HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
Board of Commissioners Monthly Meeting
In-Person: Pip Moyer Recreation Center
Tuesday, June 23, 2026 – 4:30 pm

Agenda

I. **Call to Order/Roll Call**

II. **Approval of Minutes**

- May 26, 2026 – Open Meeting Minutes

III. **Chairman's Report** – Craig Coates

IV. **Executive Director Report** – Melissa Maddox-Evans

- Finance Report – Marisa Stanley
- Operations Report – Dee Brown
- HCVP Report – Ron McCoy
- Development Report – Aseem Nigam
- Resident Services Report – Bridget McLaughlin

V. **New Business**

- **Resolution No. FIN 062326-01**

  A Resolution for Assignment of Construction Management Services

- **Resolution No. FIN 062626–02**

  A Resolution Approving the HACA Fiscal Year 2027

- **Resolution No. ADMIN 062326-01**

  Bloomsbury Square Development Rights Agreement

VI. **Public Comments**

- Elected Official's Comments
- Resident Advisory Board Comments
- Resident Council Comments
- General Public Comments

VII. **Next Meeting Date** – Tuesday, July 28,2026 - In-person at Pip Moyer Recreation Center

VIII. **Adjourn Meeting**

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

Board of Commissioners Meeting Minutes

Virtual Meeting
Date: May 28, 2026
Time: 2:00 p.m.

I. Call to Order / Roll Call

Chairman **Craig Coates** called the meeting to order at 2:01 p.m.

Roll Call

Present:

- Craig Coates, Chairman
- Patrick Sheridan, Commissioner
- Kimberlee Cornett, Commissioner
- Jackie Wells, Commissioner (via telephone)
- Melissa Maddox-Evans, Executive Director

Absent:

- Henrietta Webb-Herbert, Commissioner
- Sharon Elliott, Commissioner
- Arthur “Jib” Edwards, Commissioner

A quorum was confirmed.

II. Approval of Minutes

April 28, 2026, Board Meeting Minutes

May 14, 2026, Executive Session Minutes

A motion was made by Commissioner Wells and seconded by Commissioner Cornett to approve the April 28, 2026, Board Meeting Minutes and May 14, 2026, Executive Session Minutes.

Vote:

- Ayes: Unanimous
- Opposed: None

Motion Carried.

III. Chairman's Report

Speaker: Craig Coates, Chairman

- Reported that numerous HACA initiatives continue to move forward as summer approaches.
- Recognized Executive Director Melissa Maddox-Evans for her efforts throughout the Johnson and Fisher litigation settlement process.
- Stated appreciation for HACA's position during settlement negotiations and expressed support for efforts to ensure residents receiving settlement proceeds satisfy any outstanding rent obligations owed to HACA.
- Thanked staff for their continued work and dedication.

IV. Executive Director's Report

Speaker: Melissa Maddox-Evans, Executive Director

Johnson and Fisher Settlement Update

- Thanked the Board of Commissioners for their support throughout the litigation process.
- Reported that settlement of the Johnson and Fisher cases represents an opportunity to improve partnerships with the City of Annapolis and strengthen communication regarding resident needs.
- Noted that inadequate funding has historically been a significant contributor to housing conditions and operational challenges experienced by residents.
- Expressed hope that the settlement will encourage future investment and support from local stakeholders.

Congressional Visit and Head Start Funding

- Reported that Congresswoman Sarah Elfreth recently toured the Eastport Head Start Program.
- Discussed the need for additional funding to maintain and expand childcare services in Eastport.
- Noted that Eastport remains a childcare desert and that Congresswoman Elfreth expressed interest in identifying additional funding opportunities.
- Reported positive discussions regarding expansion of the Head Start facility and programming.

Allegiant Management Services

- Expressed appreciation to Allegiant Management Services for its assistance over the past year.
- Acknowledged the company's efforts in helping HACA move toward operational compliance.
- Noted that HACA's relationship with Allegiant Management Services is ending and thanked the firm for its service.

Property Inspections and Resident Non-Compliance

Commissioner Jackie Wells

- Asked about residents refusing entry for inspections and requested information regarding next steps.

Melissa Maddox-Evans

- Reported that HACA continues to issue notices of lease violations to residents refusing inspections.
- Stated that legal options are being reviewed with HACA's attorneys to determine whether court intervention may be available to compel compliance.
- Explained that refusing access for inspections is a violation of lease requirements and City code.
- Reported that the City of Annapolis is assisting by sending notices directly to residents advising them that obstructing inspections may constitute a code violation.

Commissioner Patrick Sheridan

- Commented that enforcement of misdemeanor provisions may provide an additional tool to encourage compliance.

HUD Performance and Voucher Program Update

- Reported that HUD acknowledged improvements in HACA's performance metrics during a recent meeting.
- Stated that occupancy rates have improved to approximately 90%.

- Confirmed HACA's goal of achieving 96% occupancy.
- Reported progress in recertifications and vacancy reduction efforts.
- Announced that HACA is no longer considered in shortfall status within the Housing Choice Voucher Program due to implementation of cost-saving measures.
- Explained that HACA is seeking additional guidance from HUD regarding long-term financial sustainability of the voucher program.
- Reported that more than 700 housing authorities nationwide remain in shortfall status.

V. Development Report

Speaker: Aseem Nigam, Director of Development

Bloomsbury Square and Robinwood Redevelopment

- Reported that financial feasibility packages for CDA review are expected to be submitted in July.
- Anticipated Bloomsbury Square closing between February and March 2027.
- Reported continued coordination with the city, County, and school system regarding the Robinwood traffic study and proposed bypass road.
- Stated that Phase I Robinwood closing remains targeted for Summer 2027.

Eastport Terrace and Harbour House Redevelopment

- Reported that developers remain on schedule to submit Phase I financing applications by July 15, 2026.
- Noted that CDA is offering two application rounds this year.
- Confirmed that developers intend to participate in the July round.
- Reported that redevelopment planning continues regardless of the outcome of the Choice Neighborhood Initiative application.
- Stated that current plans for a mixed-use, mixed-income redevelopment remain unchanged.
- Reported positive engagement from financial institutions regarding project financing.

Board Discussion

Commissioner Kimberlee Cornett

- Asked whether tax credit applications were being submitted for the entire redevelopment project or only Phase I.

Aseem Nigam

- Explained that current tax credit applications apply only to Phase I development.
- Noted that additional applications will follow future project phases.

VI. Finance Report

Speaker: Marisa Stanley, Chief Financial Officer

Capital Fund Program

- Reported that HACA has received access to its FY2025 Capital Fund allocation.
- Stated that approximately 73% of available funds have already been expended due to prior operating fund expenditures supporting capital activities.
- Announced that FY2026 Capital Fund allocations reflect approximately a 25% increase over FY2025 funding levels.

COCC Financial Performance

- Reported that access to capital funds will significantly improve the Central Office Cost Center (COCC) financial position.
- Noted that improvements will be reflected in upcoming financial reports.

FY2027 Budget Development

- Reported that preparation of the FY2027 budget is underway.
- Anticipated presentation to the Finance Committee within the coming weeks.
- Noted that final budget recommendations will subsequently be presented to the Board of Commissioners.

Year-End Activities

- Reported that fiscal year-end preparations have begun in anticipation of the June 30, 2026, fiscal year-end.
- Noted that unaudited Financial Data Schedule (FDS) submissions are due August 31, 2026.

No questions were raised.

VII. Operations Report

Speaker: Vernelle Gibson-Caudle, Property Management Contractor

Occupancy Update

- Reported occupancy increased to 90.46%.

- Reported only 52 vacant units' agency wide.
- Noted that since management services began, 68 new move-ins and 23 transfers have been completed.
- Reported a total of 91 resident movements.

Property Occupancy:

- Robinwood: 92.14%
- Bloomsbury Square: 98%
- Eastport Harbor House: 87.64%

Rent Collection

- Reported April rent collection rate of 74%.
- Noted improvement from prior year collection rates that ranged between approximately 34% and 43%.
- Reported property-specific collection rates:
    - Eastport: 63%
    - Harbor House: 66%
    - Robinwood: 77%
    - Bloomsbury Square: 93%

Court Filings and Lease Enforcement

- Reported issuance of 37 ten-day and thirty-day notices during April.
- Reported 80 court filings year-to-date.
- Reported 42 judgments obtained year-to-date.
- Reported 116 writs issued year-to-date.

Behavior Modification Rent Tracker Program

- Reported collection of $15,880 through the Behavior Modification Rent Tracker Program.
- Highlighted one resident who paid $9,427 in outstanding rent and subsequently expressed interest in pursuing homeownership opportunities.
- Emphasized the importance of consistency in rent collection efforts and lease enforcement.

Recertifications

- Reported 21 late recertifications and seven past-due recertifications during April.

Board members expressed appreciation for the positive outcomes achieved through the program.

VIII. Resident Services Report

Speaker: Bridget McLaughlin, Resident Services Manager

Family Self-Sufficiency (FSS) Program

- Reported four additional FSS participants are expected to graduate next month.
- Noted that approximately 12–13 participants have completed the program during the past year.
- Reported escrow disbursements ranging from approximately $8,000 to more than $22,000.

Summer Camp

- Reported Summer Camp begins June 17, 2026.
- Approximately 25 children are currently registered.

Community Needs Assessment

- Announced that a new resident needs assessment survey will begin in July.
- Survey will be conducted across all HACA communities.

New Service Providers

- Reported plans to add approximately four new service providers during the fall.

Computer Literacy Program

- Announced a four-week intensive Artificial Intelligence training program through HACA's computer literacy initiative.

Pool Operations

Commissioner Jackie Wells

- Requested an update regarding pool operations.

Bridget

- Reported Splash Pools has been selected as the pool services provider.
- Stated that the company services several local facilities and is prepared to begin operations.
- Reported the contract includes:
  - Pool maintenance
  - Winterization services
  - Chemical supplies

    - Two lifeguards on duty always
    - Seven-day-per-week operation

Melissa Maddox-Evans

- Reported that the City of Annapolis is contributing funding toward pool operations.

Board members expressed appreciation for the successful negotiation of pool services.

IX. Housing Choice Voucher Program Report

Speaker: Ron McCoy, Director of Housing Choice Voucher

- Reported that his first month focused on evaluating opportunities to improve efficiency and compliance.
- Discussed implementation of triennial recertifications for elderly and disabled participants.
- Reviewed opportunities to improve inspection processes and reduce administrative burdens.
- Reported ongoing discussions with HUD regarding program operations and compliance strategies.
- Expressed confidence that HACA is moving in a positive direction operationally.
- Noted that policy recommendations will be presented to the Board in future meetings.

Board members expressed support for pursuing operational efficiencies.

X. New Business

Resolution FIN 052626-01

Public Housing Unit Turnaround Services

Melissa Maddox-Evans presented a resolution authorizing contracts with multiple contractors for unit turnaround and general contracting services.

- Contract authority does not exceed $1.4 million.
- Four contractors selected through the procurement process.
- Contractors will be utilized as needed to ensure timely unit turnover and maintenance.

A motion was made and seconded.

Vote:

- Ayes: Unanimous
- Opposed: None

Resolution Approved.

Resolution FIN 052626-02

Pool Operations Contract

Melissa Maddox-Evans presented a resolution authorizing execution of a pool operations contract with Splash Pools.

- Contract amount: $45,790.
- City of Annapolis contribution: $44,000.
- Pool to operate seven days per week.

A motion was made and seconded.

Vote:

- Ayes: Unanimous
- Opposed: None

Resolution Approved.

Resolution ADMIN 052526-01

HUD Recovery Agreement

Melissa Maddox-Evans presented the HUD Recovery Agreement.

Key Performance Areas:

- Occupancy Rate (96% target)
- Rent Collections
- Property Condition Scores
- Redevelopment Progress Reporting

Melissa reported that HUD acknowledged HACA's progress and incorporated several HACA recommendations into the final agreement.

A motion was made and seconded.

Vote:

- Ayes: Unanimous
- Opposed: None

Resolution Approved.

XI. Public Comment

Paola Elie

- Reminded Commissioners to review their email and sign pending resolutions through Docusign.

Patrick Sheridan

- Reported not receiving one of the Docusign resolutions and requested follow-up.

Craig Cussimanio, Donna's Day of Hope and Giving

- Introduced himself and representatives of Donna's Day of Hope and Giving.
- Expressed appreciation for the opportunity to attend the meeting.
- Reported that the organization looks forward to presenting before the Board at a future meeting.

Chairman Coates confirmed that the organization will be scheduled for a formal presentation at a future Board meeting.

XII. Adjournment

There being no further business, a motion was made and seconded to adjourn.

Vote:

- Ayes: Unanimous
- Opposed: None

The meeting was adjourned.

The Housing Authority of the City of Annapolis

Board of Commissioners Report

June 23, 2026

haca

The Housing Authority of the City of Annapolis
Board of Commissioners

Bishop Craig Coates

Chairman

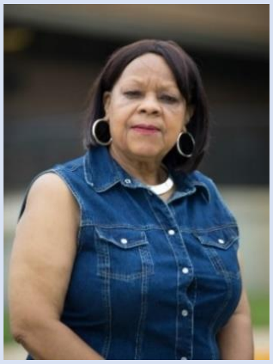
Patrick Sheridan

Vice-Chairman

Arthur Edwards, Jr.

Treasurer

Jackie Wells



Secretary

Kimberlee Cornett

Commissioner

Sharon Elliott

Commissioner

Henrietta Webb-Herbert

Commissioner

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Executive Director Report

June 2026 Executive Director/CEO

We reviewed several proposals for strategic planning and business restructuring services and will schedule interviews with prospective firms in July.

We are completing final tasks associated with submitting a tax credit application for Eastport Terrace/Harbour House this summer.

Below are examples of additional highlights that occurred this past month.

Development/Capital Projects

- Several environmental and civil surveys are being conducted at Robinwood and Bloomsbury Square this month.
- We are still waiting on the finalization of the MOUs associated with the City ($1M) and the State ($1.5M) for CNI funds and the City's investment of $500,000 for capital needs for public housing.

Finance

- We are posting the FY 2026-2030 Capital Fund Budget for public comment this month.
- The Agency FY 2027 budget is being submitted this month for your approval.

Operations/ Management/HCVP

- Our PIC score for the HCVP is 95.53% and 95.71 PH % programs. Reporting compliance minimum score is 95% for both programs. PIC Scores a reflective of move-in, move-out, recertification and interim updates.
- Annual City inspections status of licensing as of June 8th are below. The City of Annapolis has assisted by sending letters of noncompliance to residents that have refused entry, which has greatly assisted us in obtaining additional licenses this month.
  - Robinwood – 145 licensed – 0 unlicensed
  - Bloomsbury Square -44 licensed – 0 unlicensed
  - Eastport Terrace - 62 licensed – 22 unlicensed
  - Harbour House - 229 licensed – 44 unlicensed
  - Total percentage of licensed units – 88.09%

Legal/Compliance

- We will submit the first Recovery Agreement report by July 1, 2026.
- We submitted a compliance update report to DHCD for Bloomsbury Square by June 10th.

- We submit requests for information on City inspections and our leasing plan to HUD as they request.
- There is a tentative settlement being negotiated among the parties for the Fisher and Johnson cases

Resident Services

- The Harbour House Pool opened on June 6th. It will be open 7 days a week. The city has agreed to provide support for the pool up to $44,000.
- I will attend a Moments with Melissa meeting with residents to obtain their feedback at Eastport Terrace/Harbour House on June 17th.

City/County/State Partnerships

- Attended weekly meetings with the City's Housing Affordability Specialist and Community Development Staff.
- Attended an event For Congresswoman Elfreth
- Attended an event for Sen. Henson
- Met with the City of Annapolis Fire Marshall Team to discuss compliance requirements in buildings 1100 and 910.

Community Partnerships

- Met with representatives from Donna's Day of Hope. They requested to be allowed to place a food pantry at Eastport Terrace/Harbour House. I explained our limitations and local City code requirements for a food pantry.
- I will attend The Willows grand opening on June 29th.

- I inquired with the City's Parks & Recreation Dept. to receive an update on the pool opening. We are waiting for the legal agreement from the City regarding funds to pay for a pool service company at Harbour house.

City/County/State Partnerships

- Attended weekly meetings with the City's Housing Affordability Specialist and Community Development Staff.

Community Partnerships

- Attended the grand opening for the Eastport Community Farms was on May 18th.

