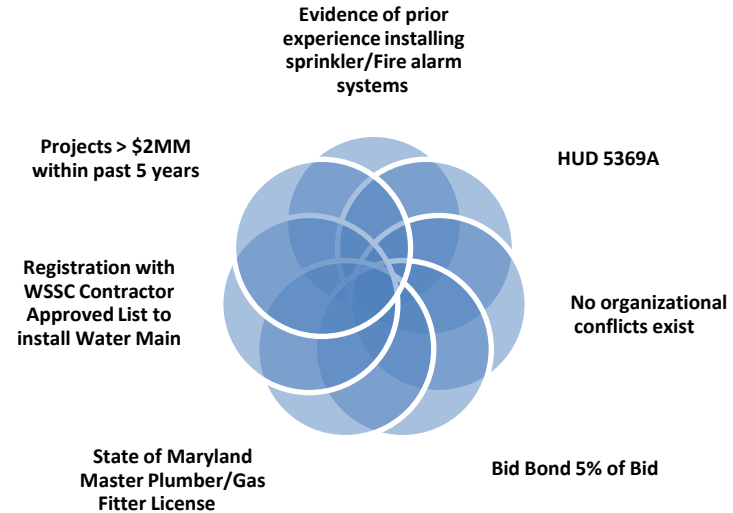
IFB #2047 Bidder Evaluation

Bidder List

Nichols Contracting, Inc.
 508 Olney Sandy spring Rd, #200
 Sandy Spring, MD 20860
 Phone: (301) 924-5258

Hamel Builders of Washington, LLC
 2520 Pennsylvania Avenue SE
 Washington, DC 20020
 Phone: (202) 584-2100

Minimum Bid Requirements



Bid Tabulation

Name of Contractor	Prior Sprinkler and Water Main Experience	HUD 5369A & 2530	Organizational Conflicts Exist	Bid Bond	MD Master Plumber/Gas Fitter License	Registration with WSSC Contractor Approved List	Meets Project Min. Size requirement	Base Bid ²
Nichols Contracting, Inc.	Yes	Provided	No	Yes	Yes	Yes	Yes	\$1,585,357
Hamel Builders of Washington, LLC	Yes	Provided	No	Yes	Yes	Yes	Yes	\$1,814,664

NOTES:

1. In strict accordance with HOC Procurement, FB #2047 required a mandatory pre-bid meeting. All participants at the meeting were eligible for bidding and are represented herein.
2. BASE BID Meets Davis-Bacon requirements to satisfy the funding restrictions enforced under the County's Capital Improvements Program ("CIP") and HOC Works required by the Commission on projects greater than \$50,000.

Recommendation Rationale

Recommended Contractor

- Staff recommends Nichols Contracting, Inc. for award under procurement IFB #2047.
- Nichols Contracting, Inc. met all the threshold requirements of the IFB. In addition, Nichols Contracting, Inc. has demonstrated experience with prevailing wage jobs and HOC Works programs. They also hold valid electrical license and low-voltage license in the State of Maryland.
- The project team includes the following subcontractors:
 - Water Main Upgrades – Utilities Unlimited, Inc. (WSSC Approved Water & Sewer Contractor)
 - Sprinkler - Capitol Sprinkler Contracting, Inc.
 - Fire Alarm & Electrical Installation – Nichols Power Systems Company, Inc.
 - Earthwork – Ashton Manor Landscaping
 - ACM Contractor – Southern Insulation Asbestos Removal Company

Mitigating Impact to our Residents

- Nichols Contracting, Inc. has vast experience in multifamily sprinkler installations, including recent work for HOC at Holly Hall.
- Nichols Contracting, Inc. has demonstrated awareness of tenant and client needs including superior communication with all stakeholders.
- Nichols Contracting, Inc. employees and subcontractors are selected and trained to be respectful of resident's home 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

1. Does the Commission wish to accept the recommendation of the Development and Finance Committee and authorize the Executive Director to enter into contract negotiations with Nichols Contracting, Inc. for the installation of fire protection systems and equipment pursuant to IFB #2047 as defined by the Housing Opportunities Commission for an amount not to exceed \$1,600,000?
2. Does the Commission wish to accept the recommendation of the Development and Finance Committee and approve an advance of funds from the Opportunity Housing Reserve Fund (“OHRF”) for \$523,110 to cover the difference between the CIP allocation and contract award value with funds will be reimbursed from the refinancing proceeds later at closing expected in the second quarter of calendar year 2018?

BUDGET / FISCAL IMPACT

There is no adverse impact for the Agency’s FY 2017 or FY 2018 operating budgets. The unobligated balance in the OHRF as of March 31, 2017 is \$7,069,099 and if this request is approved, the unobligated balance would be reduced to \$6,545,989.

TIME FRAME

Deliberation at the May 19, 2017 Development and Finance Committee meeting. Commission action is requested on June 7, 2017 meeting of the Commission.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

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

1. Authorize the Executive Director to enter into contract negotiations with Nichols Contracting, Inc. 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 \$1,600,000 with the funding is from the remaining Montgomery County Capital Improvement Program funds allocated to HOC for sprinkler projects at deeply subsidized properties that serve seniors. Work will be scheduled immediately upon Commission approval; and
2. Approve Gap funding from the OHRF for an amount of \$523,110 to cover the difference between the CIP allocation and contract award value; funds will be reimbursed from the refinancing proceeds later at closing in the second quarter of calendar year 2018.

June 7, 2017

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RESOLUTION No: 17-42

RE: Authorization to Contract for Alarm and Sprinkler Installation at Bauer Park and Approval to Advance Funds from the Opportunity Housing Reserve Fund to Fully Fund the Contract

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

WHEREAS, Bauer Park Apartments is an age-restricted development owned by Banor Housing, Inc., a non-profit created to develop the property with a board of directors that includes three HOC Commissioners; and

WHEREAS, as part of ongoing renovations at Bauer Park Apartments, staff solicited an Invitation For Bid #2047 Fire Protection, Code Up-Grades and Water Main Upgrade at Bauer Park Apartments (“IFB #2047”) on or about A and received two responses; and

WHEREAS, the Commission desires to award a contract to Nichols Contracting, Inc. as lowest priced, qualified bidder under IFB #2047; and

WHEREAS, the cost to install new sprinkler and fire alarm systems at Bauer Park is an estimated \$1,585,357, which exceeds the available funds in the CIP by \$523,110; and

WHEREAS, staff is therefore requesting approval of a short-term advance from the Opportunity Housing Reserve Fund (“OHRF”) to fully fund the contract, to be reimbursed with the refinancing proceeds of a tax-exempt bond issuance that is projected to close during the second quarter of calendar year 2018.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to award a contract to Nichols Contracting, Inc., for the installation at the Bauer Park Apartments 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 related work as required in an amount not to exceed \$1,600,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the contract with Nichols Contracting, Inc. shall be funded from the remaining Montgomery County Capital Improvements Program “Continued Funding of Sprinkler Systems for HOC Elderly Properties” (“CIP”), and the difference between the available CIP funds and the contract award value shall be funded by an advance from the Opportunity Housing Reserve Fund for an amount not to exceed \$523,110, and that such advance is expected to be repaid from the proceeds of a tax-exempt bond issuance that is projected to close during the second quarter of calendar year 2018.

