

Resolution No.: 15-1609  
Introduction: August 1, 2006  
Adopted: September 19, 2006

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

---

By: County Council

---

**SUBJECT:** Approval of the County's Guarantee of Notes to be Issued by the Housing Opportunities Commission of Montgomery County to Finance the Construction and Permanent Financing of the Wheaton Metro Kiss & Ride Development

**Background**

1. Article 44A, Section 2-103 of the Annotated Code of Maryland authorizes Montgomery County by local law to provide for the guarantee by Montgomery County of the principal and interest on bonds, notes, interim certificates, debentures, or other obligations issued by the Housing Opportunities Commission ("HOC") to finance the construction and rehabilitation of housing at rental rates and prices not being offered in adequate quantity by the private sector.
2. Chapter 20, Article VI of the Montgomery County Code establishes procedures for the review and approval of the issuance of HOC notes guaranteed by Montgomery County.
3. HOC has requested that the County guarantee bond anticipation revenue notes (the "Notes") to be issued by HOC for the purpose of providing construction financing for the Wheaton Metro Kiss & Ride Development, a multifamily rental housing development located in Montgomery County, Maryland. HOC has advised the County that it intends to issue long-term revenue bonds, which will not be guaranteed by the County, for the permanent financing of this development.
4. The Wheaton Metro Apartments property will consist of 173 one, two, and three bedroom rental apartment units. Thirty percent of the units, or 53 apartments, will be affordable and rent restricted, while the remaining 120 units will be rented at market rates. Of the affordable units, two-thirds, or 35 units, will be restricted to residents with incomes at or below 50% of the area median. The remaining 18 units will have the benefit of project-based housing choice vouchers and will serve tenants with incomes at or below 30% of the area median. The property will be developed as a condominium with two units, the 120 unit market rate portion will be owned by the Wheaton Metro Development Corporation, a nonprofit corporation created and controlled by the HOC, the 53 unit affordable housing portion will be owned by a limited partnership so that the property can raise equity from the sale of Low Income Housing Tax Credits. HOC will serve as the managing general partner of the limited partnership.

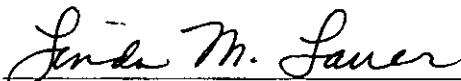
5. Under the requirement of Article 44A, Section 15 of the Annotated Code of Maryland, and Chapter 20, Article VI of the Montgomery County Code, HOC submitted to the County Council and County Executive a Bond Financing Application for the Wheaton Metro Kiss & Ride Development, dated June 5, 2006 (the "Bond Financing Application"), attached as Exhibit A and made a part of this resolution, which:
  - (a) establishes the terms and conditions of the Notes;
  - (b) describes the project and consideration and related project costs;
  - (c) contains estimates of operating costs,
  - (d) contains schedules of reserves for depreciation and major maintenance;
  - (e) explains the use of reserves relating to Notes issued for the benefit of the project;
  - (f) explains the potential obligations of the County arising from a default with respect to any Notes issued for the benefit of the project;
  - (g) describes the accounting systems;
  - (h) describes the terms and conditions for construction financing of the project;
  - (i) reviews the existing and potential project safeguards;
  - (j) includes timing and other provisions concerning the sale of the Notes; and
  - (k) provides an estimate of the bond interest rate.
6. As required under Chapter 20, Article VI of the Montgomery County Code, the County Executive has considered the feasibility of the proposed terms and conditions of the Notes and, in a memorandum to the President of the County Council dated July 27, 2006, the County Executive requested that a hearing be held by the County Council to consider the merits of the HOC proposal and further recommended approval of the Bond Financing Application.
7. A public hearing was held on September 19, 2006, to consider the merits of the Bond Financing Application. HOC's recommendation regarding the proposed financing was provided at and prior to the public hearing.

**Action**

The County Council for Montgomery County, Maryland approves the following resolution:

1. The full faith and credit guarantee by Montgomery County, Maryland of the Notes to be issued in a principal amount not to exceed \$36,350,000 for the benefit of the Wheaton Metro Kiss & Ride Development is approved.
2. The maximum total interest cost on the Notes may not exceed \$3,366,340, as calculated using true interest cost on the Notes not exceeding 6.40% per annum.
3. The terms of the Notes, the purposes for which the proceeds of the Notes may be expended, and the method for controlling the expenditures for the development financed by the proceeds of the Notes must be in accordance with the Wheaton Metro Apartments Bond Financing Application and all applicable law.
4. A commercial bank is authorized to serve as Trustee under the Trust Indenture to be executed by HOC in connection with the issuance of the Notes. The Trust Indenture must be approved by the County Executive and the Director of Finance prior to the issuance of the Notes.
5. The Director of Finance is hereby authorized and directed to execute and deliver all documents relative to the issuance and the terms of the Notes, the County's guarantee and any other documents or certificates thereof as he deems necessary and appropriate to effectuate the purposes of this resolution. This documentation must include an agreement by HOC to repay the County any amounts drawn on the County's guarantee, with interest (calculated at the rate of interest payable on the Notes).
6. This resolution takes effect as authorized under Chapter 20, Article VI of the Montgomery County Code.

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council

APPROVED



George L. Leventhal, President, County Council