Finance Report

Rent Collection

By Property:

Property	Number of Units Occupied	Charges	Payments	Collection Rate	Prior Month Number of Units Occupied	Prior Month Charges	Prior Month Payments	Prior Month Collection Rate	Charge Variance	Payment Variance
Housing Authority of the City of Annapolis Collections Report										
5/31/2026										
Eastport Terrace	80	$ 21,520.82	11,835.55	55%	80	$ 20,936.42	13,110.70	63%	$ 584.40	$ (1,275.15)
Harbour House	237	$ 72,447.25	56,593.75	78%	231	$ 70,298.54	46,135.87	66%	$ 2,148.71	$ 10,457.88
Robinwood	131	$ 60,749.55	36,573.95	60%	129	$ 58,414.14	44,705.45	77%	$ 2,335.41	$ (8,131.50)
Bloomsbury Square	50	$ 23,521.87	19,309.37	82%	50	$ 22,823.37	21,201.20	93%	$ 698.50	$ (1,891.83)
Totals	**498**	**$178,239.49**	**$124,312.62**	**69%**	**490**	**$ 172,472.47**	**$ 125,153.22**	**74%**	$ 5,767.02	$ (840.60)

Operations Report – Public Housing

Emergency Work Orders (Closed within 24 Hours) *

Property	Month			Year to Date		
	Generated	Closed within 24 Hours	%	Generated	Closed within 24 Hours	%
Bloomsbury Square	2	2	100%	20	19	95%
Eastport/Harbour House	48	48	100%	195	167	87%
Robinwood	21	21	100%	103	90	87%
HACA Managed Total	71	71	100%	276	276	86%

Routine Work Orders Generated

Property	Month	Year to Date
	WO Count	WO Count
Bloomsbury Square	9	104
Eastport/Harbour House	94	418
Robinwood	38	229
HACA Managed Total	141	751

Occupancy Rate (now reflective of employing a consolidated waiting list process)

Property	Occupied	Vacant	Grand Total	Occupancy Rate
554	504	50	554	90%

Move-ins/Move-Outs/Transfers

Property	Move-Ins	Move – Outs	Transfers
Bloomsbury Square	0	0	0
Eastport/Harbour House	6	0	0
Robinwood	2	0	0
HACA Managed Total	8	0	0

Occupancy Rate - Agency Wide		
March	**April**	**May**
89%	**89%**	

Current Waiting List

Public Housing	**Total Number**
Total	**1,844**

Housing Choice Voucher Program	**Total Number**
Total	**568**

Grand Total	2,412

Operations Report – Housing Choice Voucher Program

May 2026 Report
Section I: Tenant-Based Voucher Program

	May 2026
Allocated*	770
Under Contract	708
Vouchers Issued	0-Emergency Vouchers
Termination of Assistance	1
Portability Port Out Portability Port In	0 0
Recertifications	116*
Interims	56*

*Reflects all HCV annual and interims processed internally and externally

Section II: Housing Quality Standards Inspections Conducted

Total HQS Inspections Conducted May 2026	197

Number of HQS Inspections reported reflects all Annual, Compliant, and any initial inspections conducted in the month

Section Ill: Veterans Affairs Supportive Housing Program (VASH)

	MAY 2026
Allocated	5
Under Lease	4
Vacant	1

Section V: Additional Highlights

- Number of Landlord checks (HAP) processed - 702
- Number of Project-Based Voucher move-ins processed – 1

Development Report

Development Report

Redevelopment In Process

Community	Developer	Estimated Financial Closing & Construction Start	Estimated Construction Completion & Lease Up Start	Units
Harbour House/Eastport	Monadnock/Genesis/NFP	2028	2033/2034	357 replacement units and 365 additional units
Robinwood	CHP	2027	2029	150 replacement units and 84 additional units
Bloomsbury	CHP	2027	Summer 2028	51

Capital and Redevelopment Projects

- **City of Annapolis**
  - CNI (Choice Neighborhood Initiative) Planning process.

    The teams have completed Phase 1 - Assessment of the Eastport Terrace-Harbour House: Assessment has included conducting resident surveys; reviewing existing plans; demographic and other data collection; stakeholder interviews; inventorying of open spaces, transportation, service providers, businesses, housing, etc.; real estate market studies; Maryland Historical Trust review; and Phase 1 Environmental Site Assessment.

    o We had community meetings on April 17th and 18th to discuss the Concept Plan. The transformation plan was submitted to HUD by the end of November 2023. HUD has accepted the plan.

    o City council approved the resolution for the contribution of the Spa Road property to the CNI project by the end of August 2024.

Phase II Redevelopment - Robinwood, Eastport, Harbour House, Bloomsbury Square

- An RFQ for developers was advertised for Robinwood, Bloomsbury Square and Harbour House/Eastport Terrace.

- HUD-CHAPs were approved for Bloomsbury Square and Robinwood, which authorizes us to begin the redevelopment process.
- HACA received five proposals from the developers by the deadline of May 4, 2023.
- HACA staff along with EJP Consulting reviewed the proposals and asked one of the developers to make their presentation, on Harbour House/Eastport Terrace on July 31st. However, the developer withdrew their proposal. A new RFQ for Harbour House/Eastport Terrace was issued in August 2024. The pre-bid conference was held on September 17, 2024, and the tour of the sites was conducted on October 7, 2024. Three proposals were received by the due date of November 14, 2024. The selection committee selected Genesis Companies and Monadnock Development, based in NY, as the developer for the site. A meeting with the developer and the city staff was held on April 29th with a follow-up meeting in the first week of May. The developer is currently working on the Phase I plan and will share the plan with HACA staff in the coming weeks. HACA has engaged its outside counsel to draft the MOU which is expected to be presented to HACA's Board for their approval during the August meeting. The Board approved the MOU during their August 26th meeting. A meeting was held on October 8th to introduce the development team to the community and to provide an update on the redevelopment process.
- HUD issued the NOFO for the CNI Implementation Grant in December 2025 with the application deadline of March 9, 2026. On January 9th, HACA held a meeting with the consultants, EJP Consulting, the developer team, and the city to start to evaluate the possibility of submitting the Implementation Grant application by the due date. A follow-up meeting, as a part of the CNI application process, was held with the community to apprise them of the process. The CNI application was submitted on March 6, 2026. And HACA is still waiting to hear back from HUD.
- It is expected that the development team will submit the 9% tax credit application for Phase IA involving 100 units in July 2026.
- HACA had asked two developers to make a presentation on Robinwood and Bloomsbury in September 2023. However, one of the developers withdrew their proposal. The other developer, CHP, made their presentation in September. HACA staff recommended to the Board that CHP be approved as the developer for Robinwood and Bloomsbury. The Board approved the recommendation during their September 2023 meeting. The MOUs, between HACA and CHP, have been executed. HACA arranged an introductory meeting with CHP, and Bloomsbury and Robinwood communities in April 2024. HACA and CHP also met with the Anne Arundel County school system for their participation in terms of allowing access to a new road within the Robinwood project. HACA and CHP scheduled a meeting with the Robinwood community on March 19, 2025, to get their input on the initial site plan for the property. CHP has been awarded 9% tax credits for Phase I and was invited by the state to submit application for 4% tax credits as this is a twinning deal. The 4% tax credit application for Robinwood was submitted in December 2025. The 4% tax credit application for Bloomsbury was submitted in July 2025. The follow-up meetings with the Robinwood and Bloomsbury communities were held in mid-July 2025, and the communities were apprised of the progress made thus far and to seek additional input from them. The next set of follow-up meetings with the communities for Robinwood and Bloomsbury were held on December 8th and December 10th, 2025, respectively. A resident survey was conducted by CHP staff, with assistance from HACA staff, for the two communities

on February 10th and 11th, 2026. Financing closings for Bloomsbury and phase I Robinwood are scheduled for Spring 2027 and Summer 2027, respectively.

- HACA organized a meeting with CHP and the State on identifying potential funding sources for both Robinwood and Bloomsbury Square and will reschedule follow-up meetings with the stakeholders.
- It is expected that HACA's Board will consider the Development Rights Agreement for Bloomsbury Square for their approval during their June 2026 meeting.

Resident Services Board Report

Resident Services Board Report – May 2026

ROSS Program Highlights

During the month of May, The Resident Services Department, ROSS grant, made a significant accomplishment. The first cohort of residents successfully completed the Computer Literacy and Cybersecurity Training Program with nine ROSS participants, who earned certificates of completion.

Representatives from the Maryland Office of Statewide Broadband attended the graduation ceremony and expressed appreciation for the program's structure, participant engagement, and overall impact. The computer laboratory continues to serve as a valuable community resource, providing participants and residents with access to technology, educational opportunities, and workforce development tools.

The success of this initiative reflects the strong collaboration between the ROSS Program, the University of Maryland, Baltimore County (UMBC), community partners, and participating residents. Their collective efforts continue to expand opportunities for residents while promoting self-sufficiency, lifelong learning, and community engagement.

Family Self Sufficiency and Homeownership

FSS and Homeownership	
FSS Contracts	28
FSS Escrow Accounts	28
Contracts in HCVP	20
Contracts in PH	8
Release of Escrow Credits	0
Contracts Terminated/Graduated (pending)	0
New Contracts Completed	1

Resources and Referrals	13
New Homeownership Clients Case management appointments	0 23

Case Management

Case Management Services	
Dept. of Transportation - RW	7
Dept. of Aging- RW	8
Dept. of Transportation- BBS	8
Mental Health Wellness - RW	5
Resident case management contacts for issues such as rent payments, wellness checks, eye exams/glasses, dental, financial concerns, furnishing referrals, transportation, employment, Re-Certification assistance, food insecurity, family reunification, medical health assistance in finding a PCP and assisting in making medical appointments, social services interventions for food stamps, and enrolling in Medicare benefits. Department of Aging.	73
Total: Contacts - Calls/Activities	101

Resident Opportunity and Self Sufficiency

ROSS	
Home Visits	12
Avenues to Recovery Event	10
Reentry Services Event	6

Computer Literacy Training with B2G	14
Case management and home visits ROSS Referrals Dept of Aging, Hope for All, DSS, Digital Literacy, SNAP applications, SSDI and SSI application assistance	93
TOTAL	140

Annapolis Gardens

Number of Units: 150

Property Type: Family

Project Start: 2009

Project Status: Stabilized

Subsidy Type: Public Housing/Tax Credit (75), Tax Credit only (75)

Tax Credit Compliance End: 2025

Report for Period Ending: May 31, 2026

OCCUPANCY

Unit Type	Total Units	Occupied	Vacant	Total % Occupancy
LIHTC	150	145	5	97%

1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5 bedrooms
10	62	59	9	10

Current Month: **97%** Year to date Average: **96%**

NARRATIVES

Financial:
The income for the month was lower than budgeted due to lower than budgeted occupancy. The total actual expenses were higher than budgeted expenses due to higher legal and administrative expenses.

Management:

The property is managed by Winn Companies, an independent company not affiliated with the Developer. The management staff did not report any staff turnover during the period and has been timely with reporting to HACA.

Physical:
There were no other extraordinary repairs to report.

Resident Services:
There were no Resident Services to report.

Other
There are no other issues to report.

Receivables/ Payables:
The resident accounts receivable is $195,920. The projects accounts payables are $7,790 with $0 aging more than 90 days.

Reserves:
The project has four reserve accounts and two escrows that are funded as required with no inappropriate use of funds.

PARTNERS

General Partner/ Managing Member: Annapolis Community Development Partners, LLC

HACA Ownership %: 49%

Developer: Landex

Management Company: Winn

DEBT SUMMARY

Lien Position	Payment Type	Lender	Principal as of: 05/31/2026	Interest Rate	Maturity Date
1	Hard debt	Enterprise Mortgage Investments, Inc.	$ 1,724,256	7.01%	10/3/2026
2	Cash flow	DHCD	$ 1,481,817	4%	5/1/2051
3	Cash flow	ACDS	$ 166,174	2%	5/29/2051
4	Cash flow	HACA	$ 500,000	4.38%	6/1/2051
5	Cash flow	HACA	$ 92,118	0%	6/1/2051

Obery Court I

Number of Units: 50

Property Type: Family

Project Start: 2010

Project Status: Stabilized

Subsidy Type: Tax Credit (40)

Tax Credit only (10)

Tax Credit Compliance End: 2025

Report for Period Ending: April 30, 2026

OCCUPANCY

Unit Type	Total Units	Occupied	Vacant	Total % Occupancy
1 bedroom	10	10	0	100%
2 bedrooms	22	20	2	91%
3 bedrooms	16	13	3	81%
4 bedrooms	2	1	1	50%

Current Month: **88%** Year to date Average: **97%**

NARRATIVES

Financial:
The income for the month was lower than budgeted due to lower than anticipated HAP Subsidy. The total controllable expenses were over budget due to higher than expected maintenance expenses..

Management:
The property is managed by Pennrose, an affiliate of the Developer.

Physical:

There were no significant items noted.

Resident Services:
There were no Resident Services to report.

Other
There are no other issues to report.

Receivables/ Payables:
The resident accounts receivable is $56,252. The project accounts payables are $112,210 with $46,331 aged more than 90 days.

Reserves:
The project has four reserve accounts and three escrows that are funded as required with no inappropriate use of funds.

PARTNERS

General Partner/ Managing Member: Obery Court GP, LLC

HACA Ownership %: 51% *
Pennrose entity remains managing member despite ownership percentage

Developer: Pennrose

Management Company: Pennrose

DEBT SUMMARY

Lien Position	Payment Type	Lender	Principal as of: 5/31/2025	Interest Rate	Maturity Date
1	Cash flow	DHCD	$ 1,906,604	4%	6/1/2050
2	Cash flow	DHCD	$ 2,307,547	4%	6/1/2050
3	Cash flow	ACDS	$ 1,000,000	2%	3/6/2051

Obery Court 2

Number of Units: 63

Property Type: Family

Project Start: 2011

Project Status: Stabilized

Subsidy Type: PBV/Tax Credit (53), Tax Credit only (10)

Tax Credit Compliance End: 2027

Report for Period Ending: May 31, 2026

OCCUPANCY

Unit Type	Total Units	Occupied	Vacant	Total % Occupancy
1 bedroom	27	26	1	96%
2 bedrooms	17	16	1	94%
3 bedrooms	16	15	1	94%
4 bedrooms	3	3	0	100%

Current Month: **95 %** Year to date Average: **96%**

NARRATIVES

Financial:
The rental income for the month was lower than budgeted income due to lower than anticipated occupancy. The total controllable expenses under budget due to lower than anticipated utility and maintenance expenses.

Management:
The property is managed by Pennrose, an affiliate of the Developer. The management staff did not report any staff turnover during the period and has been timely with reporting to HACA.

Physical:
There were no other extraordinary repairs to report.

Resident Services:

There were no Resident Services to report.

Other
There are no other issues to report.

Receivables/ Payables:
The resident accounts receivable amount is $138,685 and accounts payable is $79,700 with $59,067 aged more than 90 days.

Reserves:
The project has four reserve accounts and two escrows that are funded as required with no inappropriate use of funds.

PARTNERS

General Partner/ Managing Member: Obery Court Phase II GP, LLC

HACA Ownership %: 49%

Developer: Pennrose

Management Company: Pennrose

DEBT SUMMARY

Lien Position	Payment Type	Lender	Principal as of: 01/31/2026	Interest Rate	Maturity Date
1	Hard debt	Severn Savings Bank FSB	$ 1,356,821	6.625%	2029
2	Cash flow	DHCD	$ 2,963,863	4%	4/1/2054

Obery Court 3

Number of Units: 61

Property Type: Family

Project Start: 2016

Project Status: Stabilized

Subsidy Type: PBV/Tax Credit (40)

Tax Credit only (21)

Tax Credit Compliance End: 2031

Report for Period Ending: May 31, 2026

OCCUPANCY

Unit Type	Total Units	Occupied	Vacant	Total % Occupancy
1 bedroom	18	17	1	94%
2 bedrooms	24	22	2	92%
3 bedrooms	14	11	3	79%
4 bedrooms	5	5	0	100%

Current Month: **90%** Year to date Average: **90%**

NARRATIVES

Financial:
The income for the month was lower than budgeted due to lower than anticipated HAP Subsidy. The total controllable expenses was higher than budgeted due to insurance reimbursement expenses that will be reimbursed.

Management:
The property is managed by Pennrose, an affiliate of the Developer.

Physical:
The property did not report any physical issues.

Resident Services:
There were no Resident Services to report.

Other
There are no other issues to report.

Receivables/ Payables:
The resident accounts receivable is $124,290 and the projects accounts payables are $105,309 with $60,395 aged more than 90 days.

Reserves:
The project has three reserve accounts and two escrows that are funded as required with no inappropriate use of funds.

PARTNERS

General Partner/ Managing Member: Obery Court Phase III GP, LLC

HACA Ownership %: 11%

Developer: Pennrose

Management Company: Pennrose

DEBT SUMMARY

Lien Position	Payment Type	Lender	Principal as of: 05/31/2026	Interest Rate	Maturity Date
1	Hard debt	Capital One, N.A.	$ 1,214,452	5.75%	1/1/2032
2	Cash flow	DHCD	$ 1,645, 255	2%	9/1/2056
3	Cash flow	DHCD	$ 1,225,000	2%	9/1/2056
4	Cash flow	HACA	$ 605,748	0%	9/17/2057

Wilbourn Estates

Number of Units: 78

Property Type: Family

Project Start: 2022

Subsidy Type: Tax Credit

Report for Period Ending: May 31, 2026

OCCUPANCY

Unit Type	Total Units	Occupied	Vacant	Total % Occupancy
1 bedroom	26	23	3	88%
2 bedrooms	26	25	1	96%
3 bedrooms	26	25	1	96%

Current Month: **94%** Year to date Average: **94%**

NARRATIVES

Financial:
The rental income for the month in line with budgeted income. The total controllable expenses were under budget due to lower than expected maintenance expenses.

Management:
The property is managed by Pennrose, an affiliate of the Developer.

Physical:
There are no physical issues to report.

Resident Services:
There were no Resident Services to report.

Other
There are no other issues to report.

Receivables/ Payables:
The resident accounts receivable is $111,728. The project accounts payables are $10,259 with $176 aged more than 90 days.