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 7, 2017.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL TO INCREASE PREDEVELOPMENT BUDGET AND FUNDING FOR SUBMISSION OF THE DETAILED SITE PLAN FOR ELIZABETH HOUSE III, ELIZABETH HOUSE IV, AND THE SOUTH COUNTY REGIONAL RECREATION AND AQUATIC CENTER (“SCRRAC”) AND TO COMPLETE CONSTRUCTION DEVELOPMENT PLANS FOR ELIZABETH HOUSE III AND THE SCRRAC



STACY L. SPANN, EXECUTIVE DIRECTOR

KAYRINE V. BROWN
ZACHARY MARKS
BRIAN KIM
HYUNSUK CHOI

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Executive Summary

- The Commission approved pre-development funding of \$730,000, \$910,949, and \$600,000 on March 6, 2014, September 2, 2014, and August 5, 2015, respectively. The funds were used to analyze project feasibility, preparation of project and preliminary plan, and schematic designs for Elizabeth Square Development. The Planning Board unanimously approved the project and preliminary plan on July 23, 2015.
- On October 7, 2015 the Commission approved revisions to the development plan to eliminate all studio units at Elizabeth House III and modify the approved preliminary plan during site plan submission, reduce the total unit count from 277 to 267, and change the unit mix within the development. To continue to move the development towards site plan approval, the Commission approved predevelopment budget of \$4,500,000 to complete the design and engineering documents for Elizabeth Square, issuance of permits for Elizabeth House III, and the closing on the construction financing for Elizabeth House III. The funding request was divided into four installments, each requiring separate Commission approval.
 - ✓ On October 7, 2015, the Commission approved the first installment of predevelopment funding totaling \$750,000 to begin work for submission of the site plan for Elizabeth House III.
 - ✓ On April 6, 2016, the Commission approved the second installment of funding totaling \$1,500,000 to complete site plan submission for approval and complete design development plans for Elizabeth House III.
 - ✓ On September 7, 2016, the Commission approved the third installment of funding totaling \$1,500,000 to complete and submit permit set drawings and begin work on construction document plans for Elizabeth House III. As of today, \$980,264 of the approved third installment of funding remain available for pre-development expenses.
 - ✓ On September 7, 2016, the Commission approved pre-development funding of \$1 million to close the Condominium Master Lease with Lee Development Group (“LDG”) for the Fenwick Business Park (site of the new Elizabeth Square III) by September 30, 2016. As of today, \$170,089 (approximately four months) remain unspent for future monthly lease payments to LDG.

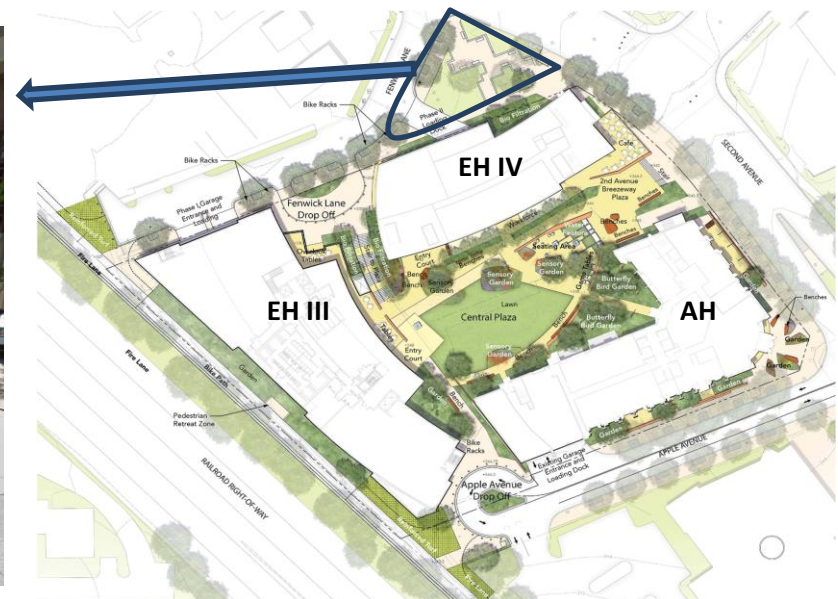
Executive Summary

- On October 20, 2016, the initial site plan for EH III was approved by The Maryland-National Capital Park and Planning Commission (“M-NCCPC”).
- During the site plan approval process, HOC approached the Department of Recreation (“MCR”) and the Department of General Services (“DGS”) in April 2016 with the idea to include a new South County Regional Recreation and Aquatic Center (“SCRRAC”) within the Elizabeth Square development. HOC, KGD Architecture, DGS and MCR toured existing County facilities to understand the requirements of a Regional Recreation Center. KGD Architecture then studied the program of requirements as well as the potential layout of the facility, and proposed an approximate 120,000 gross square feet facility to DGS and MCR in June 2016.
- On February 13, 2017, the County Executive presented to the PHED Committee a supplemental appropriation to the FY17 Capital Budget and amendment to the FY 17-22 Capital Improvements Program in the amount of \$3,800,000 for the SCRRAC. The appropriation will fund planning and design costs for the new SCRRAC. On February 28, 2017, the County Council approved the \$3,800,000 request.



Executive Summary

- Staff met with County’s Department of Transportation (“DOT”) and Vickie Gaul (County Attorney) on October 6, 2015 to discuss acquiring the Right of Way (“ROW”) next to current Elizabeth House. The DOT staff and County Attorney supported utilizing the ROW to enhanced the Elizabeth Square Development.
- Subsequent to the initial meeting with DOT staff and their counsel, staff and HOC’s legal team (Lerch Early & Brewer) met with County Council members and other County departments to provide updates regarding the use of the ROW to enhance the overall development. Meetings resulted in favorable comments from all parties.
- Subsequently, on April 12, 2017, HOC petitioned DOT for the abandonment of a portion of the ROW comprising the original alignment of Fenwick Lane, the area bounded by HOC and Alexander House Development Corporation (“AHDC”) properties on the south, the current alignments of Fenwick Lane on the west, and Second Avenue on the east.



Executive Summary

- To incorporate the new SCRRAC and the use of the ROW into the Elizabeth Square Development, staff will have to submit a revised site plan to M-NCPPC. Staff anticipates revised site plan to be submitted in June 2017. The site plan approval process and abandonment and disposition of the ROW can occur concurrently.
- Therefore, staff is requesting to increase the predevelopment budget up to \$8,598,825 to complete the following tasks for the Elizabeth Square Development.
 - ✓ Complete revised site plan to incorporate SCRRAC and revised EH IV building to incorporate the ROW to add additional 30,000 square feet of density into the Elizabeth Square Development.
 - ✓ Complete permit set and construction drawings for EH III Apartments.
 - ✓ Complete permit set and construction document for SCRRAC.
- \$4,366,740 will be funded from proceeds from the recapitalization of Arcola Towers, Waverly House, and Alexander House.
- \$860,689 is requested to be funded from OHRF.
- \$3,371,395 will be funded from County CIP; however, approximately \$1,600,176 for expenses related to the SCRRAC incurred through August 2017 will need to be advanced from the unobligated balance of proceeds generated from Arcola Tower, Waverly House, and Alexander House Apartments to avoid delays in the project.



