

**Rockville Housing Enterprises
Special Meeting of The Board of Commissioners Meeting Minutes
Monday, November 11 at 6:30 p.m. Board Meeting**

MEETING TO BE HELD VIA ZOOM/ TELECONFERENCE

To Join via Zoom Video Conference:

<https://zoom.us/join> Meeting ID: 92765065009 Passcode: 226657

To Join via Zoom Telephone Conference:

Dial In: 301-715-8592 Meeting ID: 927 6506 5009 Passcode: 226657

Present

Chair, Stacy Kaplowitz
Vice Chair, Edward J. Duffy
Commissioner, Kapres Meadows
Commissioner, Mayela Ngimbi
Commissioner, Bobby Byrd

In Attendance

Christele Etienbla, RHE Executive Director
Brian Kim, CDC Consultant LLC

6:30 PM Call to Order

Chair Stacy Kaplowitz called the November 11, 2024, meeting of the Rockville Housing Board of Commissioners Meeting to Order.

6:32 Orlo New Extension Fee

Executive Director Christele Etienbla informed the board that RHE had approached Orlo to extend the loan due to delays in closing. Initially, Orlo proposed three 3-month extensions with a fee of \$330,000. However, following the Board's approval of a 49% partnership, Orlo applied for a credit, reducing the extension fee by one-third. The updated fee is now \$220,000, with a 2% interest increase calculated at \$24 million instead of \$33 million, reflecting a \$9 million adjustment tied to the partnership. Given the circumstances, accepting this revised fee appears to be the only viable option.

Chair Stacy Kaplowitz expressed concern about the project extending beyond March and emphasized the importance of securing flexibility for potential additional fees. She suggested requesting a six-month extension rather than a three-month extension. All board members agreed to seek a six-month extension.

Executive Director Etienbla requested the board's temporary approval of the three-month extension request while awaiting Orlo's decision on a six-month extension.

Chair Stacy Kaplowitz motioned to approve Orlo's temporary extension fee. Vice Chair Edward Duffy moved to approve the temporary three-month extension fee, and Commissioner Kapres Meadows seconded the motion. All in favor, said aye.

6:39 County Interim Loan

Executive Director Christele Etienbla introduced the next agenda item, the \$1.5 million County interim loan, by informing the board that RHE had explored repayment options to avoid Orlo's extension fee. These included a proposal from the MAP lender and an application for \$33 million from the County's Non-Profit Preservation Fund, which was declined. However, the County offered a short-term \$1.5 million loan with a 2% interest rate over six months, repayable 90 days after closing. This loan, currently under review, is intended to help RHE cover the extension fee, replenish the interest reserve, and assist with mortgage payments through March 2025.

Chair Stacy Kaplowitz and Commissioner Bobby Byrd raised questions regarding the loan's underwriting and its impact on the broader deal.

Brian Kim, CDC Consultant, provided the following updates to the board:

- Of the \$1.5 million loan, \$500,000 is expected to be used if the CDA closes in March, with the remaining amount to be offset by additional deferred development fees, to be repaid later through cash flow.
- The Tax credit pricing is being underwritten at 88 cents. While no significant shifts are expected in the next 30–60 days, the pricing cannot yet be locked in due to uncertainties, including potential tax policy changes under the new administration. A signed LOI exists, but credit pricing may fluctuate during this transitional period.
- The Projected cash flow over 15 years is \$3.8 million, sufficient to cover \$2.7 million in deferred fees, including \$700,000 from the loan. The repayment of the deferred fees remains feasible within the 15-year timeline.

Chair Stacy Kaplowitz motioned to approve the \$1.5 million county interim loan. Vice Chair Edward Duffy moved to approve the \$1.5 million County interim loan. Commissioner Kapres Meadows seconded the motion. All in favor, said aye.

6:48 pm \$770,000 County Allonge Note

Executive Director Christele Etienbla presented the next agenda item: the additional \$770,000 from the County, which will be treated as a loan and added to the existing notes.

Chair Stacy Kaplowitz requested clarification on how the additional County loan relates to the interim loan. Brian Kim explained that the \$770,000 is separate from the closing delay and is designated for pre-development costs and mortgage payments.

Commissioner Bobby Byrd expressed uncertainty about the overall funding narrative and sources. Brian Kim clarified that the \$770,000 represents supplemental funding to address these specific needs.

Chair Stacy Kaplowitz motioned to approve the \$770,000 allonge note. Commissioner Bobby Byrd moved the motion, seconded by Commissioner Kapres. All in favor, said aye.

6:55 RHE Scarborough Square LLC Ownership Transfer to RHE Dev Corp

Executive Director Christele Etienbla introduced the agenda item regarding the ownership transfer of RHE Scarborough Square LLC to RHE Development Corporation. She provided background on RHE Development Corporation, established to manage all real estate development projects. Previously approved by the council, this structure streamlines operations by eliminating the need for council approval for actions involving entities owned or created under RHE Development Corporation, such as taking out loans or entering partnerships. The transfer is also necessary to transition to a tax credit partnership ownership structure.

Commissioner Bobby Byrd inquired about potential transfer taxes and fees.

Brian Kim confirmed that there should be no additional costs due to the entities being wholly owned by RHE.

Chair Stacy Kaplowitz and Commissioner Bobby Byrd inquired about the timing of the transfer and its benefits for closing.

Executive Director Christele Etienbla explained the advantage of making the transfer now to ensure everything is in order before the transaction occurs. Brian Kim added that transferring the asset to RHE Development as the GP under the LP structure and executing the operating agreement would simplify the process.

Chair Stacy Kaplowitz motioned to accept the transfer. Commissioners Kapres moved the motion, seconded by Chair Edward Duffy. All in favor, said aye.

7:01 Meeting Adjourned

Chair Stacy Kaplowitz motioned to adjourn the meeting. Chair Edward Duffy seconded the motion. Commissioner Bobby Byrd seconded the motion. All in favor, said aye.