PARTNERS

General Partner/ Managing Member: Newtowne 20, LLC

Developer: Pennrose

Management Company: Pennrose

DEBT SUMMARY

Account	Lender	Amount	Interest Rate	Maturity Date
1	Orix Real Estate Capital Principal – Hard Debt	$ 9,069,855	3.82%	7/1/2041
2	CDA Rental Housing Works Fund	$ 2,404,981	0	12/31/2062
3	CDA Housing Trust Fund	$ 904,981	0	12/31/2062
4	CDA Rental Housing Fund	$1,262,338	0	12/31/2062
5	ACDS Home Investment Partnership Program	$692,829	0	12/31/2062
6	HACA	$929,473	0	12/31/2062
7	HACA	$1,700,795	1.31%	12/31/2062

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
Consolidated Financial Summary

PROPERTY SUMMARY REPORT

MONTH ENDING	May 31, 2026	**Funding Source**	Federal & Non Federal
PROJECT	N/A	**State Agency**	N/A
PROPERTY CODE	.hcvprop^.phprop^.youth^pross14^pcdbg18^pcentral^pcfpg15^pcfpg24^pcfpg23^pcfpg18^pcfpg19^pcfpg20^pcfpg21^pcong^pfss^panngdn^pccobery^pnccober^pnt20^pobery3^pblum^pfssforf^pcnp^pcannap^pcounty^pyouthhh^pyouthrw	**Partnership**	N/A
LOCATION	Annapolis, Md	**Financing**	N/A
		Type of Property	Entity Wide

SUPPLEMENTAL DATA

CASH/RESERVE A/C's	**PRIOR MONTH BALANCE**	**DEPOSITS & INTEREST**	**WITHDRAWALS**	**ENDING BALANCE**
Cash Operating	357,996	88,281	(460,757)	(14,480)
Cash Restricted-Security Deposits	7,575	0	(385.94)	7,189.65
Cash Restricted-HAP	-	-	-	-
TOTAL	$ 365,571	$ 88,282	$ (461,143)	$ (7,290)

MORTGAGE/DEBT SERVICE	**YTD INT PAID**	**YTD PRIN PAID**	**PRINCIPAL BALANCE**
	N/A	N/A	N/A

OTHER SIGNIFICANT ACCOUNTS	**PRIOR BALANCE**	**CHARGES**	**PAYMENTS**	**ENDING BALANCE**
Resident Receivables, Net	290,762	459,313		750,075
Accounts Payable	78,404		-	78,404
Tenant Rental Income	-	-	1,774,324	1,774,324
HUD Revenue	119,244	-	16,486,189	16,605,433

OCCUPANCY SUMMARY

Unit Type	**Total Units Available**	**Vacancies**	**Total Units Occupied**	**Percent Occupancy**
Efficiency	-	-	-	N/A
1-bedroom	101	10	91	90%
2-bedroom	239	38	201	84%
3-bedroom	168	33	135	80%
4-bedroom	32	2	30	94%
5-bedroom	4	1	3	75%
Total PUBLIC HOUSING RESIDENTIAL	544	84	460	85%

Unit Type	**UMA**	**UML**	**Percent Occupancy**
# of Vouchers	1,590	1,205	75.8%

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
Central Office Cost Center

PROPERTY SUMMARY REPORT

MONTH ENDING	May 31, 2026	**Funding Source**	Fee Revenue & Development Income
PROJECT	Central Office	**State Agency**	N/A
PROPERTY CODE	pcentral	**Partnership**	N/A
LOCATION	Annapolis, Md	**Financing**	N/A
		Type of Property	Main Office

ACTIVITY YEAR TO DATE

	YTD BUDGET	YTD ACTUAL	YTD VARIANCE
OPERATING INCOME	$ 1,457,238	$ 712,565	$ (744,673)
OPERATING EXPENSES	$ 1,457,238	$ 1,231,232	$ (226,006)
NET OPERATING INCOME	$ -	$ (518,667)	$ (518,667)

SUPPLEMENTAL DATA

CASH/RESERVE A/C's	PRIOR BALANCE	DEPOSITS & INTEREST	WITHDRAWALS	ENDING BALANCE
Cash Operating	$ (116,760)	1,045,049	(1,964,062)	$ (1,035,772)
Cash Restricted-Security Deposits	$ -	$ -	$ -	$ -
Cash Restricted-FSS Escrow	$ -	$ -	$ -	$ -
Cash Restricted-HAP	$ -	$ -	$ -	$ -
TOTAL	$ (116,760)	$ 1,045,049	$ (1,964,062)	$ (1,035,772)
TOTAL NET OF INTERFUND	$ 216,695	$ 1,495,487	$ (1,977,698)	$ (265,515)

MORTGAGE/DEBT SERVICE	YTD INT PAID	YTD PRIN PAID	PRINCIPAL BALANCE
	N/A	N/A	N/A

OTHER SIGNIFICANT ACCOUNTS	PRIOR BALANCE	CHARGES	PAYMENTS	ENDING BALANCE
Interprogram due from other programs	$ 333,455	$ 450,438	$ (13,636)	$ 770,257
Admin Fee Income	$ -		$ -	$ -

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
Harbor House

PROPERTY SUMMARY REPORT

MONTH ENDING	May 31, 2026	**Funding Source**	Federal - Operating Subsidy
PROJECT	Harbor House	**State Agency**	N/A
PROPERTY CODE	phh	**Partnership**	N/A
LOCATION	Annapolis, Md	**Financing**	N/A
		Type of Property	Public Housing

ACTIVITY YEAR TO DATE

	YTD BUDGET	YTD ACTUAL	YTD VARIANCE
OPERATING INCOME	$ 2,800,520	$ 1,963,489	$ (837,032)
OPERATING EXPENSES	$ 2,732,094	$ 2,367,857	$ (364,237)
NET OPERATING INCOME	$ 68,426	$ (404,368)	$ (472,795)

**Note budget for EPT & HH was not separated by AMP. Combined reports provided for budget to actual. 75% budget used for EPT*

SUPPLEMENTAL DATA

CASH/RESERVE A/C's	PRIOR BALANCE	DEPOSITS & INTEREST	WITHDRAWALS	ENDING BALANCE
Cash Operating	$ 350,268	$ 2,212,561	$ (2,823,779)	$ (260,949)
Cash Restricted-Security Deposits	$ -	$ -	$ -	$ -
Cash Restricted-FSS Escrow	$ -	$ -	$ -	$ -
TOTAL	$ 350,268	$ 2,212,561	$ (2,823,779)	$ (260,949)

MORTGAGE/DEBT SERVICE	YTD INT PAID	YTD PRIN PAID	PRINCIPAL BALANCE
	N/A	N/A	N/A

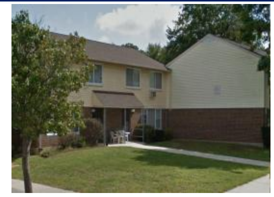
OTHER SIGNIFICANT ACCOUNTS	PRIOR BALANCE	CHARGES	PAYMENTS	ENDING BALANCE
Resident Receivables, Net	$ 100,728	$ 1,085,530	$ (879,958)	$ 306,300
Project Payables	$ 134,882	$ (1,638,130)	$ 1,506,218	$ 2,971
Tenant Rental Income	$ -	$ (179,173)	$ 909,031	$ 729,858
Operating Subsidy Revenue	$ -	$ (102,829)	$ 1,316,024	$ 1,213,195

OCCUPANCY SUMMARY

Unit Type	Income Producing Units	Vacancies	Total Units Occupied	Percent Occupancy
1-bedroom	69	9	60	87%
2-bedroom	188	38	150	80%
3-bedroom	15	6	9	60%
4-bedroom	0	0	0	N/A
5-bedroom	0	0	0	N/A
Total RESIDENTIAL	272	57	219	76%

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
Robinwood

PROPERTY SUMMARY REPORT



MONTH ENDING	May 31, 2026	**Funding Source**	Federal - Operating Subsidy
PROJECT	Robinwood	**State Agency**	N/A
PROPERTY CODE	prw	**Partnership**	N/A
LOCATION	Annapolis, Md	**Financing**	N/A
		Type of Property	Public Housing

ACTIVITY YEAR TO DATE

	YTD BUDGET	YTD ACTUAL	YTD VARIANCE
OPERATING INCOME	$ 1,567,800	$ 1,337,292	$ (230,508)
OPERATING EXPENSES	$ 1,551,281	$ 1,369,965	$ (181,317)
NET OPERATING INCOME	$ 16,518	$ (32,673)	$ (49,191)

SUPPLEMENTAL DATA

CASH/RESERVE A/C's	PRIOR BALANCE	DEPOSITS & INTEREST	WITHDRAWALS	ENDING BALANCE
Cash Operating	$ (24,897)	$ 1,622,603	$ (1,863,591)	$ (265,884)
Cash Restricted-Security Deposits	$ -	$ -	$ -	$ -
Cash Restricted-FSS Escrow	$ -	$ -	$ -	$ -
TOTAL	$ (24,897)	$ 1,622,603	$ (1,863,591)	$ (265,884)

MORTGAGE/DEBT SERVICE	YTD INT PAID	YTD PRIN PAID	PRINCIPAL BALANCE
	N/A	N/A	N/A

OTHER SIGNIFICANT ACCOUNTS	PRIOR BALANCE	CHARGES	PAYMENTS	ENDING BALANCE
Resident Receivables, Net	$ 103,557	$ 1,129,024	$ (961,028)	$ 271,553
Project Payables	$ (124,365)	$ 1,099,331	$ (979,227)	$ (4,262)
Tenant Rental Income	$ -	$ (244,195)	$ 837,866	$ 593,671
Operating Subsidy Revenue	$ -	$ (57,009)	$ 780,206	$ 723,197

OCCUPANCY SUMMARY

Unit Type	Total Units Available	Vacancies	Total Units Occupied	Percent Occupancy
1-bedroom	0	0	0	N/A
2-bedroom	0	0	0	N/A
3-bedroom	124	23	101	81%
4-bedroom	21	0	21	100%
5-bedroom	4	1	3	75%
Total RESIDENTIAL	149	24	125	85%

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
Bloomsbury Square

PROPERTY SUMMARY REPORT

MONTH ENDING	May 31, 2026	**Funding Source**	Federal - Operating Subsidy
PROJECT	Bloomsbury Square	**State Agency**	N/A
PROPERTY CODE	pbbsq	**Partnership**	N/A
LOCATION	Annapolis, Md	**Financing**	N/A
		Type of Property	Public Housing

ACTIVITY YEAR TO DATE

	YTD BUDGET	YTD ACTUAL	YTD VARIANCE
OPERATING INCOME	$ 525,836	$ 397,052	$ (128,784)
OPERATING EXPENSES	$ 475,546	$ 480,425	$ 4,879
NET OPERATING INCOME	$ 50,290	$ (83,373)	$ (133,663)

SUPPLEMENTAL DATA

CASH/RESERVE A/C's	PRIOR BALANCE	DEPOSITS & INTEREST	WITHDRAWALS	ENDING BALANCE
Cash Operating	$ 52,936.50	$ 466,635.06	$ (564,132.98)	$ (44,561.42)
Cash Restricted-Security Deposits	$ 7,575.17	$ 0.66	$ (386.60)	$ 7,189.23
Cash Restricted-FSS Escrow	$ -	$ -	$ -	$ -
TOTAL	$ 60,512	$ 466,636	$ (564,520)	$ (37,372)

MORTGAGE/DEBT SERVICE	YTD INT PAID	YTD PRIN PAID	PRINCIPAL BALANCE
	N/A	N/A	N/A

OTHER SIGNIFICANT ACCOUNTS	PRIOR BALANCE	CHARGES	PAYMENTS	ENDING BALANCE
Resident Receivables, Net	$ 16,518	$ 303,644	$ (291,523)	$ 28,639
Project Payables	$ 40,007	$ (358,133)	$ 319,239	$ 1,113
Tenant Rental Income	$ -	$ (31,767)	$ 267,242	$ 235,475
Operating Subsidy Revenue	$ -	$ (13,679)	$ 175,112	$ 161,433

OCCUPANCY SUMMARY

Unit Type	Total Units Available	Vacancies	Total Units Occupied	Percent Occupancy
1-bedroom	14	0	14	100%
2-bedroom	18	0	18	100%
3-bedroom	19	0	19	100%
4-bedroom	0	0	0	N/A
Total RESIDENTIAL	51	0	51	100%

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
Housing Choice Voucher Program

PROPERTY SUMMARY REPORT

MONTH ENDING	May 31, 2026	**Funding Source**	Federal - Section 8 Program
PROJECT	HCVP	**State Agency**	N/A
PROPERTY CODE	.hcvprop	**Partnership**	N/A
LOCATION	Annapolis, Md	**Financing**	N/A
		Type of Property	Private LandLord

ACTIVITY YEAR TO DATE

	YTD BUDGET	YTD ACTUAL	YTD VARIANCE
OPERATING INCOME	$ 7,640,256	$ 11,260,677	$ 3,620,421
OPERATING EXPENSES	$ 10,359,406	$ 10,270,978	$ (88,428)
NET OPERATING INCOME	$ (2,719,150)	$ 989,699	$ 3,708,849

SUPPLEMENTAL DATA

CASH/RESERVE A/C's	PRIOR BALANCE	DEPOSITS & INTEREST	WITHDRAWALS	ENDING BALANCE
Cash Operating	$ 92,771	$ 23,044,247	$ (22,225,932)	$ 436,401
Cash Restricted-Security Deposits	$ -	$ -		$ -
Cash Restricted-FSS Escrow	$ -	$ -	$ -	$ -
Cash Restricted-HAP	$ 283,682	$ 1,005,833	$ (814,830)	$ 474,685
TOTAL	$ 376,453	$ 24,050,080	$ (23,040,762)	$ 911,086

MORTGAGE/DEBT SERVICE	YTD INT PAID	YTD PRIN PAID	PRINCIPAL BALANCE
	N/A	N/A	N/A

OTHER SIGNIFICANT ACCOUNTS	PRIOR BALANCE	CHARGES	PAYMENTS	ENDING BALANCE
HAP Subsidy Receivable	$ 8,885	$ -	$ -	$ 8,885
Admin Fee Income	$ -	$ (66,355)	$ 932,202	$ 865,847
HAP Subsidy	$ -	$ (608,918)	$ 10,904,017	$ 10,295,099
HAP Expenses	$ -	$ (425)		$ (425)

OCCUPANCY SUMMARY

Unit Type	UMA	UML	Percent Occupancy
# of Vouchers	882	748	84.8%

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS
Family Self Sufficiency Program

PROPERTY SUMMARY REPORT

MONTH ENDING	May 31, 2026	**Funding Source**	Federal - Operating Subsidy
PROJECT	Public Housing & HCVP Program Participants	**State Agency**	N/A
PROPERTY CODE	pfss	**Partnership**	N/A
LOCATION	Annapolis, Md	**Financing**	N/A
		Type of Property	N/A

ACTIVITY YEAR TO DATE

	YTD BUDGET	YTD ACTUAL	YTD VARIANCE
OPERATING INCOME	$ 105,503	$ 50,357	$ (55,146)
OPERATING EXPENSES	$ 100,020	$ 49,234	$ (50,786)
NET OPERATING INCOME	$ 5,483	$ 1,123	$ (4,360)

SUPPLEMENTAL DATA

CASH/RESERVE A/C's	PRIOR BALANCE	DEPOSITS & INTEREST	WITHDRAWALS	ENDING BALANCE	
Cash Operating	$ 1,390	$ 60,390	$ (209,536)	$ (147,756)	-
Cash Restricted-Security Deposits	$ -	$ -	$ -	$ -	
Cash Restricted-FSS Escrow	$ -	$ -	$ -	$ -	
TOTAL	$ 1,390	$ 60,390	$ (209,536)	$ (147,756)	

MORTGAGE/DEBT SERVICE	YTD INT PAID	YTD PRIN PAID	PRINCIPAL BALANCE
	N/A	N/A	N/A

OTHER SIGNIFICANT ACCOUNTS	PRIOR BALANCE	CHARGES	PAYMENTS	ENDING BALANCE		
FSS Escrow Liability	$ -	$ 161,222.41	$ -	$ 161,222	$	-
Project Payables	$ 5,917.12	$ (157,991.19)	$ 168,944.79	$ 16,871	$	-
Tenant Rental Income	$ -	$ (10,033.16)	$ 60,390.16	$ 50,357	$	-
Operating Subsidy Revenue	$ -	$ -	$ -	$ -		-

OCCUPANCY SUMMARY

Unit Type	Total Units Available	Vacancies	Total Units Occupied	Percent Occupancy
1-bedroom	-	-	-	0%
2-bedroom	-	-	-	0%
3-bedroom	-	-	-	0%
4-bedroom	-	-	-	0%
Total RESIDENTIAL	-	-	-	0%

ROSS Grant

PROPERTY SUMMARY REPORT

MONTH ENDING	May 31, 2026	**Funding Source**	Federal - Operating Subsidy
PROJECT	Ross	**State Agency**	N/A
PROPERTY CODE	pross14	**Partnership**	N/A
LOCATION	Annapolis, Md	**Financing**	N/A
		Type of Property	N/A

ACTIVITY YEAR TO DATE

	YTD BUDGET	YTD ACTUAL	YTD VARIANCE
OPERATING INCOME	$ 115,320	$ 105,693	$ (9,628)
OPERATING EXPENSES	$ 92,858	$ 82,708	$ (10,150)
NET OPERATING INCOME	$ 22,462	$ 22,985	$ 523

SUPPLEMENTAL DATA

CASH/RESERVE A/C's	PRIOR BALANCE	DEPOSITS & INTEREST	WITHDRAWALS	ENDING BALANCE
Cash Operating	$ (24,210)	$ 120,498	$ (97,513)	$ (1,226)
Cash Restricted-Security Deposits	$ -	$ -	$ -	$ -
Cash Restricted-FSS Escrow	$ -	$ -	$ -	$ -
TOTAL	$ (24,210)	$ 120,498	$ (97,513)	$ (1,226)

MORTGAGE/DEBT SERVICE	YTD INT PAID	YTD PRIN PAID	PRINCIPAL BALANCE
	N/A	N/A	N/A

OTHER SIGNIFICANT ACCOUNTS	PRIOR BALANCE	CHARGES	PAYMENTS	ENDING BALANCE
Subsidy Receivables	$ 38,238			$ 38,238
Operating Subsidy Revenue	$ -	$ (12,205)	$ 117,898	$ 105,693

Resolutions

- **Resolution No. FIN 062326-01**
  A Resolution for Assignment of Construction Management Services
- **Resolution No. FIN 062326–02**
  A Resolution Approving the HACA Fiscal Year 2027
- **Resolution No. ADMIN 062326–01**
  Bloomsbury Square Development Rights Agreement

Resolution
of
The Housing Authority of the City of Annapolis
Board of Commissioners

A Resolution for Assignment of Construction Management Services

Resolution No. FIN 062326-01

WHEREAS, HACA needed the services of a construction management company to plan, coordinate, develop and implement a strategic work plan for repairs and renovations to achieve compliance with the City of Annapolis rental licensing requirements. The construction management company would coordinate with HACA's Maintenance Operations Managers and property managers as well as the City's Department of Planning and Zoning (DPZ) to schedule and manage inspections. The company would provide contractor oversight on construction services.