Executive Summary

Proposed Unit Mix

Unit Type	# of Total Units	% of Total Units	Average Unit Size S.F.
Affordable Units *			
1 BR	120	45%	566
Total Affordable Units	120	45%	
MARKET UNITS			
1 BR	139	52%	566
2 BR	8	3%	933
Total Market Units	147	55%	
TOTAL	267	100%	

* **Note:** There are 120 affordable units which include *106 RAD PBRA units from Elizabeth House and 14 LIHTC unit at or below 60% of Area Median Income.*

Summary of Projected Predevelopment Budget

Summary of Previously Approved Funding Requests from OHRF and Approved Funding Requests from RAD Closing

Approval Date	Approved/ Projected Amount	Funds Remaining	Sources of Funds	Use of Funds
March 6, 2014	\$730,000	\$0	OHRF	Project feasibility and preliminary plan preparation
September 3, 2014	\$910,949	\$0	OHRF	Project and preliminary plan preparation
August 5, 2015	\$600,000	\$0	OHRF	Begin site plan - SD Phase (Elizabeth Square)
October 7, 2015	\$750,000	\$0	OHRF	Continue site plan – Completed SD Phase (EH III)
April 6, 2016	\$1,500,000	\$0	OHRF	Site plan and complete design development plans.
September 7, 2016	\$1,500,000	\$980,264	RAD Proceeds	Continue Site Plan – Processing DD Phase (EH III)
September 7, 2016	\$1,000,000	\$170,089	RAD Proceeds	Close on Condominium Master Lease structure with Lee Development Group and fund lease payments advance of the closing of the financing of the transaction
January 31, 2017	(\$1,399,091)	\$0	OHRF Reimbursement	Reimbursed at Alexander House Apartments closing
June 7, 2017¹	\$8,598,825	\$0	Various	Complete revised site plan to incorporate SCRRAC and revised EH IV building to incorporate the ROW to add additional 30,000 square feet of density into the Elizabeth Square Development ,and complete permit set and construction drawings for EH III Apartments and SCRRAC.
TOTAL	\$14,190,683	\$1,150,353²		

Note:

1. Approval pending
2. The remaining \$1,150,353 will be used to pay invoices for months of April and May 2017

June 7, 2017



Projected Predevelopment Budget – EH III

EH III

Discipline	06/17	07/17	08/17	09/17	10/17	11/17	12/17	01/18	Total
Architecture (MEP, Interiors, Landscape, Structure, Lighting, LEED)	\$263,990	\$329,988	\$329,988	\$329,988	\$263,990	\$219,992	\$175,993	\$109,996	\$2,023,925
Legal (Zoning)	\$12,000	\$15,000	\$15,000	\$15,000	\$12,000	\$10,000	\$8,000	\$5,000	\$92,000
Civil Engineering	\$58,338	\$72,923	\$72,923	\$72,923	\$58,338	\$48,615	\$38,892	\$24,308	\$447,258
Construction Management (Preconstruction)	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$240,000
Third Party Consultants	\$38,058	\$20,000	\$20,000	\$20,000	\$35,000	\$35,000	\$30,000	\$20,000	\$218,058
Legal (Contract, Tax Credit(Application, Structuring & LOI Negotiation)	\$20,000						\$130,000	\$100,000	\$250,000
Tax Credit Application, Reservation Fee, Allocation Fee and Due Diligence Tasks	\$13,000	\$2,500					\$175,000		\$190,500
Demolition		\$200,000							\$200,000
Permit Fees							\$380,000		\$380,000
Brokers Fee								\$75,000	\$75,000
Monthly Lease Payment			\$41,667	\$41,667	\$41,667	\$41,667	\$41,667	\$41,667	\$250,000
Total Costs	\$435,386	\$670,410	\$509,577	\$509,577	\$440,995	\$385,273	\$1,009,552	\$405,970	\$4,366,740

- The above schedule outlines the likely predevelopment expenditures through closing. To prepare for closing during 1st Quarter of CY 2018, staff will have to engage legal services to prepare contract documents, third-party professionals, third-party reports, lease payment, architectural services to begin permit/construction drawings for the new construction plan, and prepare Low Income Housing Tax Credit (“LIHTC”) application to Maryland Community Development Administration (“CDA”).
- The unobligated balance for proceeds generated from Arcola Tower, Waverly House, and Alexander House Apartments as of April 30, 2017 is \$5,561,280. If approved, the unobligated balance is \$1,194,540.

Projected Predevelopment Budget – EH IV

EH IV

Discipline	06/17	07/17	08/17	09/17	10/17	11/17	12/17	01/18	Total
Architecture (MEP, Interiors, Landscape, Structure, Lighting, LEED)	\$50,760	\$63,450	\$63,450	\$63,450	\$50,760	\$42,300	\$33,840	\$21,150	\$389,160
Legal (Zoning)	\$18,000	\$22,500	\$22,500	\$22,500	\$18,000	\$15,000	\$12,000	\$7,500	\$138,000
Civil Engineering	\$35,931	\$44,914	\$44,914	\$44,914	\$35,931	\$29,943	\$23,954	\$14,971	\$275,471
Third Party Consultants	\$23,058	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$58,058
Total Costs	\$127,749	\$135,864	\$135,864	\$135,864	\$109,691	\$92,243	\$74,794	\$48,621	\$860,689

- The above schedule outlines the likely predevelopment expenditures through site plan approval to incorporate revised EH IV building to add the ROW and an additional 30,000 square feet of density into the Elizabeth Square development.
- The unobligated balance in the OHRF as of March 31, 2017 is \$7,069,099. If approved, the unobligated OHRF balance is reduced to \$6,208,410.
- The projected OHRF funds will be reimbursed at close of financing projected for 1st Quarter 2020.

Projected Predevelopment Budget - SCRRAC

South County Regional Recreation and Aquatic Center

Discipline	06/17	07/17	08/17	09/17	10/17	11/17	12/17	01/18	Total
Architecture (MEP, Interiors, Landscape, Structure, Lighting, LEED)	\$375,000	\$400,000	\$450,000	\$300,000	\$250,000	\$250,000	\$250,000	\$250,772	\$2,525,772
Legal (Zoning)	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$16,667	\$133,336
Civil Engineering	\$92,907	\$116,134	\$116,134	\$116,134	\$92,907	\$77,423	\$61,938	\$38,711	\$712,288
Total Costs	\$484,574	\$532,801	\$582,801	\$432,801	\$359,574	\$344,089	\$328,605	\$306,150	\$3,371,395

- On February 13, 2017, the County Executive presented to the county’s Planning Housing and Economic Development (“PHED”) Committee a supplemental appropriation to the FY17 Capital Budget and amendment to the FY 17-22 Capital Improvements Program in the amount of \$3,800,000 for the SCRRAC. The appropriation will fund planning and design costs for the new SCRRAC.
- On February 28, 2017, the County Council approved the \$3,800,000 request.
- The above schedule outlines the likely predevelopment expenditures through closing for South County Regional Recreation and Aquatic Center.
- All expenses will be reimbursed once the Development Agreement with the County is executed. The Development Agreement is expected to be executed in July/August 2017. Once the agreement is signed, staff will prepare monthly bills to the County. In the meantime, approximately \$1,600,176 for expenses related to the SCRRAC incurred through August 2017 will be advanced from the unobligated balance of proceeds generated from Arcola Tower, Waverly House, and Alexander House Apartments to avoid delays in the project until the County funding is received when the Development Agreement is executed.

Projected Predevelopment Budget - Requested Funding

The request is to increase the predevelopment budget by \$8,598,825; however, funding draws will be made in two tranches.