WHEREAS, on January 16, 2025, HACA issued a proposal for these services; and

WHEREAS, on June 9, 2025, HACA entered a contract with Bayview Enterprises, Inc; and

WHEREAS, on May 4, 2026, Bayview Enterprises, Inc expressed its intention not to renew the contract, but it would exercise its rights under the contract to assign its contractual obligation to its primary consultant Community Solutions who has been working on HACA's property since August 15, 2025; and

WHEREAS, the Executive Director seeks Board approval to enter a contract with Community Solutions, Inc, for a sum not exceeding $100,000 per annum.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners, that the Executive Director is hereby authorized to engage Construction Management Services from Community Solution at the competitive pricing rates provided in their proposals from, or a lower negotiated rate for the assignment.

Be if Further Resolved, that the costs of Construction Management Services under this resolution shall not exceed $100,000 per annum, without further Board approval.

RESOLVED this 23rd day of June 2026

The undersigned Commissioners of the Housing Authority of the City of Annapolis sign below to indicate their affirmative or disapproval vote or that they are abstaining from voting.

______________________ Craig Coates, Chairman	□ Approved	□ Disapproved	□ Abstain
______________________ Patrick Sheridan, Vice-Chairman	□ Approved	□ Disapproved	□ Abstain
______________________ Aruthur Edwards, Jr., Treasurer	□ Approved	□ Disapproved	□ Abstain
______________________ Jacquelyn V. Wells, Secretary	□ Approved	□ Disapproved	□ Abstain
______________________ Kimberly Cornett, Commissioner	□ Approved	□ Disapproved	□ Abstain
______________________ Sharon Elliott, Commissioner	□ Approved	□ Disapproved	□ Abstain
______________________ Henrietta Webb-Herbert, Commissioner	□ Approved	□ Disapproved	□ Abstain

Development Rights Agreement

for

Bloomsbury Square Redevelopment

Between

The Housing Authority of the City of Annapolis

and

Community Housing Partners Corporation

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Development Rights Agreement
for
Bloomsbury Square Redevelopment
Between
The Housing Authority of the City of Annapolis
and
Community Housing Partners Corporation

This Development Rights Agreement ("**Agreement**") is entered into as of the __ day of June, 2026 ("**Effective Date**"), between the HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS, a Maryland public body corporate and politic, having a principal office at 1217 Madison Street, Annapolis, Maryland 21430 (the "**Authority**"), and COMMUNITY HOUSING PARTNERS CORPORATION, a Virginia nonstock corporation having a principal office at 448 Depot Street NE, Christiansburg, Virginia 24073 ("**Developer**") (each of the Authority and Developer, a "**Party**").

PREAMBLE

A. The Authority desires to redevelop the Bloomsbury Square Housing Development, an obsolete public housing site consisting of 51 units and located at 101 Bloomsbury Square, Annapolis, Maryland 21401 (the "**Property**"), by implementing a one-for-one replacement housing strategy pursuant to the HUD Rental Assistance Demonstration ("**RAD**") program that replaces existing public housing with new or revitalized housing that better serves the residents of Annapolis (the "**Redevelopment**").

B. The Authority currently owns the Property.

C. The Authority issued a Request for Qualifications RQF # 2023-2 dated March 7, 2023 (together with Addendum to RFQ issued on April 25, 2023, the "**RFQ**") to procure the services of an experienced real estate development team to provide comprehensive development services for the Authority in connection with, among other things, implementing the Redevelopment, including the development and implementation of a comprehensive physical revitalization strategy for the Property, including responsibility for predevelopment activities and the design, construction, ownership, operation, management and leasing of new housing on the Property (collectively the "**Project**"). Such process was consistent with the Federal requirements for procurement of a developer in an undertaking of the type contemplated hereby

D. In response to the Authority's RFQ, Developer submitted a proposal dated as of May 4, 2023 ("**Developer's Proposal**") to the Authority to undertake the Project.

E. Based on the Proposal and pursuant to the terms of the RFQ, the Authority selected Developer to serve as Developer with the right to undertake the Project, as evidenced by, and subject to the terms of that certain Memorandum of Understanding (Bloomsbury Square Redevelopment) between the Authority and Developer, dated as of January 24, 2024, as amended (the "**MOU**").

F. The Authority and Bloomsbury Square Preservation, LLC, a Maryland limited liability company (the "**Owner Entity**") entered into that certain Option to Ground Lease Agreement, dated as of July 2025 (the "**Ground Lease Option**"), pursuant to which the Authority granted Owner Entity an option to ground lease the land at the Property as more particularly described on <u>Exhibit A</u> attached hereto and made a part hereof (the "**Land**"), subject to the terms therein and the terms of the MOU.

G. Pursuant to Section 2 of the MOU, Developer prepared a Development Plan (as such term is defined in the MOU), and in connection therewith, Developer prepared, as reviewed and approved by the

Authority, that certain Bloomsbury Square Preservation CDA Form 202 Multifamily Rental Financing Application Submission Package Part I and Part II, submitted July 3, 2025, and attached hereto as Exhibit B and made a part hereof (collective, the "**4% LIHTC Submission**").

H. The Authority and Developer desire to enter into this Agreement to provide a more comprehensive and detailed account of the Parties' respective rights and responsibility in connection with the Project in accordance with Section 6 of the MOU.

In consideration of the foregoing recitals and underlying promises, which both Parties agree to be good and valuable consideration, the Parties agree as follows:

1. DEFINITIONS

"4% LIHTC Submission" is defined in the Recitals.

"ACC" means the Consolidated Annual Contributions Contract dated January 1, 1996 between HUD and the Authority, as amended November 17, 2003, and as further amended or restated from time to time.

"Act" means the United States Housing Act of 1937, 42 U.S.C. §1437, et seq, as amended from time to time, and any successor legislation.

"Affiliate" means, with respect to Developer, (a) any Owner Entity and any general partner or managing member of any Owner Entity; (b) any entity that has the power to direct Developer's management and operation, or any entity whose management and operation is controlled by or under common control with Developer; (c) any entity in which an entity described in (a) or (b) has a controlling interest; (d) any entity a majority of whose voting equity is owned by or is under common control with Developer; (e) any entity for which Developer or an entity described in clauses (a)-(d) serves as the managing member or general partner; or (f) any entity in which, or with which, Developer, or any entity described in clauses (a)-(e) above or their respective successors or assigns, is merged or consolidated, in accordance with applicable statutory provisions for merger or consolidation, so long as the liabilities of the entities participating in such merger or consolidation that are related to the transactions contemplated herein are assumed by the entity surviving such merger or created by such consolidation. ***"Affiliate"*** means, with respect to the Authority, any entity a majority of whose voting equity is owned by the Authority, or entity a majority of whose initial directors are appointed by the Authority or entity a majority of whose directors are confirmed by the Authority, or an entity any number of whose directors serve ex officio or in fact on behalf of the Authority.

"Agreement" means this Development Rights Agreement (including all Exhibits annexed hereto and made a part hereof, as they may be amended), as it may be amended from time to time and as supplemented and revised by the incorporation herein of the following documents as and when finalized or subsequently amended: (a) the RFQ and Developer's Proposal submitted in response thereto insofar as neither is inconsistent with this Agreement; (b) the MOU; (c) and any RAD Financial Plan.

"AHCRC" has the meaning assigned in Section 10.3.

"Applicable Requirements" means (a) RAD Requirements; (b) Consent Decree; (c) Federal, state, and local applicable laws, rules and regulations; and (d) requirements of any Federal, State or local entity in connection with financial assistance.

"Architect" refers to the architect for the Redevelopment who shall be chosen by Developer, subject to the approval of the Authority. Developer has chosen and the Authority has approved Soto Architecture and Urban Design as the Architect for the Redevelopment.

"Authority" means The Housing Authority of the City of Annapolis, a Maryland public body corporate and politic, including any successor in interest or assigns by act of the Authority, or by operation of law, or otherwise, and, as the context dictates, any Affiliate of Authority.

"Authority Closing Document" has the meaning assigned in Section 6.5.1.

"Authority SPE" has the meaning assigned in Section 10.3.

"City" means the city of Annapolis, Maryland.

"Closing" means the date on which principal commitments regarding the Redevelopment (including financing, Conveyance, covenants, agreements and contracts) are performed or converted to binding obligations of performance.

"Community Investment Component" means the Component described in Article 14.

"Component" means any component of the Redevelopment, as described in Section 2.2.

"Consent Decree" means that certain Consent Decree made by Heaven White and The City of Annapolis, dated May 6, 2021.

"Construction Completion" means, with respect to any improvements, the date on which the Authority receives:

i. Evidence of the issuance by all applicable governmental authorities of final certificate(s) of occupancy for the improvements and of any other permits and approvals required by such governmental authorities for occupancy and operation;

ii. Written certification from the Authority's independent construction inspector (if any) and from the Architect that the improvements have been completed in accordance with the plans and specifications that have been approved by the Authority in all material respects; and

iii. Evidence that the title insurance policy insuring the lien of the Authority's mortgage (if any) has been endorsed down to the date of the proposed release and such endorsements reflect no exceptions for mechanics', materialmen's or municipal liens.

"Construction Contract" has the meaning assigned in Section 7.7.1.

"Convey" and any form thereof shall mean a transfer of a long-term interest in real estate by ground lease, as contemplated in the Ground Lease Option.

"Design Development Documents" has the meaning assigned in Section 7.3.2.

"Design Documents" has the meaning assigned in Section 7.2.

"Developer" refers variously to Community Housing Partners Corporation ("**CHP**"), and, as the context dictates, CHP subsidiaries, the Owner Entity, and other Affiliates that CHP may organize to accomplish its obligations hereunder, and the defined term **"Developer"** will refer herein to the Owner Entity or other Affiliate where CHP has caused the Owner Entity or other Affiliate to so act. CHP represents and agrees, and the Authority acknowledges, that CHP or an Affiliate will serve both as managing member of the Owner Entity, and as developer of the Redevelopment to a development services agreement with an Owner Entity, and that it will have distinct responsibilities in those two roles. While this Agreement in some instances delineates the respective obligations of development and ownership entities, it is not intended to do so definitively. Those respective obligations shall be established by development services agreements or similar agreements entered into between such development and ownership entities, and the provisions hereof shall be disregarded entirely in any interpretation of such other agreements.

"Developer's Proposal" is defined in the Recitals.

"Development Budget" refers to the budget for the entire Redevelopment as the same may be adopted and/or amended by the Parties from time to time. As of the date hereof, the development budget set forth within the Use of Funds – Total Development Costs section of Part I of the 4% LIHTC Submission shall be deemed the initial Development Budget.

"Development Components" means the Site Readiness Component and the Housing Component, all as defined in Section 2.2.

"Development Contingencies" has the meaning assigned in Section 19.1.

"Development Fee" has the meaning assigned in Section 15.2.1.

"Development Plan" means the plan for the Redevelopment as defined in Section 2.4.1. A RAD Financing Plan submitted by the Parties and approved by HUD shall automatically be deemed an amendment to the Development Plan and to this Agreement.

"Development Schedule" refers to the detailed timetable for the accomplishment of the entire Redevelopment set forth on Exhibit C attached hereto, as the same may be adopted and/or amended by the Parties from time to time.

"Development Site" refers to the Land on which the Redevelopment will occurs.

"Environmental Law" means each and every applicable present or future federal, state or local law, ordinance, rule, regulation, permit, license or binding determination of any governmental authority relating to, imposing liability or standards concerning, or otherwise addressing the protection of the environment or human health, including, but not limited to: the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601 et seq. (**"CERCLA"**); the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq. (**"RCRA"**); the Toxic Substances Control Act, 15 U.S.C. §2601 et seq. (**"TOSCA"**); the Clean Air Act, 42 U.S.C. §7401 et seq.; the Clean Water Act, 33 U.S.C. §1251 et seq.; and any so-called "Superfund" or "Superlien" law; and any and all rules and regulations heretofore or hereafter promulgated with respect to any and all of the foregoing, as each is from time to time amended and hereafter in effect.

"Event of Infeasibility" has the meaning assigned in Section 19.2.

"Evidentiary Documents" has the meaning assigned in Section 6.3.8.

"Existing Buildings" means the buildings on the Land currently constituting the Bloomsbury Square Housing Development.

"Final Construction Drawings" has the meaning assigned in Section 7.3.3.

"Force Majeure" has the meaning assigned in Section 18.5.

"Former Resident" means any resident of an Authority property who vacated his or her unit subsequent to HUD's approval of a Reoccupancy Plan for such Authority property, while in good standing, and who remains a tenant in good standing under any subsequent public housing lease or a lease supported by an Authority-provided Housing Choice Voucher.

"General Contractor" means the general contractor engaged by Developer or Owner Entity for the Redevelopment. Developer has engaged with, and the Authority has approved, Harkins Builders as the General Contractor for the Redevelopment.

"Ground Lease Option" is defined in the Recitals.

"Hazardous Materials" means:

i. ***"hazardous substances"*** as defined by CERCLA;

ii. ***"hazardous wastes,"*** as defined by RCRA;

iii. any hazardous, dangerous or toxic chemical, waste, pollutant, contaminant or substance **("pollutant")** within the meaning of any Environmental Law prohibiting, limited or otherwise regulating the use, exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of such pollutant; petroleum crude oil or fraction thereof;

iv. any radioactive material, including any source, special nuclear or by-product material as defined in 42 U.S.C. §2011 et seq. and amendments thereto and reauthorizations thereof;

v. asbestos-containing materials in any form or condition; or

vi. polychlorinated biphenyls in any form or condition.

"Hazardous Materials Claims" has the meaning assigned in Section 9.2.3.

"Housing Component" is defined in Section 2.2.

"HUD" means the U.S. Department of Housing and Urban Development.

"HUD Cost Control Guidelines" shall mean those Cost Control and Safe Harbor Standards last issued by HUD as of April 9, 2003, as they may be amended.

"HUD-Restricted Funds" means funds that are (a) funds of any public housing project of the Authority (as the term public housing project is defined in the ACC or any amendment thereto); (b) any operating receipts of the Authority (as the term operating receipts is defined in the ACC or any amendment thereto); or (c) any public housing operating reserve of the Authority reflected in the Authority's annual operating budget required under the ACC, and including, without limitation, operating funds and capital funds. **"HUD-Restricted Funds"** shall exclude, without limitation, (d) amounts that have been "de-federalized" under HUD asset management rules; (e) payments made to the Authority by the Owner Entity from the Owner Entity's equity or from available cash flow exclusively derived from non-public housing units (but nevertheless subject to any applicable program income rules or agreements); and (f) other assets of the Authority arising under any program not administered by HUD pursuant to the Act.

"Infrastructure Development" has the meaning assigned in Section 4.3.

"Land" is defined in the Recitals.

"LIHTC Investor" has the meaning assigned in Section 6.3.7.

"Low Income Housing Tax Credit" or ***"LIHTC"*** refers to the credit available under §42 of the Internal Revenue Code of 1986, as amended.

"Managing Member" has the meaning assigned in Section 10.2.

"Managing Member Operating Agreement" has the meaning assigned in Section 10.3.

"Milestone" has the meaning assigned in Section 2.6.

"Milestone Deadline" has the meaning assigned in Section 2.6.

"MOU" is defined in the Recitals.

"Notice" means notice to a party given in accordance with Section 23.4.

"Operating Budget" refers to the operating budget for the projected performance of the Redevelopment as the same may be adopted and/or amended by the Parties from time to time. As of the date hereof, the development budget set forth within the Project Income, Project Expenses and 20-Year Operating Pro Forma sections of Part I of the 4% LIHTC Submission shall be deemed the initial Operating Budget.