Request

\$4,693,267 - First installment of predevelopment funding needed by **June 2017** to complete revised site plan to incorporate SCRRAC and revised EH IV building, add the ROW and an additional 30,000 square feet of density into the Elizabeth Square Development, submit site plan, and complete design development plans.

- \$2,124,950 will be funded from proceeds approved from the recapitalization of Arcola Towers, Waverly House, and Alexander House.
- \$535,340 is requested to be funded from OHRF.
- \$2,032,977* will be funded from County CIP.

Note: \$1,600,176 to be advanced unobligated balance of proceeds generated from Arcola Tower, Waverly House, and Alexander House Apartments and reimbursed from County CIP when Development Agreement is executed in August 2017

\$3,905,558 – Second installment of predevelopment funding needed by **October 2017** to prepare construction document bid sets and to close on construction loan.

- \$2,241,790 will be funded from proceeds approved from the recapitalization of Arcola Towers, Waverly House, and Alexander House.
- \$325,349 is requested to be funded from OHRF.
- \$1,338,418 will be funded from County CIP.

Projected Schedules with new SCRRAC

Projected Sketch Plan/Preliminary Plan Amendment/Site Plan Schedule	04/17	05/17	06/17	07/17	08/17	09/17	10/17	11/17	12/17	01/18
ESquare Sketch Plan/Preliminary Plan Amendment/Site Plan Pre-Screen Submission										
ESquare Sketch Plan/Preliminary Plan Amendment/Site Plan Initial Submissions										
ESquare Sketch Plan/Preliminary Plan Amendment/Site Plan Final Submissions										
Development Review Committee (DRC) Meeting										
Planning Board Meeting										

- Staff submitted the sketch plan/preliminary plan amendment/site plan pre-screen to the County May 10, 2017.
- Staff projects the initial submission May 26, 2017 and final submission on June 8, 2017.
- Staff projects the planning board meeting for site plan approval in October 2017.
- Staff projects receipt of certified site plan by December 2017.

Architecture Schedule	17-May	17-Jun	17-Jul	17-Aug	17-Sep	17-Oct	17-Nov	17-Dec	18-Jan
Schematic Design									
Design Development									
Permit Documents									
Construction Documents									

Summary and Recommendations

Issues for Consideration

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

1. An increase to the predevelopment budget of \$8,598,825
2. Additional predevelopment funding of \$4,693,267 (includes the \$1,600,176 to be reimbursed by CIP),
3. Funding of the requested predevelopment expenditures from funds previously approved from RAD financing proceeds and Alexander House Apartment financing in the Opportunity Housing Reserve Fund (“OHRF”), other funds available in the OHRF, and County CIP?

Time Frame

Action at the June 7, 2017 meeting of the Commission.

Budget/Fiscal Impact

None. Requested funds were previously restricted for this use by the Commission (51%) or approved in the County CIP (39%). New OHRF request is 10%.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission accept the recommendation of the Development & Finance Committee and approve an increase to the predevelopment budget of \$8,598,825 and funding of the first installment of \$4,693,267 from funds previously approved from RAD financing proceeds, Alexander House financing, other funds available in the OHRF, and County CIP. This approval includes the \$1,600,176 which will be reimbursed by the County CIP funds in August 2017 when the Development Agreement with the County is executed.

Staff will return to the Commission prior to any expenditure under the second installment of \$3,905,558 and shall provide a full project update and identification of the funding sources.

RESOLUTION No.: 17-43

RE: Approval to Increase Predevelopment Budget and Funding for Submission of the Detailed Site Plan for Elizabeth House III, Elizabeth House IV, and the South County Regional Recreation and Aquatic Center ("SCRRAC") and to Complete Construction Development Plans for Elizabeth House III and the SCRRAC

WHEREAS, Elizabeth Square is a 136,032 sq. ft. parcel located in downtown Silver Spring, bounded by Fenwick Street to the North, Second Avenue to the East, WMATA Rail Lines to the West and Apple Street to the South, known as Elizabeth Square and consists of three discrete properties: Alexander House, owned by Alexander House Development Corporation and Alexander House Limited Partnership (combined as "Alexander House"); Elizabeth House, owned by the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), and Fenwick Professional Park owned by Acorn Storage No. 1, LLC a subsidiary of Lee Development Group (LDG) subject to a Master Lease to Elizabeth House III Limited Partnership, Elizabeth House III LLC and EH III Recreational Center, LLC; and

WHEREAS, on January 31, 2017, Alexander House Apartments closed on a construction loan transaction with Citi Community Capital which reimbursed \$1,399,091 to the Opportunity Housing Reserve Fund ("OHRF") for pre-development expenses totaling \$4,490,949, which included Commission approved amounts of \$730,000, \$910,949, \$600,000, \$750,000, and \$1,500,000 on March 6, 2014, September 2, 2014, August 5, 2015, October 7, 2015, and April 6, 2016, respectively; and

WHEREAS, on September 7, 2016, the Commission approved \$1,500,000 of predevelopment funds to complete and submit permit set drawings and begin work on construction document plans for Elizabeth House III; and

WHEREAS, on September 7, 2016, the Commission approved \$1,000,000 of predevelopment funds to close the Condominium Master Lease with Lee Development Group ("LDG") for the Fenwick Business Park (site of the new Elizabeth Square III) by September 30, 2016; and

WHEREAS, on February 13, 2017, the County Executive presented to the County's Planning Housing and Economic Development ("PHED") Committee a supplemental appropriation to the FY17 Capital Budget and amendment to the FY 17-22 Capital Improvements Program in the amount of \$3,800,000 for the South County Regional Recreation and Aquatic Center ("SCRRAC") in order to fund the planning and design costs for the new SCRRAC, and the appropriation was approved by the County Council on February 28, 2017; and

WHEREAS, on April 12, 2017, HOC petitioned the Department of Transportation ("DOT") for the abandonment of a portion of the Right of Way ("ROW") comprising the original alignment of Fenwick Lane, the area bounded by HOC and the Alexander House properties on the south, the current alignments of Fenwick Lane on the west, and Second Avenue on the east; and

WHEREAS, staff will have to submit a revised site plan to Maryland National Capital Park and Planning Commission ("M-NCPPC") in order to incorporate the new SCRRAC and the use of the ROW into the Elizabeth Square Development, which site plan approval process can run concurrently with the abandonment and disposition of the ROW; and

WHEREAS, the revised development plan will include 267 residential units in the Elizabeth House III Apartments (“EH III”) development, of which 120 units will be set aside as affordable units, the 120,000 square foot SCRRAC, and the 7,500 square foot Holy Cross Hospital Senior Resource Center and Primary Care Facility; and

WHEREAS, the revised Sketch Plan, Preliminary Plan, and Site Plan for Elizabeth Square will be submitted to the M-NCPPC in June 2017 with approval projected for October 2017; and

WHEREAS, Schematic and Design Development Plans for the new EH III is anticipated to be completed by June 2017; and

WHEREAS, staff seeks approval for additional predevelopment funding estimated to cost \$8,598,825 to complete the following tasks for the Elizabeth Square Development: complete revised site plan to incorporate SCRRAC and revised Elizabeth House IV (“EH IV”) building to incorporate the ROW to add additional 30,000 square feet of density into the Elizabeth Square Development, complete permit set and construction drawings for EH III, and complete permit set and construction documents for SCRRAC; and

WHEREAS, the first installment of \$4,693,267 (“First Installment”) is required in order to revise the site plan incorporating the SCRRAC, revising the EH IV building, and adding the ROW and an additional 30,000 square feet of density to the Elizabeth Square Development; and

WHEREAS, staff is requesting that \$2,124,950 of the First Installment be funded from proceeds approved from the recapitalization of Arcola Towers, Waverly House, and Alexander House for preparation of the revised sketch plan, preliminary plan, and site plan for EHIII; and

WHEREAS, staff is requesting that \$535,340 of the First Installment be funded from the OHRF for predevelopment expenditures through site plan approval to incorporate revised EH IV building; and

WHEREAS, staff is requesting that \$2,032,977 of the First Installment be funded from the Montgomery County Capital Improvements Program (“CIP”) specifically for the SCRRAC, of which \$1,600,176 will need to be advanced from the unobligated balance of proceeds generated from Arcola Tower, Waverly House, and Alexander House Apartments and reimbursed from County CIP when a Development Agreement for the SCRRAC is executed in August 2017; and

WHEREAS, the second installment of \$3,905,558 (“Second Installment”) is required in order to prepare construction document bid sets and to close on construction loan; and

WHEREAS, staff is requesting that the Second Installment, for which it will return to the Commission prior to drawing, be funded from RAD financing proceeds and Alexander House Apartment financing in the OHRF, other funds available in the OHRF, and the County CIP, for which Staff will return to the Commission prior to drawing.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes and approves:

1. An increase to the predevelopment budget for the Elizabeth Square Development of \$8,598,825 in order to complete the following tasks: revision of the site plan in order to incorporate both the South County Regional Recreational and Aquatic Center (“SCRRAC”) and the revised Elizabeth House IV (“EHIV”) building that incorporates the abandoned Right Of Way (“ROW”) and the addition of 30,000 square feet of density to the Elizabeth Square Development; completion of the permit set and construction drawings for Elizabeth House III Apartments (“EH III”) and for the SCRRAC; and
2. The First Installment of the Additional Funding of up to \$4,693,267 for the completion of the revised site plan to incorporate the SCRRAC and the revised EH IV building that incorporates the abandoned Right Of Way (“ROW”) and the addition of 30,000 square feet of density to the Elizabeth Square Development; and
3. The funding of up to \$2,124,950 of the First Installment from proceeds approved from the recapitalization of Arcola Towers, Waverly House, and Alexander House for preparation of the sketch plan, preliminary plan, and site plan for EHIII; and
4. The funding of up to \$535,340 of the First Installment for EH IV building from the Opportunity Housing Reserve Fund for predevelopment expenditures through site plan approval to incorporate revised EH IV building; and
5. The funding of up to \$2,032,977 of the First Installment for the SCRRAC from the Montgomery County Capital Improvements Program (“CIP”), \$1,600,176 of which will be advanced from the unobligated balance of proceeds generated from Arcola Tower, Waverly House, and Alexander House Apartments and then reimbursed from the County CIP upon execution of a Development Agreement in August 2017.

BE IT FURTHER RESOLVED, by the Housing Opportunities Commission of Montgomery County that staff shall return to the Commission prior to any expenditure under the Second Installment of \$3,905,558 and shall provide a full project update and identification of the funding sources.

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

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at a regular open meeting on June 7, 2017.

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Patrice M. Birdsong
Special Assistant to the Commission

**ADOPTION OF RESOLUTION IN SUPPORT OF HOLY CROSS HEALTH'S
APPLICATION FOR FUNDING FROM MARYLAND HOSPITAL ADMINISTRATION
FOR ITS PARTICIPATION IN THE ELIZABETH HOUSE III DEVELOPMENT**

June 7, 2017

- The Housing Opportunities Commission of Montgomery County (HOC) has been involved with Holy Cross Health for approximately 12 years. Together, the two organizations partnered to create Holy Cross Senior Source located at 8580 Second Avenue in Silver Spring, Maryland.
- Holy Cross Senior Source will need to relocate as part of the Elizabeth Square redevelopment project in Silver Spring, MD and wishes to apply to the Maryland Hospital Association (“MHA”) Bond Project for funding to offset the cost of relocating the new Holy Cross Integrated Senior Health project portion of the redevelopment.
- Funding under the MHA Bond Project requires a resolution from each agency jointly involved in a project evidencing its support.
- Staff recommends that the Commission accept the recommendation of the Development & Finance Committee and adopt a resolution solely in support of Holy Cross Health’s application for funding from Maryland Hospital Association Bond Project for its participation in the development of an Integrated Senior Health facility at the Elizabeth House III development.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Stacy L. Spann, Executive Director

FROM: Division: Real Estate
Staff: Kayrine V. Brown, Chief Investment & Real Estate Officer Ext. 9589
Zachary Marks, Assistant Director of New Development Ext. 9613
Brian Kim, Development Consultant
Hyunsuk Choi, Senior Financial Analyst Ext. 9762

RE: Adoption of Resolution in Support of Holy Cross Health’s Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development.

DATE: June 7, 2017

COMMITTEE REPORT: Deliberation X

OVERALL GOAL & OBJECTIVE:

To support Holy Cross Health’s application to the Maryland Hospital Association to secure funding for a portion of the Holy Cross Integrated Senior Health component at Elizabeth House III.

BACKGROUND:

The Housing Opportunities Commission of Montgomery County (HOC) has been involved with Holy Cross Health for approximately 12 years. Together, the two organizations partnered to create Holy Cross Senior Source – an award-winning program that is also supported by the Maryland Department of Aging and The Montgomery County Department of Health and Human Services –located at 8580 Second Avenue in Silver Spring, Maryland (“Elizabeth House Senior property”). Holy Cross Senior Source offers an array of health and wellness programs for active adults 55 years old and older and is designed to help seniors improve fitness of the mind and body, maintain their independence, and enhance their quality of life. Holy Cross Senior Source will need to relocate as part of the Elizabeth Square redevelopment project in Silver Spring, MD.

HOC is currently designing and plans to construct a new senior housing development called Elizabeth House III at Elizabeth Square that will provide an intergenerational living community in downtown Silver Spring, MD. The new complex will revitalize the square block bordered by Second Avenue, Apple Avenue Fenwick Land and the Metro train tracks, and provide a multitude of new amenities for residents of Elizabeth Square and the broader Silver Spring community. As part of the Elizabeth Square Development, HOC is partnering with Holy Cross Health to design a relocated Holy Cross Senior Source combined with a new primary care practice that will provide integrated health care to enhance the

physical, spiritual, and emotional health of Elizabeth Square residents and the larger Silver Spring community (“Holy Cross Integrated Senior Health”).

The Holy Cross Integrated Senior Health project will be part of Elizabeth House III of the Elizabeth Square project. Elizabeth House III is proposed as a new 15-story residential building totaling approximately 358,799 gross square feet and will provide dedicated housing to seniors. The Holy Cross Integrated Senior Health project would occupy a portion of the second floor and account for a combined 7,500 net square feet of space. The total capital budget for the Holy Cross Integrated Senior Health project portion of the redevelopment is approximately \$2.4 million with \$2.275 million associated with the construction of the new facilities and \$125,000 in equipment. It is anticipated that capital for the Holy Cross integrated senior health project will be funded through the Maryland Hospital Association (“MHA”) Bond Project (\$.746 million), HOC financing (\$1,529 million), and Holy Cross Health (\$0.125 million). The facility will be operated solely by Holy Cross Health. In the event the MHA funding does not become available, Holy Cross Health will pay an annual rent of \$49,743 over the 15-year lease term.