"Owner Entity" is defined in the Recitals.

"Owner Entity Operating Agreement" has the meaning assigned in Section 10.3.

"Party" means either of the Authority or Developer.

"PBRA" is defined in Section 10.7.1

"PBV" is defined in Section 10.7.1

"Project" is defined in the Recitals.

"Project Documents" shall include, or incorporate as they come into existence, (a) the Design Documents, (b) the Construction Contract and the general, special, and supplemental conditions to such contract; (c) the purchase orders for materials and equipment, (d) site surveys, soil boring tests and any other tests, examinations or documents prepared from time to time in connection with the Redevelopment, and (e) all written or graphic interpretations, clarifications, amendments, shop drawings and changes of any of the foregoing.

"Property" is defined in the Recitals.

"Public Housing Requirements" means all requirements applicable to public housing, including but not limited to, the Act, all implementing regulations issued thereunder or in furtherance thereof, any other federal laws, regulations thereunder and executive orders pertaining to public housing, the ACC and HUD notices (including any documents incorporated into any of them by amendment, exhibit or reference) as those requirements may be waived or amended from time to time. Public Housing Requirements shall also include any agreements between the Authority and HUD.

"RAD" means HUD's Rental Assistance Demonstration program originally authorized by the Consolidated and Further Continuing Appropriations Act of 2012 (Public Law 112-55), as it may be re-authorized or amended.

"RAD Conversion Commitment" means a commitment from HUD to the Authority and the Owner Entity to provide a RAD HAP Contract in accordance with the conditions stated in such commitment.

"RAD Financing Plan" means a Financing Plan describing and demonstrating the long-term physical and financial condition of a RAD conversion project in the form required by HUD and submitted in accordance with the RAD Requirements.

"RAD HAP Contract" means a Housing Assistance Payments Contract in the form required by RAD Requirements.

"RAD Requirements" means all requirements of RAD, including without limitation those set forth in HUD Notice H-2019-09/PIH2019-23 and HUD Notice PIH-2016-17 (HA)/H-2016-17, each as they may be amended.

"RAD Unit" means any unit assisted by a RAD HAP Contract.

"Redevelopment" is defined in the Recitals.

"Reoccupancy Policy" means the reoccupancy plan to be developed by Developer and approved by the Authority and HUD with respect to the occupancy of the Redevelopment by Former Residents.

"RFQ" is defined in the Recitals.

"Schematic Design Documents" has the meaning assigned in Section 7.3.1.

"Section 3" means Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. §1701u, and its implementing regulations at 24 CFR Part 135.

"Site Readiness Component" has the meaning assigned in Section 2.2.

"Site Readiness Work" has the meaning assigned in Section 2.2.

"State Credit Agency" means the Maryland Department of Housing and Community Development.

"Termination for Infeasibility" has the meaning given in Section 19.2.

"Work" is the total construction of the Redevelopment as described in the Construction Contract, including but not limited to Site Readiness Work, Infrastructure Work and all other work to be performed under any Construction Contract.

2. REDEVELOPMENT

2.1 Redevelopment Objectives. The Parties are entering into this Agreement to effect the Redevelopment of the Property and such other objectives as are stated in the Recitals.

2.2 Components. The Redevelopment is currently planned to consist of a Site Readiness Component, a Housing Component, and a Community Investment Component, as provided in the Development Plan. All details of the Redevelopment set forth in this Agreement, however, are subject to further plan development and may be changed by amendment to the Development Plan as described hereinbelow. As currently contemplated:

2.2.1 The **"Site Readiness Component"** shall consist of the demolition and site remediation activities at the Development Site (the "**Site Readiness Work**"), the relocation of residents of the Existing Buildings to temporary or permanent replacement housing, master planning activities in order to develop and refine, as appropriate, the Development Plan and to secure necessary community and governmental approvals, and construction of site infrastructure and public improvements, as applicable, which may consist of roads, parks, utilities, etc., all as further described in Article 4.

2.2.2 The **"Housing Component"** consists of the development of residential structures which may include both rental and for-sale structures, although no for-sale housing is currently planned.

The Site Readiness Component and Housing Component are collectively referred to herein as the **"Development Components."**

2.2.3 The **"Community Investment Component"** includes activities relating to improvement of social and economic prospects for the persons and businesses affected by the Redevelopment, as provided in Article 14.

2.3 Program Management.

2.3.1 The Parties will collaborate to ensure that: (a) all material obligations imposed by any Public Housing Requirements and Applicable Requirements, as applicable, are met; (b) activities and programs that are part of the Redevelopment are supported by sound budgeting; (c) all such activities and programs are assigned to specific individuals and/or teams, whether on Authority staff, Developer staff, or through a contract or subgrant; (d) for each such substantial activity or program there are appropriate performance measures and deadlines; (e) all program funds are properly expended and accounted for; and (f) requests for approvals, approvals, reporting, and other communications among HUD, the Authority, Developer, and other interested parties are made and responded to properly and expeditiously so that funds are made available and the Redevelopment proceeds in accordance with the Development Schedule.

2.4 Development Plan.

2.4.1 As used herein, the term **"Development Plan"** describes the Development Components and the intended means to accomplish them. Development Plan shall specify the number, type and bedroom distribution of units to be constructed; the use restrictions that will apply to each type of unit; the approximate rental or purchase price of various units; the approximate cost of the Redevelopment; the expected types and sources of financing; and a general schematic site plan. As of the date hereof, the approved Development Plan consists of: (i) the 4% LIHTC Submission attached hereto as Exhibit B, (ii) the Development Budget, and (iii) the Development Schedule.

2.4.2 As requested by the Authority or as Developer and the Authority deem appropriate from time to time, Developer may propose for approval by the Authority and, if applicable, HUD an amended Development Plan, including amendments addressing only a single particular element thereof, such as the Development Schedule or Development Budget. The Authority's written approval of an amendment to the Development Plan (or element thereof) will confirm the Authority's commitment (subject to Developer's performance and any contingencies, and subject to HUD approval as may be required) of any resources ascribed to it in the Development Plan and the Authority's approval in principal of the proposed actions by Developer described in the Development Plan; and will permit Developer, lenders, investors, and other third parties to proceed to finalize plans in reliance upon such approval.

2.5 Development Budgetary Controls.

2.5.1 The Development Plan includes the Development Budget that reflects, in addition to other sources, both the seller financing that is anticipated that the Authority will provide to the Owner Entity (i.e. the Authority Seller Loan), and the Authority's administrative and third-party costs.

2.5.2 The Authority's execution of this Agreement and/or its approval of a Development Budget for planning purposes shall not constitute a commitment of funding, but shall constitute an agreement in principle to provide such funding, subject to all Applicable Requirements, satisfaction of the terms and conditions of this Agreement, and requisite HUD approval, , each of which must occur before the Authority shall be obligated to provide any funding with respect to the Redevelopment. The Parties recognize that financial needs may arise that require budget revisions so that the Redevelopment may be accomplished, and they will consider and pursue such revisions in good faith.

2.5.3 This Agreement references, at various points, amounts that the Owner Entity may pay to Developer or other entities in the course of the Redevelopment. These references are included in order to acknowledge the Authority's understanding of the likely existence of compensation arrangements and its consent to the terms of such compensation, but only to the extent specifically stated herein. These references are not intended to and shall not create any liability on the part of the Authority for such payments.

2.5.4 Except as otherwise stated in the following paragraphs, Developer shall bear all the costs of meeting its obligations hereunder and shall advance all amounts needed to implement the Development Plan, it being understood and agreed that Developer will be entitled to reimbursement of the same pursuant to Section 2.5.5 below. Notwithstanding anything to the contrary contained herein, each party shall bear its own salary, overhead, and travel costs related to predevelopment and development matters.

2.5.5 Developer shall be entitled to reimbursement of costs Developer advances to develop and implement the Development Plan consistent with the Development Budget or as otherwise incurred in connection with predevelopment and development activities and approved in writing by the Authority (provided that to the extent the Authority is not funding such activities, consent will not be unreasonably withheld and will be deemed given if not approved or rejected in writing within seven (7) days of receipt), which reimbursement shall be repaid to Developer by the Owner Entity out of available debt or equity sources at Closing.

2.5.6 The payment of any costs associated with the Redevelopment is subject to the mixed finance Safe Harbor and Cost Control Guidelines as published by HUD to the extent applicable and appropriate.

2.5.7 The initial requisition for the Redevelopment shall include payment of any predevelopment costs incurred by the Authority consistent with the Development Budget or as otherwise incurred in connection with predevelopment and development activities and approved in writing by the Parties, including, but not limited to costs related to the Authority's RAD consultant, the Authority's environmental review, fees, and the Authority's reasonable legal costs (provided that payment of such legal costs shall subject to a cap of $150,000).

2.6 Development Schedule. Developer shall ensure the accomplishment of the various tasks (each, a **"Milestone"**) by the date assigned to it (each, a **"Milestone Deadline"**) in the Development Schedule attached as Exhibit C, as it may be amended.

2.7 MOU. All terms, provisions and agreements set forth in the MOU (except to the extent expressly modified herein) are hereby incorporated herein by reference with the same force and effect as though fully set forth herein. To the extent the terms set forth in this Agreement are inconsistent with the terms of the MOU, the terms set forth in this Agreement shall apply.

3. GENERAL DUTIES OF PARTIES

3.1 Developer Obligations. In addition to any obligations stated elsewhere in this Agreement, Developer shall have the following duties and responsibilities:

3.1.1 All obligations of Developer stated herein shall include, without explicit mention, its obligation to cause any Affiliate (including the Owner Entity) to meet the same obligations with respect to matters in which the Affiliate is involved.

3.1.2 Developer shall use diligent efforts to finance, develop, and cause to be constructed the Redevelopment, which shall be in accordance with the requirements of this Agreement, the Evidentiary Documents, the Authority Closing Documents, City, County and State and other requirements for Redevelopment funding, and all Applicable Requirements.

3.1.3 Except as otherwise stated herein, Developer shall be solely responsible for the selection, hiring, contracting with, directing, and discharging of all employees, agents and contractors whom or which Developer utilizes in accomplishing its duties hereunder. Developer shall use reasonable care and due diligence to select qualified, competent and trustworthy entities and individuals for such purposes. Notwithstanding the foregoing, the Authority shall have the right to require Developer to terminate or reassign any employee, agent or contractor upon evidence of (a) a conflict of interest causing the Authority to violate its obligations under Applicable Requirements; (b) other situation where the Authority determines, in consultation with Developer and after reasonable opportunity for the employee, agent or contractor to cure, that the performance of the employee, agent or contractor is a material impediment to the progress of the Redevelopment, or likely to cause harm to the relations between the Authority and the community; or (c) ineligibility under Applicable Requirements.

3.1.4 Developer shall provide the Authority on a timely basis with all information with regard to Developer's activities that the Authority requires in order to prepare the filings and reports required by Applicable Requirements.

3.1.5 Developer shall keep the Authority fully informed, and consult with the Authority, concerning the development of all applications for government assistance and public or private financing. Consultation shall occur sufficiently early that meaningful input is possible before deadlines become imminent. Developer will provide the Authority with a reasonable number of copies of all formal submissions.

3.1.6 All submissions prepared by Developer, when submitted, shall be professional in appearance and content and free of material misstatements, misrepresentations and errors.

3.1.7 Developer shall provide regular reports as requested by the Authority on the progress of the development efforts, including work completed, associated costs, schedule and budgetary requirements;

3.1.8 Developer shall not be deemed to have failed in any foregoing obligation if any default was caused, occasioned or hindered in its cure by any actions, omissions, delays or breaches of warranty of the Authority, or the Authority's contractors or employee, or for reasons beyond the control of Developer.

3.1.9 Developer shall identify contingencies, concerns, and critical path items for the Redevelopment for early resolution.

3.2 Authority Obligations.

In addition to any obligations stated elsewhere in this Agreement, the Authority shall have the following duties and responsibilities.

3.2.1 **Approvals.** Subject to Section 23.3 of this Agreement, the Authority shall review on an expeditious basis any Redevelopment matter requiring the Authority's approval submitted to it and advise Developer of approval or denial, and (if relevant) of its reasons for denial. The Authority's approval, where called for in this Agreement, shall in all instances be evidenced by a writing explicitly granting such approval and signed by the Executive Director, or her written designee. Where the Executive Director determines in her judgment that a matter should be referred to the Authority's Board of Commissioners, she shall do so expeditiously.

3.2.2 **Public Housing, RAD, and PBV Compliance.** The Authority shall use diligent efforts to comply with Public Housing Requirements, Project-Based Voucher, and RAD requirements applicable to it. The Authority shall not be deemed to have failed in the foregoing obligation if any default was caused, occasioned or hindered in its cure by any actions, omissions, delays or breaches of warranty of Developer, or Developer's contractors or employees, or for reasons beyond the control of the Authority.

3.2.3 **Access to Site.** So long as it retains title to or control of the Development Site, the Authority shall provide Developer reasonable access to the Development Site (including buildings and improvements thereon) as well as rights of way or access easements, as appropriate, across the Development Site in a manner not inconsistent with the rights, if any, of the Authority's residents.

3.2.4 **Execution of Documents.** The Authority shall maintain sole authority for the execution of documents as the grantee under applicable grant agreements with HUD or applicable law or regulation. Whenever statute or regulation or the successful implementation of the Agreement requires the Authority to take actions or execute documents, then, consistent with the Authority's rights, powers and obligations under this Agreement, the Authority shall do so promptly, provided that any documents prepared for the Authority's execution shall be in form and substance acceptable to the Authority in its sole discretion.

3.2.5 **Real Estate Tax Exemptions and Abatements.** Upon request, the Authority shall assist Developer in pursuing real estate tax exemptions and abatements that may be available for the Redevelopment; provided, however, that any material third-party legal or other third-party cost incurred by the Authority at Developer's request shall be reimbursed to the Authority as a Project cost outside of the cap on legal costs set forth in Section 2.5.7 hereof.

3.2.6 **HUD Approvals.** The Authority shall endeavor, with Developer's assistance, to secure any approval of HUD that is required for any activity contemplated herein, including but not limited to, Field Office approval of the Authority's Annual Plan, modifications of the PIC system, managing the RAD Resource Desk for the Ownership Entity (which the Authority shall give Developer access to), demolition and disposition approval request, releases of any HUD Declaration of Trusts recorded against the Property, and Housing Choice Voucher applications. The Authority will also be responsible for submitting all required information to HUD to facilitate the final HUD approval and execution of documents.

3.2.7 **Resident Cooperation.** The Authority shall encourage resident cooperation with the Development Plan. The Authority shall communicate with residents throughout the Redevelopment process.

3.2.8 **Plan Support.** The Authority shall provide support for the Redevelopment with local agencies, HUD, lenders, and other applicable parties. The Authority shall provide reasonable assistance requested by Developer in obtaining licenses, approvals, clearances, or other cooperation from local, state, and federal agencies, the mayor's office, the City council and other local governing bodies, and shall support any application that is submitted by Developer with the Authority approval for an allocation of Low Income Housing Tax Credit or tax-exempt bond volume cap. The Authority shall reasonably assist Developer in meeting any MBE/WBE and Section 3 requirements.

3.2.9 **Overall Commitment.** The Authority shall take reasonable actions as are within its authority and necessary to the accomplishment of the Development Plan, consistent with its goals for this Agreement. Where resources anticipated by the Parties become unavailable, or for any reason the Development Plan ceases to be feasible, or if future amendments to the Development Plan are required to achieve the Parties' goals, the Authority will work with Developer, both in good faith, to develop changes or alternate plans that accomplish the original goals set forth in the Development Plan to the maximum extent possible given available resources.

3.2.10 **Agency Plan.** The Authority shall provide in its Agency Plan (adopted pursuant to §5A of the Act) for all matters that are agreed to in, or in writing pursuant to, this Agreement, to the extent required by HUD regulation to be reflected in such Agency Plan.

3.3 Mutual Obligations.

3.3.1 The Parties agree to cooperate and consult with each other regarding any public statements or publications made regarding the Redevelopment. Either Party shall provide the other with drafts of any material (a) correspondence or (b) other written material prepared in connection with the Redevelopment for a government agency, neighborhood or resident group, or other public party prior to submission, and shall revise such drafts in accordance with reasonable requests of the other Party. The submitting Party shall provide the other with final versions of all material written submissions. The term **"material correspondence"** includes without limitation correspondence addressing matters of public policy or actual or potential controversy, or requests for non-routine assistance, but shall not be deemed to include routine or technical correspondence.

3.3.2 The Authority and Developer shall provide each other all necessary information relating to the Development Plan, as expeditiously as possible for the orderly progress of the Redevelopment. In addition, the Authority and Developer shall coordinate regarding all relevant communications with HUD, and each shall provide the other with copies of all relevant correspondence, directives, and other written material either to or from HUD with respect to the Redevelopment. The Authority and Developer will meet as frequently as may be necessary, but no less often than monthly, for regular briefings and progress reports.

3.3.3 The Authority and Developer each recognize the relationship of trust and confidence established between them by this Agreement and each agrees to (a) keep each other fully informed as to the progress of the Redevelopment, (b) consult and cooperate fully with each other and each other's representatives in furthering the Redevelopment as set forth in the Development Plan, (c) furnish its best skill and judgment in the accomplishment of the Redevelopment, and (d) use commercially reasonable efforts to ensure that consents and approvals are not unreasonably withheld, conditioned or delayed.