As a requirement for requesting MHA Bond Project funds, each organization or agency involved in a joint project must provide the State with a Board Resolution in support of the project. The request of the Commission is the adoption of a resolution to satisfy Holy Cross Health’s application for MHA Bond Funds.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept the recommendation of the Development & Finance Committee and adopt a resolution solely in support of Holy Cross Health’s application for funding from Maryland Hospital Association Bond Project for its participation in the development of an Integrated Senior Health facility at the Elizabeth House III development?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Holy Cross Health

BUDGET/FISCAL IMPACT:

There is no budget impact on the Commission’s operating budget.

TIME FRAME:

Deliberation at the May 19, 2017 Development and Finance Committee meeting. Commission action is requested on June 7, 2017 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission accept the recommendation of the Development & Finance Committee and adopt a resolution solely in support of Holy Cross Health’s application for funding from Maryland Hospital Association Bond Project for its participation in the development of an Integrated Senior Health facility at the Elizabeth House III development.

RESOLUTION NO.: 17-44

RE: Adoption of Resolution in Support of Holy Cross Health's Application for Funding from Maryland Hospital Administration for its Participation in the Elizabeth House III Development

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") has had an ongoing relationship with Holy Cross Health and Senior Source in Silver Spring, Maryland since 2004; and

WHEREAS, the Commission is currently completing designs for the new Elizabeth House III building located at the current Fenwick Business Park that will include 7,500 net square feet for an integrated senior wellness center, including Senior Source and a primary care practice to be operated by Holy Cross Health; and

WHEREAS, the Holy Cross Health Integrated Senior Health project will provide an integrated care model to enhance the physical, spiritual and emotional health of Elizabeth House III residents and the larger Silver Spring community; and

WHEREAS, the Hospital Bond Project requires that if one or more organizations are involved in a project for which capital funding is requested that each organization indicate its support of the planned project; and

WHEREAS, the Commission wishes to demonstrate its support for this project.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County supports the Holy Cross Integrated Senior Health project as part of its Elizabeth House III redevelopment project; and

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director to transmit this resolution to Holy Cross Health for use solely in connection with obtaining and implementing funding from the Maryland Hospital Administration Bond Project; and

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes and directs the Executive Director, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 7, 2017.

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Patrice Birdsong
Special Assistant to the Commission

Financial Advisor Committee

APPROVAL OF FIRM RECOMMENDED TO SERVE AS FINANCIAL ADVISOR TO THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AND AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH RECOMMENDED FIRM

June 7, 2017

- The current Financial Advisor contract with Caine Mitter & Associates Incorporated (“CMA”) expires on July 1, 2017.
- A request for proposal (“RFP”) #2055 was published and mailed to 27 firms that provide financial advisory services to issuers of municipal bonds for housing finance programs.
- A Financial Advisor Evaluation Committee met on May 18, 2017 to review the proposals, including pricing schedules.
- The Evaluation Committee recommends selection of Caine Mitter & Associates Incorporated to continue to serve as Financial Advisor to the Housing Opportunities Commission of Montgomery County and authorizes the Executive Director to negotiate and execute a two-year contract with three optional renewals to be approved by the Commission.
- The approval is conditioned on the review of CMA’s proprietary software system by a third party consultant.

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Staff: Brown/Benjamin Division: Mortgage FinanceExt. 9589/9590

RE: Approval of Firm Recommended to Serve as Financial Advisor to the Housing Opportunities Commission of Montgomery County and Authorization for the Executive Director to Execute a Contract with Recommended Firm

Date: June 7, 2017

COMMITTEE REPORT: Deliberation X

OVERALL GOAL & OBJECTIVE:

To recommend a qualified firm to provide financial advisory services to the Housing Opportunities Commission of Montgomery County that will enable it to continue to operate its single family and multifamily bond programs in pursuit of its affordable housing goals.

BACKGROUND:

On May 6, 2015, the Commission approved a two-year extension to the current Financial Advisor Contract with Caine Mitter & Associates Incorporated; however, the Commission also directed staff to complete a new solicitation and present its findings to the Commission upon the expiration of the extended period.

Precedent to that, on June 1, 2011, the Commission, based on a recommendation by a special Financial Advisor Evaluation Committee (including the then Commission Chair, Vice Chair and Chair pro tem), appointed Caine Mitter & Associates Incorporated (“CMA”) to continue to serve as its Financial Advisor for a new contract term. CMA (either in its current form or through its prior affiliations) has served the Commission successfully since the inception of its bond financing program in 1979, including the issuance of over \$5.6 billion of new and refunded single family and multifamily program bonds. Through the years, CMA has represented the Commission at a high level and has assisted the Commission in navigating a changing municipal market environment.

The Financial Advisor

As the principal regulator in the municipal securities market, the Municipal Securities Rulemaking Board (“MSRB”) develops rules for financial professionals designed to ensure a fair and efficient market by preventing fraud and other unfair practices, establishing professional qualifications, supporting market transparency, and applying uniform practices to the industry. Among these rules are those that regulate the activities of municipal advisors and clarify their obligations to the state and local governments and other municipal entities that engage their services. All municipal financial advisors must be registered with the MSRB, and any of the advisor’s staff that provides financial advisory services must have passed the Series 50 examination.

An effective Financial Advisor to the Commission is expected to perform the following functions:

1. Provide advice for the structuring and management of its municipal housing finance programs to optimize the Commission's resources. At the transaction level, it structures bond issuances, prepares quantitative cash flow analyses for each transaction, and provides annual analysis for its parity indentures under which single family and multifamily housing bonds are issued. This ensures that rating-agency-required cash flow stress runs are successful and that the issued securities are yield compliant within the meaning of the Internal Revenue Code ("IRC"). If cash flow services and program structuring are not provided by the Financial Advisor, they would need to be contracted out, as HOC has not built the capability into its operations, preferring instead a contract approach. Though not required, CMA also assumes responsibility for drafting an official statement (equivalent to a prospectus) for each HOC bond issue.
2. Coordinate the team that is responsible for various aspects of the bond issuance process such as underwriters, bond counsel, trustees, rating agency, Commission staff, and other professionals as needed. The Financial Advisor necessarily interacts with key housing finance industry participants and has direct access to changes in the industry; therefore, the Commission is provided with current and accurate information about the municipal bond markets and general financial market conditions that may affect the management of its financing programs including investment strategies, regulatory and statutory compliance, housing finance products, and market trends. This is a critical function as the municipal market is dynamic and evolving.
3. Assist with Internal Revenue Service ("IRS") audits, Securities & Exchange Commission ("SEC") reviews, MSRB inquiries, continuing disclosure matters, and rating agency reporting and reviews.
4. Conduct market surveillance and interact with Federal, State, and local housing participants to recommend the best execution, one that enables HOC to deliver affordable housing efficiently and at the lowest cost.
5. Generally inform the Commission of current market conditions and financing techniques being employed to optimize these conditions.

Procurement

The current contract with CMA will expire on July 1, 2017. On March 22, 2017, a request for proposals (RFP #2055) for firms to provide financial advisory services to the Commission was published and individually mailed to 27 financial advisory firms. Two (2) responses were received on the response date (April 12, 2017) from Caine Mitter & Associates Incorporated and CSG Advisors Incorporated ("CSG"), the same two firms that responded in 2011.

The firms were evaluated on the following criteria:

- A. Financial Advisory Team (40%)
- B. Price (20%):
- C. Prior Experience in Public Finance and Related Areas (20%):
- D. Minority/Female/Disabled Participation (5%):
- E. Presentation (10%):
- F. Location of Office (5%):

The Proposals

Staff has completed its review of the proposals. The two firms, CMA and CSG, are very similar in the services they provide to clients and detailed in each firm's proposal. They focus on a unique sector of municipal housing finance and are at the forefront of issues that impact the client and its ability to access the capital markets to fund its programs. The history of the two firms is intertwined and dates to 1981 when they were part of the same predecessor firm. They work within the regulations and statutes that govern the municipal market business and conduct quantitative analyses to implement requirements of the law, rating agencies, and financial markets.

Both firms meet the minimum requirements of possessing the required experience, providing documentary evidence of insurance coverage, demonstrated capacity to carry out the engagement if chosen, being a registered municipal advisor with staff that have passed the SEC Series 50 examination, and demonstrating possession of technology to perform quantitative analyses required to provide the highest level of financial advisory services. CMA distinguishes itself from CSG in that its technology involves the use of its proprietary software system, developed and maintained in-house, making it more flexible with the capability to adjust to clients' needs and market dynamics. CSG provides its quantitative services via a third party through a licensing arrangement.

Both firms also submitted all required information concerning prior experience in municipal finance, bond cash flow analytics, innovative techniques developed by the firm, experience with derivative products, financial soundness, and the adequacy of team staffing. They each responded satisfactorily to questions concerning knowledge, skills, and abilities.

CMA states that it has an unparalleled network in municipal finance that puts the firm in an ideal position to negotiate best structures at the lowest rates for its clients. It further highlights strong rating agency relationships with all three rating agencies; it, therefore, possesses a deep understanding of rating agency requirements for new as well as ongoing bond transactions. CMA has worked with most of the bond counsel firms in the country on a variety of bond structures. As a result, CMA has developed an understanding for the crucial aspects of the federal tax law and its interplay with the different bond and loan structures.

CSG Advisors Incorporated highlights its substantive collaborative approach to helping strengthen the HOC team in ways like those demonstrated by its history of helping and supporting other Housing Finance Agencies ("HFAs") in carrying out their long-term mission.

Fees

The fee proposals for each firm are attached but were evaluated in four categories:

1. Financial Advisory Services,
2. Cash Flow Analysis, Yield Calculations, Computer Charges,
3. Other Services,
4. Hourly Fees,
5. Expense Reimbursements.

Both firms provided fee schedules that allowed the Evaluation Committee to compare and determine the most cost effective proposal for the requested services.

Scoring and Committee Evaluation

A scoring team of staff from the Mortgage Finance, Real Estate, and Human Resources, with oversight provided by the Chief Financial Officer and the Procurement Officer, scored the responses. The resulting scores are shown in the table below:

SELECTION CRITERIA	MAX SCORE	Caine Mitter & Associated Incorporated	CSG Advisors Incorporated
Financial Advisory Team (Specific Individuals Responsible for Performance of Contract)	40%	40%	37%
Price	20%	18%	16%
Prior Experience in Public Finance and Related Areas	20%	20%	20%
Minority/Female/Disabled Participation	5%	2%	2%
Presentation	10%	9%	7%
Location	5%	0%	0%
Average Score	100%	90%	82%

- CMA, with the highest score of 90%, is the firm determined to be most suitable to serve as Financial Advisor to the Commission. CMA responded fully to the RFP and outlined a path to ensuring compliance with HOC’s Section 3 and HOC Works requirement, beyond simply paying a fee to meet the requirement. It also included Equal Opportunity Disclosure with a breakdown of its employees by race. CMA’s fees by comparison, are essentially unchanged from the last procurement for services it would provide on HOC’s transactions.
- CSG, though also highly qualified as a municipal advisor and able to provide similar services to the Commission, did not present new information that would elevate it above CMA. CSG is challenged by the time it may take to learn the Commission’s programs, which could be costlier to HOC and create disruption to its programs in the short term. Its proposal of a separate contract for the pipeline management of the Commission’s single family MBS program would significantly increase the cost to the Commission and viewed as a negative.

A summary of each firm’s background it provided in Exhibit A to this memorandum.

The Evaluation Committee engaged in a lively discussion of the two firms. It acknowledged the similarity of the services they both provide; however, several important issues were raised and staff directed to address them. As stated above, CMA has represented the Commission as its Financial Advisor since the inception of its bond program in 1979. It has also been the sole provider of financial advisory services to the Commission. Additionally, CMA uses its own proprietary software which it built and maintains. Given these three facts, the Evaluation Committee has requested that staff engages a third party consultant to evaluate the CMA software system and to confirm that it is delivering optimal results to the Commission—the request is not intended to determine accuracy of the data but the efficacy and efficiency of the system when compared to a packaged software alternative.

ISSUES FOR CONSIDERATION:

1. Does the Commission wish to accept the recommendation of the Financial Advisor Evaluation Committee to reappoint Caine Mitter and Associates Incorporated to continue to serve as Financial

Advisor to the Housing Opportunities Commission?

- **Quality of CMA Services**

CMA possesses in-depth knowledge of HOC, its mission, financial condition, and operational framework and continues to provide a high level of professionalism and industry expertise. CMA provides a full array of financial advisory and sophisticated quantitative services to HOC and it structures financing programs to maximize HOC's resources and profitability within the confines of the tax code, which results in stronger single family and multifamily housing programs.

- **Challenges to Switching Financial Advisor**

There are some challenges to switching financial advisors, but the overarching question must be: what does the Commission gain? CMA's (in particular, Tom Caine's) 38 years of history with the Commission's single family and multifamily housing programs may be replicated by a new Financial Advisor but would require a period of transition to carefully and accurately recreate the programs, thereby, resulting in an interruption of bond issuance activities of the Commission. CMA has added members to its team, thereby, ensuring succession planning for its clients.

2. Does the Commission wish to accept the recommendation of the Financial Advisor Evaluation Committee and authorize the Executive Director to negotiate and execute a contract with Caine Mitter and Associates Incorporated for an annual amount of up to \$500,000 and for an initial term of two years with three one-year optional renewals, at the discretion of the Commission, for a maximum term of five years subject to the following conditions?

- **Evaluation Committee Condition**

- i. Engage a third party consultant to evaluate CMA's proprietary software system to report on how this system compares to other alternatives available in the market place and to confirm whether the Commission is receiving the best analytical product for its programs.
- ii. The Evaluation Committee did not view this as a review of the accuracy of the numbers as the Commission has been successful over the years; however, it wants a better understanding of the system rather than the numbers as well is the degree of difficulty or challenges the Commission would experience if it switched from CMA and its proprietary system.
- iii. Staff is instructed to develop a scope of services for the evaluation, select a firm to complete the assignment, and present its findings to the Commission during the initial two-year contract term. It is staff's intent to return to the Evaluation Committee once it develops the scope of work and prior to engaging a consultant.

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Caine Mitter & Associates Incorporated

BUDGET IMPACT:

There is no impact to the Commission's operating budget for selecting CMA as Financial Advisor. The Financial Advisor is paid from revenues in the single family indenture and from proceeds of each

multifamily financing. Fees paid to Financial Advisor are included in the cost of issuance budget for each transaction and approved by the Commission of Montgomery County. Furthermore, the cost of engaging a third party consultant discussed herein will also be borne by the bond indentures.