4. SITE READINESS COMPONENT

4.1 License to Inspect. The Authority hereby grants Developer a license to go onto the Development Site and conduct all such inspections and testing as it wishes provided that:

4.1.1 The Authority is given at least 48 hours' notice in writing, where feasible, or such shorter oral notice as it reasonably consents to, including a description of any testing;

4.1.2 all inspection and testing will be conducted in compliance with all Applicable Requirements and safety requirements of the Authority of which the Authority has informed Developer in writing;

4.1.3 Developer and its contractors shall carry the insurance required in this Agreement (which insurance shall cover any investigation performed pursuant to this License) and shall provide the Authority with proof of coverage at the time of any request for access;

4.1.4 Unless due to the negligent, willful or wanton misconduct of the Authority, its commissioners, officers, agents, contractors, servants or employees, Developer shall defend, indemnify and hold harmless the Authority against and from any and all actual liability, claim of liability or expense arising out of or in any way connected with (i) Developer's entry onto the Development Site, or (ii) any default by Developer in performing any of its obligations under this Section 4.1 or Applicable Requirements, or (iii) any negligent, willful, wanton or intentionally tortious act or omission of Developer or any of its agents, contractors, servants or employees in exercising its rights under this Section 4.1.

4.1.5 upon completion of any investigation, Developer shall return the Development Site to its material pre-existing condition unless by written agreement of the Authority, in which event Developer agrees to accept the site at Closing in such resulting condition and to restore the Development Site in the event Developer fails to achieve Closing, except as otherwise agreed to by the Authority in writing; and

4.1.6 any investigation for Developer's due diligence shall be at Developer's sole cost, although it may be provided for as a project expense under any Development Budget.

4.2 Relocation and Reoccupancy.

4.2.1 Developer shall devise and implement a Reoccupancy Plan setting forth any policies, preferences or principles agreed to by the Parties relating to reoccupancy of the Redevelopment by Former Residents. The Reoccupancy Plan must comply with all applicable RAD, Uniform Relocation Act, federal, state and local laws and requirements, and shall be subject to the reasonable approval of the Authority. Developer shall include the cost of relocation and reoccupancy in the Development Budget, including moving Former Residents out as well as moving Former Residents back in.

4.2.2 The property management functions of Authority and Developer shall coordinate with regards to implementing the Reoccupancy Plan. The Authority shall make available as many public housing units as feasible within its operations, to the relocation efforts, but may not have sufficient units for all residents.

4.2.3 Neither Party shall make any representations to Former Residents that would create any right to return to the Redevelopment, except as provided in the Reoccupancy Policy or otherwise agreed to by the Parties.

4.2.4 Except as otherwise provided in accordance with the RAD Requirements, under no circumstances shall Developer be required to offer an LIHTC Unit to a Former Resident or any other applicant with adjusted income at the time of admission in excess of applicable LIHTC limits.

4.2.5 The relocation and reoccupancy requirements of this Agreement shall be refined and revised by the Parties in accordance with the terms of the Reoccupancy Policy, and shall be memorialized in an amendment to this Agreement.

4.3 Implementation of Public and Site Improvements. If applicable, following the Authority approval and any requisite HUD and other governmental approvals, and in coordination with local planning officials, Developer shall design all roads, streets, utility lines and conduits, sewers, detention systems, and other infrastructure required by the Development Plan and shall see to the construction of the same as part of the Redevelopment, unless otherwise agreed. The activities to be performed by Developer, through contractors, shall be referred to herein as the **"Infrastructure Development."** Included in such responsibility, Developer shall (or shall cause others to) perform all of the following in accordance with all Applicable Requirements:

4.3.1 finalize plans, specifications, and bid documents for parks, roadways, street scape, water service, storm water, and sanitary sewer improvements and a site electrical plan;

4.3.2 prepare plans ready to be filed for preliminary and definitive subdivision plan applications;

4.3.3 prepare for the Authority's approval any necessary revisions to the Development Budget and Development Schedule with respect to the Infrastructure Development;

4.3.4 reserved;

4.3.5 document, implement and coordinate construction activities for gas, electric, telephone and cable services;

4.3.6 obtain in a timely manner all permits, approvals, licenses, certificates and consents of all authorities necessary or desirable in connection with the Infrastructure Development, including without limitation zoning, land use, planned unit development, subdivision, resubdivision, street and alley closings and dedications, historic preservation approvals, and other state and local approvals and interpretations necessary for the Infrastructure Development;

4.3.7 select or bid, as required by Applicable Requirements and otherwise determined by Developer, and negotiate and execute one or more contracts with, the General Contractor;

4.3.8 cause the General Contractor to select any necessary subcontractors in accordance with Applicable Requirements, if any; administer and oversee one or more construction contracts with the General Contractor, and provide related construction management and contract administration services;

4.3.9 reserved;

4.3.10 review and approve change orders (subject to the reasonable approval of the Authority, as required);

4.3.11 implement construction contract closeout and acceptance of completed facilities by the City as publicly dedicated; and

4.3.12 coordinate the Infrastructure Development with the Housing Components.

4.4 Infrastructure Costs. All costs of preparing and implementing the Infrastructure Development shall be a project expense included in the Development Budget. To the extent that the Development Plan calls for public or private improvements and infrastructure to be planned and accomplished independently from the Redevelopment, Developer and the Authority shall be jointly responsible to raise all funds that are required for such work or shall obtain the commitment of appropriate third parties, including government entities or utilities, to construct them, in either event in accordance with the Development Schedule.

4.5 Contracts, Conduct of Work. Developer shall ensure that all contracts entered into by Developer shall comply with Applicable Requirements and this Agreement and that all Work performed by Developer or its contractors pursuant to this Article shall conform to Article 20.

4.6 Section 3 Plan. By the date shown on the Development Schedule, Developer shall prepare and deliver to the Authority, for the Authority's review and approval, a plan complying with Section 3 and regulations thereunder to ensure that the Authority residents and other low-income community residents are utilized in development activities to the maximum extent feasible.

5. RESERVED

6. CLOSINGS

6.1 Reserved.

6.2 Reserved.

6.3 Developer Pre-Closing Requirements.

6.3.1 **Requirements Precedent.** Each of the requirements set forth in the following paragraphs is a condition precedent to the Authority's obligations, set forth in Section 6.4 below, to provide such approvals and resources as are required for Closing to proceed.

6.3.2 **Project Documents.** Developer will have prepared, or will have seen to the preparation of, all necessary Project Documents. The Project Documents shall be subject to the review and approval of the Authority as set forth in this Agreement.

Developer will make commercially reasonable efforts to minimize Redevelopment costs, consistent with long term efficient operation and upkeep, marketability, and contribution to family and neighborhood quality of life.

6.3.3 **Permits and Approvals.** Developer shall have obtained all necessary permits and approvals, in accordance with Section 7.5.

6.3.4 **Tax Credit and Bond Allocations.** Developer shall have (a) obtained for the Owner Entity from issuing agencies such allocations of tax-exempt bond volume cap and/or of Low Income Housing Tax Credit as will have allowed it to attract equity investments at least in the amount shown in the RAD Financing Plan and (b) preserved any allocations through the Closing by meeting any carryover tests.

6.3.5 **Financing and Feasibility.** Developer shall have obtained for the Owner Entity binding commitments for all construction and permanent financing needed for the Redevelopment as shown in the RAD Financing Plan, and shall have prepared or negotiated appropriate documentation to close on such financing or obtain such funding. All financing placed on the property shall be subject to the review and approval of The Authority. Developer shall have demonstrated to the Authority's reasonable satisfaction that completion and continued operation of the Redevelopment is feasible and that binding commitments for all necessary financing and equity have been secured.

6.3.6 **Owner Entity.** Developer shall have caused to be organized the Owner Entity, which, as of the Closing, shall be owned and controlled as set forth in Section 10.3 herein.

6.3.7 **Equity Investors.** Developer shall have solicited additional member(s) to join and make equity contributions to the Owner Entity (the "**LIHTC Investor**"). Developer shall seek equity investment competitively (and shall in any event make diligent efforts to obtain at least three bids) so as to maximize the benefit to the Redevelopment, all factors considered including the amount, timing and other terms of the equity contribution; guarantee structure; reserve requirements; purchase options; tax credit adjusters; willingness and ability to support the closing timeline; fees and cash flow payable to the investor; consent and approval rights; and willingness to support objectives for the Redevelopment established in this Agreement or otherwise agreed to by the Authority and Developer. Developer shall obtain the Authority's input, in advance, with regard to any equity solicitation documents; shall disclose to the Authority any offers that are received; and shall prepare for the Authority's review a comparative analysis of the offers, with an indication of which offer it proposes to accept, with or without further negotiation; shall keep the Authority fully advised concerning negotiations with offerors; and shall accept an equity commitment only with the approval of the authority, which approval shall not be unreasonably withheld, conditioned or delayed.

6.3.8 **HUD Financing Proposal.** Developer shall have coordinated the Parties' preparation of, and assisted the Authority to secure HUD's approval of, a RAD Financing Plan in accordance with HUD procedures and requirements and shall have seen to the preparation of all evidentiary documentation required to close thereunder and to utilize public housing funds in accordance with a RAD Conversion Commitment (**"Evidentiary Documents"**). The RAD Financing Plan and Evidentiary Documents shall be prepared jointly by Developer and the Authority and provided to the Authority for submission to HUD, shall comply with all RAD Requirements, and each Party shall reasonably agree to any changes required by HUD that do not materially and adversely affect the feasibility of the Redevelopment or the scope of obligations or the level of risk and return to Developer, Owner Entity or the Authority. The Authority will diligently pursue HUD's approval of the RAD Financing Plan and Evidentiary Documents. Notwithstanding anything herein to the contrary, the Authority shall prepare, for Developer's review and approval, Evidentiary Documents that relate specifically to the Authority-Developer relationship, including but not necessarily restricted to any Ground Lease, RAD Use Agreement, RAD HAP Contract, and Authority loan and security documents, and shall manage the submission, negotiation, and HUD approval of the Evidentiary Documents in consultation with Developer.

6.3.9 **Consent Decree Certification of Compliance**. Developer shall have complied with all applicable terms of the Consent Decree and delivered an executed Certification of Compliance pursuant to the Consent Decree.

6.3.10 **Management Agreement and Plan.** Developer shall have provided the Authority, for its review and approval, a management agreement and management plan together with ancillary documents such as the form of lease, affirmative fair housing marketing procedures, etc.

6.3.11 **[Reserved].**.

6.3.12 **Guaranties.** Developer shall have arranged to provide all Redevelopment guaranties to the extent required by lenders or investors, including completion, operating deficit, and tax credit recapture guaranties. The Authority shall not be required to provide any guarantees to any party.

6.4 Authority Commitments. Upon the performance by Developer of all its prior obligations with respect to the Redevelopment, as set forth herein, and upon such HUD approvals as may be required, the Authority shall take the following actions and execute and deliver such documents as are reasonably required for it to complete Closing.

6.4.1 **Land Conveyance.** Pursuant to the terms of the Ground Lease Option, the Authority will Convey to the Owner Entity a long-term leasehold of the Development Site pursuant to a ground lease agreement (the "**Ground Lease**"). The ground lease shall be for a term of sixty-five (65) years unless otherwise required by tax analysis or as may reasonably be required by the LIHTC Investor in order to meet any "equitable ownership" or "true debt" tests, and shall be in form and content satisfactory to Developer's counsel, the Authority's counsel, other lenders' counsel, bond counsel, the purchasers and the underwriters of the bonds, and/or any other legally relevant parties. The value of the Ground Lease (as to be determined by a third-party appraiser shall be set forth in the Ground Lease Option and agreed to by the parties), shall be paid as set forth in the Ground Lease Option, unless otherwise agreed.

6.4.2 **Authority Seller Loan.** As set forth in the Ground Lease Option, a portion of the value of the Ground Lease to be paid to the Authority shall be paid in the form of a seller note from the Owner Entity to the Authority (the "**Authority Seller Loan**"). The Authority Seller Loan shall bear interest at the applicable Federal Rate, shall be repaid from project cash flow, and shall be secured by a mortgage against the Property. The Owner Entity and the Authority shall execute such loan agreements, notes, mortgages, security agreements and other documentation as may be necessary to effectuate the Authority Seller Note. Unless the Parties jointly agree otherwise, the Authority Seller Note loan shall be non-recourse, shall be subordinate to commercial financing, shall have a term for at least the term of the senior loan, and shall otherwise be consistent with reasonable requirements of any LIHTC investor.

6.5 Closings Generally.

6.5.1 The Authority and Owner Entity shall execute such documents as may be necessary to comply with RAD Requirements and otherwise provide for the availability of any operating and capital subsidies required by the Development Plan, including but not limited to, as applicable RAD Conversion Commitment, a RAD Use Agreement, a RAD HAP Contract, or other document required in accordance with the RAD Requirements and as may be necessary to effectuate the requirements of this Agreement, including but not restricted to the Ground Lease, financing and security documents in connection with the Authority Seller Loan, the Owner Entity Operating Agreement, the Managing Member Operating Agreement and any other documents reasonably required to Convey the Property and finance the Redevelopment as contemplated by this Agreement (each such document to be referred to herein as an "**Authority Closing Document**"). The Authority Closing Documents shall be in form and content satisfactory to Developer's and/or Owner Entity's counsel, the Authority's counsel, other lenders' counsel, bond counsel, the purchasers and the underwriters of the bonds, LIHTC Investors, HUD, and/or any other legally relevant parties.

6.5.2 The Authority and Owner Entity shall execute such documents as may be necessary to establish, as covenants running with the land, any use restrictions required in accordance with the Development Plan and any use restrictions required by HUD or in connection with the use of tax-exempt bonds, the receipt of Low Income Housing Tax Credits, or the receipt of any other approved financing.

6.5.3 The Authority and Owner Entity shall execute all other documents necessary and appropriate to the implementation of this Agreement.

6.5.4 Once Closing has occurred, the Authority Closing Documents (and not this Agreement) will govern the obligations of the parties thereto as to matters set forth in them. No default under, or termination of, this Agreement, in and of itself, shall release the other Party from the obligations it has undertaken in the Authority Closing Documents nor increase the rights and remedies it may have under such documentation.

7. <u>DESIGN AND CONSTRUCTION</u>

7.1 General. This Article 7 shall govern any design and construction activities of Developer under this Agreement and shall be incorporated in relevant part in Closing Documents governing the obligations of the Authority, Developer, the applicable Owner Entity, and any other party thereto.

7.2 Design Documents. Developer shall cause its Architect to proceed diligently to prepare design development and initial construction documents for the proposed Redevelopment (**"Design Documents"**) consistent with the Development Plan. In connection with its submittal to the Authority for its approval, Developer shall provide to the Authority such elevations, sections, plot plans, specifications, diagrams and other Design Documents at each of the stages described in Section 7.3, as may reasonably be required or requested by the Authority for its review. The Design Documents shall incorporate any conditions imposed by the City's or other government agency's permitting process.

7.3 Submittal and Review of Design Documents. Within the times set forth in the Development Schedule, Developer shall present and review in detail with the Authority the Design Documents in the following stages:

7.3.1 **Schematic Design Phase.** Developer shall engage and work with the Architect during the schematic design phase and shall review with the Authority Developer's approach to the design and construction of the Redevelopment. Based on the Development Schedule and program and construction budget requirements mutually agreed to by the Authority and Developer, Developer shall have the Architect prepare "Schematic Design Documents" consisting of drawings and other documents illustrating the scale and relationship of all Development Components, including but not limited to the preliminary site plans, exterior elevations and floor plans for the units. Developer shall present and review in detail the Schematic Design Drawings to the Authority for the Authority's approval. Based on the Schematic Design Documents, following the approval of the Authority, Developer shall obtain an estimate of the construction cost and, in consultation with the Authority, shall direct the Architect to make any necessary adjustments to the Schematic Design Documents so that the cost of construction is within the approved budget (as amended from time to time with consent of the Authority).

7.3.2 **Design Development Phase.** Based on the written approved Schematic Design Documents, Developer shall direct the Architect to prepare, for approval by Developer and the Authority "Design Development Documents" consisting of drawings, outline specifications and other documents to fix and describe the size and character of the Redevelopment as to architectural, and basic structural systems, materials and such other elements as may be appropriate. The Design Development Documents shall include drawings that shall indicate estimated structural dimensions, and delineation of site features and elevations, materials and colors, landscaping and other features. The drawings shall fix and describe all design features, as well as the size, character, and quality of the entire Redevelopment as to architectural, structural, and mechanical systems. Key details shall be provided in preliminary form. Developer shall present and review in detail the Design Development Drawings to the Authority for the Authority's approval. Based on the Design Development Documents, following the approval of the Authority, Developer shall obtain a second estimate of the construction cost and, in consultation with the Authority, shall direct that the cost of construction is within the approved budget (as amended from time to time with the consent of the Authority).