TIME FRAME:

Action at the June 7, 2017 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission accept the recommendation of the Financial Advisor Evaluation Committee and reappoint Caine Mitter and Associates Incorporated to continue to serve as Financial Advisor to the Housing Opportunities Commission.

Staff further recommends that the Commission accept the recommendation of the Financial Advisor Evaluation Committee and authorize the Executive Director to negotiate and execute a contract with Caine Mitter and Associates Incorporated for an annual amount of up to \$500,000 and for an initial term of two years with three one-year optional renewals for a maximum term of five years.

Given the length of time that CMA has served as sole financial advisor to the Commission and the use of a proprietary software system, the approval is conditioned on engaging a third party firm to evaluate the CMA software system to confirm that the Commission has and continues to receive the best representation available in the market place.

Any request for optional renewals would be at the discretion of the Commission and would be presented for approval in advance of contract expiration.

Resolution No.: 17-45

**Re: Approval of Firm Recommended to Serve as
Financial Advisor to the Housing Opportunities
Commission of Montgomery County and
Authorization for the Executive Director to
Execute a Contract with Recommended Firm**

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, 2017, 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 advance 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 & Associates Incorporated (“CMA”) has successfully served the Commission since 1979 and continues to provide a high level of service and professionalism; and

WHEREAS, on May 6, 2015, the Commission approved a two-year extension to the current Financial Advisor Contract with CMA; however, in so doing, the Commission also directed staff to complete a new solicitation and present its findings to the Commission prior to the expiration of the extended period; and

WHEREAS, the current CMA contract expires on July 1, 2017 and consistent with the Commission’s Procurement Policy, on March 22, 2017, a request for proposals (RFP) #2055 for firms to provide financial advisory services to the Commission was published and individually mailed to 27 financial advisory firms; and

WHEREAS, two qualified firms, Caine Mitter & Associates Incorporated and CSG Advisors Incorporated (CSG), responded to the RFP; and

WHEREAS, both proposals, including respective fee structures have been reviewed by a Financial Advisor Evaluation Committee consisting of three Commissioners, and four staff members, with oversight by the Chief Financial Officer and the Procurement Officer; and

WHEREAS, upon review, both firms were determined to provide comparable financial advisory services in a specialized area of housing finance within the requisite regulatory, legal, and financial frameworks; and

WHEREAS, the analysis and preparation of cash flows and the resulting advice provided for program administration and presentation to the rating agencies is a vital and strategic part of the services provided by the Financial Advisor; and

WHEREAS, the Evaluation Committee for substantial and compelling reasons wishes to retain the services of Caine Mitter & Associates Incorporated but given the length of time that CMA has served as sole Financial Advisor to the Commission and that it employs a system when developing cash flows and other advisory services which is proprietary and thus not readily comparable or subject to staff analysis, the Evaluation Committee has instructed the staff to procure the services of a third party consultant to advise it on the efficacy of the Caine Mitter cash flow software system.

NOW THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that Caine Mitter & Associates Incorporated is approved to serve the Commission as Financial Advisor for a new two-year term with three one-year renewals by the Commission, contingent upon the staff's review of a consultant's evaluation of CMA's software system used to prepare cash flows and other analytical services used in its delivery of municipal financial advice to the Commission.

BE IT FURTHER RESOLVED that the Executive Director is authorized to enter into an initial three-year contract with Caine Mitter & Associates Incorporated, with two one-year renewals by the Commission, on the terms and conditions outlined in the submitted proposal and in an approximate amount of \$500,000 for each of the initial two years but not exceeding \$1.5 million in aggregate, to be effective on July 1, 2017.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County hereby authorizes and directs the Executive Director, without further action on its part, to take any and all other actions necessary and proper to carry out the transactions contemplated herein.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on June 7, 2017.

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Patrice Birdsong
Special Assistant to the Commission

EXHIBIT A

The Financial Advisory Firms

Caine Mitter & Associates Incorporated

CMA is an independent financial advisory firm that, acting through its personnel, has been in the business of providing financial advisory and quantitative services to state and local housing finance agencies for over 38 years, specializing in single family and multifamily housing finance as well as the fiscal management of local and state housing finance agencies. Its principal, Thomas P. Caine, has been in the business for over 42 years. CMA also acts as swap advisor and investment bidding agent for both single family and multifamily programs and provides a broad array of services to its clients. CMA is accessible and has access and knowledge of the capital markets that allows it to provide first class service to its clients.

CMA's predecessor firms include Caine & Midgley Incorporated (1978-1981), Caine Gressel, Midgley Slater Incorporated (1981-1991), and CGMS Incorporated (1991-1998). CMA has focused its expertise on advising agencies on housing finance, evolving into a cornerstone resource in the area of municipal housing finance. Over the past five years, the firm reportedly has advised on the issuance of approximately \$15 billion in 320 series of single family and multifamily bonds for its clients.

The firm's locations include Northampton, MA and New York City. It employs 15 personnel who are skilled in housing related public finance generally, and specifically in quantitative analysis with housing finance application. The firm is 100% owned by Thomas P. Caine but it employs a diverse and professional staff to represent its HFA clients.

CSG Advisors Incorporated

CSG Advisors Incorporated (CSG) is a national, full service, independent financial advisory firm that specializes in the design, financing and implementation of affordable housing, urban development, and economic development initiatives. As with CMA, the firm's history dates back to 1978 when it was part of Gressel Gressel and Slater (1978-1981), Caine Gressel Midgley and Slater (1981-1991), CGMS (1991-1998) and CSG Advisors (1998-Present).

The firm is owned by 10 of its employees and has locations in Atlanta, New York, and San Francisco. The firm provides financial advisory services in public finance and affordable housing real estate expertise to its housing finance clients. The firm's client list includes state and local housing finance agencies for which it provides advisory as well as quantitative services. The firm reports that in the past five years, it advised its clients on the issuance of 194 and 184 series of single family and multifamily housing bonds, respectively, totaling over \$14 billion.

Future Action

MEMORANDUM

TO: Housing Opportunities Commission

VIA: Stacy L. Spann, Executive Director

FROM: Kayrine Brown, Chief Investment and Real Estate Officer
Ext. 9589

RE: Approval of Renovation Budget and Scope of Work for Seven (7) Public Housing Units at Tobytown and Authorization to Select General Contractor for Renovation of Tobytown in accordance with IFB #2066.

DATE: June 7, 2017

STATUS: Consent Deliberation Status Report Future Action

OVERALL GOAL & OBJECTIVE:

To seek Commission approval of renovation budget and to select a General Contractor to undertake unit renovations at seven (7) units at Tobytown.

BACKGROUND:

Staff has issued an Invitation for Bid (IFB #2066) for construction contracting services with a due date for proposals of June 20, 2017. Upon review of the responses to the IFB, staff anticipates seeking Commission authorization to negotiate a construction contract with the recommended general contractor including approval of the budget for the renovation from CFP Year 23 (2014) Federal Capital Funds Program (CFP).

ISSUES FOR CONSIDERATION:

None at this time.

BUDGET IMPACT:

The construction contract will decrease the CFP Year 23 funds by an estimated \$350,000 and will have no impact on HOC's operating budget.

TIME FRAME:

Staff expects to bring a request to the Commission at the July 12 meeting.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

None at this time.