7.3.3 **Construction Document Phase.** Based on the written approved Design Development Documents, and any further adjustments in the scope or quality of the Redevelopment or in the construction budget, Developer shall direct the Architect to prepare Final Construction Drawings consisting of drawings and specifications setting forth in detail the requirements for construction of the Redevelopment (the **"Final Construction Drawings"**) and Developer shall present and review in detail the Final Construction Drawings to the Authority for the Authority's approval. The Final Construction Drawings must provide all the detailed information necessary to obtain a building permit for the Redevelopment. Developer shall provide material samples upon the reasonable request of the Authority. Developer shall advise the Authority of any adjustments to previous preliminary estimates of construction cost indicated by changes in requirements or to general market conditions.

7.3.4 The purpose of the Authority's review of the Design Documents is to satisfy itself of their consistency with the Development Plan and the provisions of this Agreement. The Authority shall not unreasonably withhold conceptual approval of Design Documents that are logical progressions from concepts set forth in previously approved Design Documents. If the Authority determines that there are material changes that are not logical progressions from previously approved Design Documents or which raise material concerns that were not reviewable in previously approved Design Documents, in approving or disapproving such Design Documents, the Authority shall act in its reasonable discretion. The Authority's review of the Design Documents shall be completed promptly at each stage of the process.

7.4 No Change in Design Documents. Once the Authority has approved Final Construction Drawings, Developer shall not make any material changes in those documents without the prior written approval of the Authority. Without limitation, a change shall be deemed material if: (a) it materially changes the size, location or elevation of the Redevelopment; (b) requires an amendment to any approval or permits obtained from the City or other governmental agencies; or (c) the effect of it would be to increase or decrease any construction budget line item by the greater of $100,000 or one percent (1%) of the overall development budget. Provided, however, that the Authority may not disapprove any change that is required for compliance with building codes or other laws, codes or regulation. Nothing herein shall authorize Developer to substitute materials of lesser quality for those previously approved by the Authority, without the Authority's consent. Developer shall promptly provide copies of all change orders to the Authority and, on a monthly basis, the Developer shall submit to the Authority copies of AIA Forms G-702 and G-703 (the "AIA Forms") setting forth all change orders for that month. For change orders in the field that need the consent of the Authority prior to the submission of the next draw package, the Authority shall have five (5) business days to approve or disapprove them, failing which, the applicable change order(s) shall be deemed approved so long as detailed paperwork is submitted with the next draw package.

7.5 Permits and Approvals. Within the time specified in the Development Schedule, Developer (including through its contractors) shall obtain all permits and approvals necessary to construct the Redevelopment including building permits. All applications for such permits and approvals shall be consistent with the approved Design Documents. Developer shall not obtain a building permit until the Authority has approved the Final Construction Drawings for the Redevelopment. Developer acknowledges that execution of this Agreement by the Authority does not constitute approval by the City of any required permits, applications, or allocations, and in no way limits the discretion of the City in the permit, allocation and approval process. Developer shall, on an ongoing and timely basis, advise the Authority as to the status of the processing of all applications necessary to obtain all governmental approvals required in accordance with this Agreement and Applicable Requirements. Developer shall advise the Authority of any hearings regarding matters described in this section with sufficient advance notice to enable the Authority to elect to attend such hearings. The Authority shall cooperate with and, as necessary, participate in the pursuit of all such permits and approvals by Developer.

7.6 Zoning of the Development Site. It shall be the responsibility of Developer to ensure that the zoning of the Development Site shall be such as to permit the development and use of the Development Site in accordance with the provisions of this Agreement. The Authority shall cooperate with Developer in seeking any variances, conditional use permits, parcel maps or other discretionary approvals needed to implement this Agreement.

7.7 Construction Services.

7.7.1 The Owner Entity shall enter into a fixed-price or guaranteed maximum price contract for the Work or any portion thereof (a "**Construction Contract**") consistent with the requirements established herein and all Applicable Requirements with a general contractor that it has selected in accordance with Applicable Requirements. Developer will oversee selection of the General Contractor which will be subject to the Authority's review and approval. The Authority hereby approves Harkins Builders as the General Contractor.

7.7.2 Notwithstanding anything to the contrary contained or implied herein, the Authority shall not be deemed a party to, and shall have no rights or obligations with respect to, the Construction Contract. The Construction Contract (including the identity of the General Contractor) will be subject to the Authority's review and approval. The Construction Contract shall require the General Contractor to provide, at a minimum: (a) insurance as provided in Article 17 herein; (b) performance and payment bonds (or alternative security) that are in compliance with all Applicable Requirements and are satisfactory to the Authority and all other lenders; (c) a warranty of good title to materials, equipment and supplies incorporated in the work; (d) a warranty that the work performed under the Construction Contract conforms with the Final Construction Drawings and is free of any defect in equipment, material or workmanship performed by the General Contractor or any subcontractor or supplier in any tier; and (e) a warranty that all material, equipment and supplies are new, of first quality and suitable for the purposes for which they are used. The warranties shall continue for a period of not less than one (1) year (or such longer period as may be specified in the Final Construction Drawings for the Redevelopment) from the date of Construction Completion of the Work.

7.8 Authority Review.

7.8.1 Developer shall be solely responsible for all aspects of Developer's conduct in connection with the Redevelopment, including, but not limited to, compliance with Applicable Requirements, the quality and suitability of the Final Construction Drawings, the supervision of construction work, the ensuring that the Redevelopment is constructed in good workmanlike manner and in accordance with the Final Construction Drawings, and the qualifications, financial condition, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Developer shall permit, or shall cause the Owner Entity to permit, the Authority and HUD, through their officers, agents, or employees, to enter the Property on a regularly scheduled basis and otherwise with reasonable notice to review the work of construction to determine that such work is in conformity with the approved Final Construction Drawings or to inspect the Redevelopment for compliance with this Agreement. Any inspection by the Authority shall be for the benefit of the Authority. It shall not be deemed to be acceptance of all or any of the Work, nor shall it be deemed to waive any right the Authority may have under this Agreement or any Authority Closing Document. The Authority will make reasonable efforts to bring to the attention of Developer and/or Owner Entity any material work deficiencies, issues regarding construction, or other concerns that it discovers in its inspections, but under no circumstances will the Authority have any liability to Developer or Owner Entity for the failure to do so. Developer and Owner Entity shall be solely responsible for compliance with all Applicable Requirements relating to the selection of the General Contractor and the terms of the Construction Contract and shall bear the entire risk of any non-compliance.

7.8.2 Prior to the commencement of construction of the Redevelopment, Developer shall demonstrate that its internal construction team has sufficient development and/or construction experience within the City (as reasonably determined by the Authority). In the event Developer is unable to demonstrate such experience, then Developer shall arrange for the retention of a third-party construction and/or development consultant with significant development and construction within the City (subject to the reasonable approval of the Authority) (the "**Construction Consultant**"). The Construction Consultant shall observe and assess the development and construction of the Redevelopment, and provide reports of its observations, assessments, and recommendations to Developer and the Authority. Developer and the Owner Entity for shall make best efforts to incorporate the assessments, recommendations, and reporting of the Construction Consultant with respect to the Redevelopment. The costs of the Construction Consultant shall be Project costs included in the Development Budget.

7.8.3 In addition to all other options or remedies set forth herein, the Authority shall have the right to cause Developer and/or the Owner Entity to terminate the General Contractor with thirty (30) days' notice following either (i) repeated and documented failure to construct the Redevelopment in accordance with the Authority's required standards; (ii) a default by the General Contractor under the terms of the construction contract between such General Contractor and the Owner Entity; or (iii) a default by an Owner Entity under and document or agreement applicable to the Redevelopment. In addition to this Agreement, the Authority's rights under this Section 7.8.3 shall be evidenced in the Authority Closing Documents.

7.9 Prompt Payment; No Liens. Developer shall make, or cause to be made, prompt payment of all monies due and legally owing to all persons, firms and corporations doing any work, furnishing any materials or supplies, or renting any equipment to Developer or any of its contractors or subcontractors in connection with construction of the Redevelopment, except where Developer is disputing its obligation to so pay or where a third-party with an obligation to fund a payment has failed to do so other than for good cause based on Developer's actions or inactions. Developer and/or the Owner Entity shall keep the Development Site free of mechanics', materialmen's and other involuntary liens and encumbrances and shall forthwith take all necessary and appropriate steps to release any such liens either by payment or bonding in accordance with Maryland law.

7.10 Books of Account. Developer shall keep accurate books of account showing the costs incurred for the Work. Such books and supporting data shall be open for inspection by the Authority and its authorized representatives, and shall be retained and available for reference for a period of seven (7) years after the Work has been completed (such obligation to survive the termination of this Agreement). The records shall be maintained at Developer's offices in [________] and the Authority shall have access during normal business hours, upon reasonable notice.

7.11 Commencement and Completion. Developer shall use diligent efforts to cause construction of the Redevelopment to be commenced in accordance with the Development Schedule. Developer shall diligently cause to be prosecuted to completion the construction of the Redevelopment, and shall use diligent efforts to cause construction of the Redevelopment to be completed no later than the time specified in the Development Schedule.

7.12 Construction Pursuant to Plans. Developer shall cause to be constructed the Redevelopment substantially in accordance with the Final Construction Drawings (as the same may be amended with the Authority approval) in all material respects and the terms and conditions of all HUD, City and other governmental approvals. Developer agrees to meet regularly with the Authority (with the Architect and/or General Contractor in attendance as may be useful) and to present reports on the progress of the Work.

7.13 Construction Bonds. Unless otherwise approved by the Authority and HUD in accordance with the RAD Requirements, Developer shall require its General Contractor to procure, and deliver to the Authority copies of, labor and material (payment) bonds and performance bonds, or a dual bond that covers both payment and performance obligations, in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of construction of the improvements. Said bonds shall be issued by an insurance company that is licensed to do business in Maryland and has a rating equivalent to A+ or as otherwise approved by the Authority, and shall also be subject to the approval of the lenders and investor for the Redevelopment. The labor and materials (payment) bond shall name the Authority as a co-obligee or assignee.

7.14 Compliance with Agreements and Applicable Law. Developer shall cause all work performed in connection with the Redevelopment to be performed in compliance with (a) all Applicable Requirements, (b) all directions, rules and regulations of any fire marshal, health officer, building inspector, or other officer of every governmental agency now having or hereafter acquiring jurisdiction, (c) applicable public bidding and public works laws, statutes, rules and regulations, if any, and (d) this Agreement and the Authority Closing Documents. The work shall proceed only after procurement of each permit, license, or other authorization that may be required by any governmental agency having jurisdiction, and Developer shall be responsible to the Authority for the procurement and maintenance thereof, as may be required of Developer and all entities engaged in work on the Redevelopment.

7.15 Reserved.

7.16 Prevailing Wages. In the construction of the Redevelopment, Developer will ensure that labor standards required in accordance with the RAD Requirements (including, but not limited to Davis-Bacon Act, 40 U.S.C. 276a et seq.), are met with respect to the Redevelopment. Developer shall comply with all applicable reporting and record-keeping requirements of the applicable prevailing wage statutes and regulations.

7.17 Documents, Drawings and Materials. Developer shall furnish the Authority with an electronic copy and one (1) printed set of the final drawings of record and data sheets; results of civil, structural and hydraulic design calculations; loading diagrams, equipment manufacturers' drawings and data, including construction data and parts lists; and final specifications. Upon Construction Completion, Developer shall furnish the Authority with an electronic copy of the as-built drawings for the Redevelopment.

8. EMPLOYEES, PROFESSIONALS AND CONTRACTORS

8.1 Selection. In light of the Authority's commitment herein to invest in the Redevelopment, Developer shall not use any professional or other contractor (each, a "**Team Member**") that has not been selected and, if required, approved in accordance with this section. The Authority has approved those Team Members that are listed in the 4% LIHTC Submission.

8.1.1 In selecting Team Members not included in the Development Plan, Developer shall select in each instance that Team Member whose proposal is most advantageous to the Redevelopment, taking into consideration price, quality, ability to perform on schedule and budget, and ability to meet and comply with all other requirements set forth herein, including without limitation the Team Member's compliance with Section 3 requirements.

8.1.2 Developer shall use its utmost diligence in soliciting proposals from Team Members located in or near the City. In evaluating the prospective performance of potential Team Members, Developer shall give all appropriate consideration (subject to Applicable Requirements) to Team Members who demonstrate familiarity with local laws, regulations and business practices and/or whose proximity will enhance their responsiveness or reduce the costs to be borne by the Redevelopment.

8.1.3 If Developer requires services that are expected in the course of the Redevelopment to cost in excess of $100,000 from any single provider, other than a Team Member already identified in the Development Plan, it shall seek competitive proposals. Developer shall advise the Authority in advance of the solicitation and shall solicit proposals from, among others, any potential Team Member suggested by the Authority. Developer shall consult with the Authority regarding Developer's assessment of proposals received; however, except as provided below, the final selection of any Team Member shall be the sole function and responsibility of Developer, based on demonstrated competitiveness of the selected proposal, history of the respondent and other reasonable factors. Nothing in this Section 8.1.3 shall limit Developer's obligation to comply with all procurement requirements of the Applicable Requirements.

8.1.4 In the selection of Team Members, Developer shall be alert to noncompetitive practices that may restrict or eliminate competition or otherwise restrain trade.

8.2 Contracts. In no event shall Developer contract with any party that has been debarred or suspended by HUD or the Authority. All contracts entered into shall contain all standard provisions required by HUD and shall conform to the requirements of this Agreement. Developer shall provide for the Authority approval, in advance, a form of contract rider it proposes to utilize to satisfy this requirement

8.3 Affiliates. Developer shall not enter into any contract, lease, purchase order or other agreement ("**Arrangement**") in connection with the Redevelopment with any Affiliate of Developer, unless such Arrangement has been approved in writing by the Authority, after full disclosure in writing by Developer to the Authority of such affiliation or relationship and all details relating to the proposed Arrangement. The terms of any such Arrangement must conform to the requirements of the Authority, HUD and this Agreement.

8.4 Responsibility and Standards. Except as stated in Section 8.1, Developer shall be solely responsible for the selection, hiring, contracting with, directing, and discharging of all employees and Team Members whom or which Developer utilizes in accomplishing its duties hereunder. Developer shall use reasonable care and due diligence to select qualified, competent and trustworthy entities and individuals for such purposes. Notwithstanding the foregoing, the Authority shall have the right to require Developer to terminate or reassign any employee, agent or contractor upon evidence of (a) a conflict of interest causing the Authority to violate its obligations under Applicable Requirements; (b) other situation where the Authority determines, in consultation with Developer and after reasonable opportunity for the employee, agent or contractor to cure, that the performance of the employee, agent or contractor is a material impediment to the progress of the Redevelopment, or likely to cause harm to the relations between the Authority and the community; or (c) ineligibility under Applicable Requirements

9. <u>ENVIRONMENTAL MATTERS AND HAZARDOUS MATERIALS.</u>

9.1 HUD Environmental Review. The Authority will initiate the HUD environmental review pursuant to 24 CFR Parts 50/58 as may be required in order to complete the Redevelopment as contemplated herein, as well as any reviews required under state or local law. Developer will provide reasonable assistance as may be requested the Authority in order to expedite this process. The Parties shall not carry out any activities with respect to the Development Site in violation of 24 CFR part 50/58.

9.2 Certain Covenants and Agreements. Developer hereby covenants and agrees that:

9.2.1 Developer shall not permit the Development Site or any portion thereof to be a site for the use, generation, treatment, manufacture, storage, disposal or transportation of Hazardous Materials, except in such amounts as are ordinarily used, stored or generated in similar projects, or otherwise permit the presence of Hazardous Materials in, on or under the Development Site in violation of any applicable law; provided, however, that Developer shall not be in default hereof with regard to any pre-existing condition or Hazardous Material migrating from any adjoining property unless caused by any act or omission of Developer, an Developer Affiliate (including the Owner Entity), or any of its or their respective contractors, subcontractors, material suppliers, agents, servants or employees. Nothing in the foregoing proviso shall modify Developer's obligations set forth in Section 4.4.

9.2.2 In the event of early Development Site delivery in advance of Closing with respect to any portion of the Development Site in accordance with Section 5.5 hereof, Developer shall keep and maintain such portion in compliance with, and shall not cause or permit the Development Site or any portion thereof to be in violation of, any Environmental Laws.

9.2.3 Upon receiving actual knowledge of the same, Developer shall immediately advise the Authority in writing of: (a) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Authority, Developer or the Development Site pursuant to any applicable Environmental Laws; (b) any and all claims made or threatened by any third-party against the Authority, Developer or the Development Site relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials (the matters set forth in the foregoing clause (a) and this clause

(b) are hereinafter referred to as **"Hazardous Materials Claims"**); (c) the presence of any Hazardous Materials in, on or under the Development Site in such quantities that require reporting to a government agency; or (d) Developer's discovery of any Hazardous Material on any real property adjoining or in the vicinity of the Development Site.

9.3 Reserved.

9.4 Indemnity. Without limiting the generality of the indemnification set forth in Article 23 below, Developer hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Authority) the Authority, its commissioners, officers, employees and agents from and against any and all actual out of pocket claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all reasonable costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly out of any claim by a third-party concerning: (a) the failure of Developer, any Developer Affiliate, or any employee, agent, contractor, subcontractor or material supplier of Developer or any Developer Affiliate to comply with any Environmental Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Redevelopment; or (b) any activity carried on or undertaken on or off the Development Site by Developer, any Developer Affiliate, or any employee, agent, contractor, subcontractor or material supplier of Developer or any Developer Affiliate, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under or in the vicinity of the Development Site. The provisions of this subsection shall survive expiration of the Term or other termination of this Agreement, and shall remain in full force and effect. Notwithstanding the foregoing, this indemnity obligation shall not apply to the extent that any claim arises from (i) any preexisting environmental condition; or (ii) the activity of the Authority, any Authority Affiliate or any employee, agent, contractor or subcontractor of the Authority or any Authority Affiliate, or arises from conditions existing on or under the Development Site prior to Closing (except to the extent such claim may be increased by Developer's grossly negligent actions with regard to such condition or Developer's failure to respond to the condition in the manner required by law (including any Environmental Law) or with due care under the circumstances), or arises from the migration of Hazardous Materials onto or under the Redevelopment from any other property without conduct by Developer, any Developer Affiliate, or any employee, agent, contractor, subcontractor or material supplier of Developer or any Developer Affiliate. The Ground Lease shall contain an indemnification provision substantially identical hereto binding the applicable Owner Entity, which provision shall be guaranteed by Developer. Subject to the Applicable Requirements and all applicable law, the Authority shall indemnify, protect, hold harmless and defend the Developer, its officers, employees and agents from and against any and all actual out of pocket claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all reasonable costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly out of any claim by a third-party concerning any preexisting environmental condition on the Development Site. The Ground Lease will also contain an indemnification provision substantially identical hereto.

9.5 No Limitation. Subject to the limitations to Developer's liability set forth in Section 9.4, Developer hereby acknowledges and agrees that Developer's duties, obligations and liabilities under this Agreement, including, without limitation, under Section 22.1, are in no way limited or otherwise affected by any information the Authority may have concerning the Development Site and/or the presence within the Redevelopment of any Hazardous Materials, whether the Authority obtained such information from Developer or from its own investigations

9.6 Survival. Notwithstanding anything to the contrary provided herein, the obligations of parties under this Article 9 shall terminate upon the Closing, provided that certain matters shall be contained in the Ground Lease as contemplated in Section 9.4.

10. RENTAL DEVELOPMENT

10.1 Reserved.

10.2 Ownership. Rental housing units developed or acquired hereunder shall be owned by an Owner Entity and all net income therefrom shall be the property of the Owner Entity. The Owner Entity is currently owned 99.99% by Developer, as a non-managing member, and 0.01% by CHP Bloomsbury Square, LLC, an Affiliate of Developer, as the managing member (the "**Managing Member**").

10.3 Management of Owner Entity. At closing, Developer shall withdrawal as the non-managing member of the Owner Entity, and the LIHTC Investor shall be admitted as the investor member of Owner Entity pursuant to an amended and restated operating agreement of the Owner Entity (the "**Owner Entity Operating Agreement**"). At or prior to Closing, (i) the Authority shall form a single purpose entity for the Redevelopment (the "**Authority SPE**"), (ii) the Authority SPE shall be wholly owned by the Annapolis Housing And Community Redevelopment Corporation, a Maryland nonprofit corporation ("**AHCRC**"), an affiliate of the Authority, and (iii) the Authority SPE shall be admitted as the 49% non-managing member of Managing Member pursuant to an amended and restated operating agreement of the Managing Member (the "**Managing Member Operating Agreement**"). The Managing Member Operating Agreement shall provide the Authority with the major decision approval rights set forth at Exhibit G hereto. The Authority SPE shall be required to make a 168(h)(6) election to the extent required by the LIHTC Investor. Notwithstanding the foregoing, the ownership structure may be amended and tailored for the most advantageous position to both gain a real estate tax exemption or abatement and maximize the benefits of the federal low-income housing tax credit.

10.4 Reserved.

10.5 Property Management.

10.5.1 The Owner Entity's selection of a management agent (***"Management Agent"***), and the terms of any management agreement and management plan, will be subject to the Authority review and approval. The Authority hereby approves Developer as the initial Management Agent. If the Parties determine it is advisable for Developer to perform or takeover any property management services prior to Closing, Developer shall do so provided that the Authority has reviewed any interim property management agent.

10.5.2 Property management fees will not exceed industry norms for comparable services involving subsidized properties in the Annapolis market or any limits established by HUD for HUD-assisted properties or RAD projects.

10.5.3 All management documents and policies shall be subject to approval by the Authority.

10.5.4 The Authority and Developer shall negotiate in good faith the operational policies that impact the ability of the Authority to continue to fulfill the central mission of housing, including waitlist (which will include a site-based waiting list) and transfer list management and housing eligibility to the extent consistent with RAD requirements and the Consent Decree. A tenant selection plan will provide the opportunity for a "second look" at prospective residents from the Authority's waitlist who may not initially meet screening criteria. The Operating Budget will include funding for a "Resident Council" for all residents at the funding level consistent with the RAD notice.

10.5.5 The Authority shall have the right to require Developer to terminate the property manager of the Redevelopment (subject to requisite third party approvals) with thirty (30) days' notice following either (i) repeated and documented failure to manage the Redevelopment in accordance with the Authority's required standards, which failure has a materially adverse effect on the Development; (ii) a material default by the property manager under the terms of the management agreement between such property manager and the Owner Entity which material default has a materially adverse effect on the development provided that no removal shall take place until a replacement property manager has been approved by the Authority . In addition to this Agreement, the Authority's rights under this Section 10.5.5 shall be evidenced in the Authority's Closing Documents.

10.5.6 Developer shall assist the Management Agent in developing a marketing and lease-up plan for the Redevelopment.

10.5.7 Developer shall oversee asset management functions at the Redevelopment as required through lease-up of the Redevelopment and conversion to permanent financing for the Redevelopment.

10.5.8 Commencing five (5) years after 100% qualified occupancy for the Redevelopment, the Authority shall have the option to replace the Management Agent in providing property management services to the Owner Entity, provided that the Authority has obtained the necessary LIHTC Investor and lender approvals, as applicable, for the substitution and provided Developer is released from any and all guarantees (provided, however, that any such release shall only release Developer from liability under the guarantees first arising or accruing on and after such release).

10.6 Reserved.

10.7 RAD Development

10.7.1 **Overall Understanding**. Under RAD, the public housing capital and operating assistance provided by HUD to a public housing authority is converted by HUD into project-based vouchers under 24 CFR 983 ("**PBVs**") or project-based rental assistance under 24 CFR 880 ("**PBRA**") that permit the property owner to support construction or rehabilitation debt. The Parties agree to pursue a RAD conversion in connection with the Redevelopment, and in order to implement the Development Plan as provided herein, the Authority and Developer will agree on the most advantageous RAD conversion method, including the use of a "RAD/Section 18 Blend" to the extent available.

10.7.2 **RAD Requirements**. The Parties acknowledge that the use of RAD assistance in the Redevelopment will subject the portion of the Redevelopment in which RAD assistance is utilized to the RAD Requirements as they may evolve.

10.7.3 **RAD Compliance**. The Parties acknowledge and agree that all RAD Units must be developed, operated, and managed in compliance with RAD Requirements.

11. THE AUTHORITY'S OPTION AND FIRST RIGHT OF PURCHASE

At Closing, the Authority and Owner Entity shall enter into a Purchase Option and Right of First Refusal on the form attached hereto as Exhibit F (the "**ROFR Agreement**"). Any LIHTC Investor solicitation and resulting LUHTC term sheet shall incorporate the Authority's ROFR Agreement terms, provided that the parties will work in good faith to address any issues raised by the LIHTC Investor in connection with their review and approval of the ROFR Agreement.

12. RESERVED

13. RESERVED

14. COMMUNITY INVESTMENT COMPONENT

14.1 **Community and Supportive Services Program.** Developer shall provide, through its Management Agent or other qualified provider, community and supportive services to assist residents in improving their education and life skills and achieving better employment. The extent of such services shall be determined between the Parties with reference, among other things, to favorable scoring under Maryland's QAP, and shall be funded by an established reserve, as permitted by CDA. The Authority shall have the right to provide input with respect to the services being provided, subject to funding limitations of the applicable reserve.

14.2 **Section 3.** The work to be performed by Developer under this Agreement is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3).

14.2.1 The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing. In the case of this Agreement employment and contracting opportunities shall be directed to (1) low-income housing residents of the Property (including those residents who are required to relocate for the Redevelopment), then (2) Authority's other public housing residents, if any, then (3) low-income tenants then receiving Section 8 rental assistance through the Authority, then (4) low income residents of the City of Annapolis, Maryland, then (5) low income residents of Anne Arundel County, Maryland.

14.2.2 The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 75, which implement section 3. As evidenced by its execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 75 regulations.

14.2.3 Developer agrees to send to each labor organization or representative of workers with which Developer has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of Developer's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

14.2.4 Developer agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 75. Developer will not subcontract with any subcontractor where Developer has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 75.

14.2.5 Developer will certify that any vacant employment positions, including training positions, that are filled (1) after Developer is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 75.

14.2.6 Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

14.3 Reserved.

14.4 Reserved.

15. <u>FEE, REIMBURSEMENT AND INCOME ARRANGEMENTS</u>

15.1 Reserved.

15.2 Amounts Paid to Developer in Connection with Rental Housing Development.

Developer shall receive fees and/or profits payable from available sources from the Redevelopment in the amounts and at times to be shown on final Development Budgets and on draw schedules to be entered into between the Owner Entity and their lenders. Such fees and profits will be paid solely out of Owner Entity equity, sales proceeds, private debt or other non-HUD-Restricted Funds (unless otherwise approved by HUD or the Authority, as applicable), and shall not be an obligation of the Authority. The Parties recognize that the amount and timing of fees will require the agreement of other financing sources and investors including HUD; subject to the foregoing, the Authority approves the following:

15.2.1 Developer shall be entitled to receive a development fee (the "**Development Fee**") from the Owner Entity for the Redevelopment as approved by, as applicable, HUD, the State Credit Agency, and the LIHTC Investor and lenders. Developer shall pay a minimum of 30% of the Development Fee actually received by it to the Authority under a subcontract for development assistance, with such portions paid pro-rata with each installment of Development Fee actually received by Developer.

15.2.2 The Development Fee shall be payable by the Owner Entity in installments paid to the extent required by the LIHTC Investor (and to the extent the foregoing is a non-RAD PBV or mixed finance public housing transaction in no event earlier than as permitted under HUD Cost Control Guidelines). Each payment of Development Fee shall be paid to Developer and the Authority pro rata in accordance with the percentage set forth in Section 15.2.1 above.

15.2.3 Developer shall, in consultation with the Authority, calculate "Cost Savings" at the time of the stabilization (or later upon approval of the cost certification and issuance of I.R.S. Form 8609 by the State Credit Agency, if applicable). Cost Savings will be calculated as the amount by which final aggregate development sources exceed final aggregate development uses (including payment in full of the Development Fee, if applicable, payment in full of any fees owed to the Authority (or its designated Affiliate), full funding of all required reserve accounts and, if applicable, cost saving payments due to the general contractor under the terms of its contract). Final aggregate development sources and uses shall be established pursuant to the cost certification prepared by Developer's accountant. All Cost Savings shall be used first, to reduce the deferred portion of the Development Fee, second to increase the Development scope if Developer believes necessary, and finally, to reduce the size of the permanent loans to the Redevelopment. If the foregoing use is not permitted by the Redevelopment lenders, Costs Savings will be utilized pursuant to the requirements of the Redevelopment lenders.

15.2.4 Except as expressly provided elsewhere in this Agreement, Developer shall not receive any additional payment for providing goods or services to the Development unless it is with the express written consent of the Authority. Developer will disclose any such proposed relationship to the Authority and will provide the Authority sufficient terms, information about the terms and conditions of the proposed relationship to enable the Authority to evaluate its propriety and commercial reasonableness.

15.3 Amounts to the Authority.

15.3.1 In connection with the Redevelopment, the Authority will earn in recognition of its co-development role a Development Fee in accordance with Section 15.2.1.

15.3.2 Developer will include in the Budget, and reimburse to the Authority, all reasonable third-party costs incurred by the Authority in performing hereunder, including without limitation costs of legal counsel, other than those costs with respect to negotiation of this Agreement, provided that such costs and the amount to be reimbursed are subject to a reasonable cap, approved by Developer in advance, and included in the

Development Budget. Additionally, should Developer request that the Authority pursue unusual HUD approvals or waivers not ordinarily required in a public housing development, the third-party cost thereof shall be paid as a Project cost unless otherwise agreed.

15.4 Cash Flow From Rental Operations.

15.4.1 No less than fifty percent (50%) of otherwise-distributable cash flow from the Redevelopment will be paid to the Authority as debt service on its Authority Seller Loan until the Authority Seller Loan is repaid in full and then paid to the Authority as a distribution. The remaining 50% shall be paid fifty percent (50%) to Developer. In the event that a portion or remaining distributable cash flow must be payable to the LIHTC Investor as required for tax purposes and as set forth in Owner Entity Operating Agreement, then the portion of remaining distributable cash flow that is not required to be paid to the LIHTC Investor shall be payable fifty percent (50%) to Developer and fifty percent (50%) to the Authority in the manner provided herein.

15.4.2 **"Otherwise distributable cash flow"** shall conform to any similar definitional term in the Owner Entity Operating Agreement, but is generally agreed by the Parties to mean cash flow from operations (including additional or refinancing debt, or release of reserves) after payment of all operating expenses, ground rent, non-Authority debt service, property management fees, investor asset management fees, funding of reserves, partner loans (including any guaranty payments made by Developer or any Developer Affiliate that are treated as partner loans), deferred Development Fee, and all payments and distributions to the LIHTC Investor in the Owner Entity as set forth in Owner Entity Operating Agreement as approved by the Authority and Developer.

15.5 Reserves. All reserves funded from the Development Budget or through operations shall remain with the Property in the event of any sale, refinancing, or other partnership restructuring, provided, however, that upon exercise by the Authority of the Purchase Option or Right of First Refusal under the ROFR Agreement, reserves that are not required by the project lenders to remain at the Property may be released to the Owner Entity, in which event such released funds shall be disbursed pursuant to the distribution of capital proceeds provisions to be set forth in the Owner Entity Operating Agreement.

16. ROLE OF HUD

16.1 HUD Approval. The Parties hereto acknowledge that the Closings and the consummation of the transactions contemplated by this Agreement may be subject to HUD approval. Developer and the Authority agree to cooperate to obtain all necessary HUD approvals and acknowledge that HUD approvals must be obtained as a condition precedent to certain obligations contained herein. Nothing herein shall be understood to authorize or obligate the Authority to act in the absence of required HUD approvals, and the Parties acknowledge that HUD's approval of this Agreement will not constitute approval of particular transactions which by their nature require specific HUD approval following a submission of particulars.

16.2 Transfer Not an Assignment. The Authority and Developer acknowledge that any transfer of HUD-Restricted Funds by the Authority to Developer shall not be or be deemed to be an assignment of such funds, and Developer shall not succeed to any rights or benefits of the

Authority under the ACC, or attain any privileges, authorities, interests, or rights in or under the ACC.

16.3 No Relationship Created. Nothing contained in the ACC or this Agreement nor any act of HUD or the Authority, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, except between HUD and the Authority as provided under the terms of the ACC.

16.4 Communication with HUD. The Authority shall be responsible for all communication with HUD, including submission of documents and materials to HUD to obtain the approval of HUD with respect to the Redevelopment. Developer will not contact HUD with respect to the matters contemplated in this Agreement, other than matters are the responsible of Developer, without the consent of the Authority.

17. INSURANCE. Developer shall maintain and keep in full force and effect, and shall cause the Owner Entity and all of Developer's and its Owner Entity's respective contractors and subcontractors to maintain and keep in full force and effect, during the term of this Agreement, such insurance as may be required of each on Exhibit D. Each such policy shall name the Authority as an additional insured and, in instances where the Authority is acting as a lender, as a loss payee. Each such policy shall be underwritten and issued by reputable companies authorized to do business in Maryland, shall not be subject to cancellation without thirty (30) days' prior written notice to the Authority (10 days in the event of non payment) and shall be primary to any insurance carried by the Authority. Any language purporting to limit the insurer's liability for failure to give the required thirty (30) days' (or such lesser time as permitted above) prior written notice shall be unacceptable to the Authority. Developer shall provide the Authority with a certified copy of any required insurance policy, and if such certified policy evidences the limits and coverages required by Exhibit D hereto, the Authority shall provide Developer with a notice of acceptance.

18. TERMINATION FOR CAUSE

18.1 Events of Default by Developer.

The following shall constitute an Event of Default by Developer:

18.1.1 Subject to Sections 18.3, 18.5 and Article 19, the failure of Developer to pay or perform any of its material obligations under this Agreement;

18.1.2 Subject to Sections 18.3, 18.5 and Article 19, the failure of Developer to make good faith efforts complete any Milestone by the Milestone Deadline set forth in the Summary Schedule, or in the event that the Authority demonstrates by clear and convincing evidence that Developer is not attempting to meet, or is objectively incapable of meeting, any deadline set forth in the Summary Schedule;

18.1.3 [Reserved];

18.1.4 If any representation of Developer under this Agreement or an Authority Closing Document is untrue or inaccurate in any material respect as of the date when made and the foregoing has a materially adverse effect on the Authority or Developer;

18.1.5 (a) Developer being or becoming insolvent or bankrupt or Developer ceasing to pay its debts as they mature or making an arrangement with or for the benefit of its creditors or consenting to or acquiescing in the appointment of a receiver, trustee or liquidator for such insolvency or bankruptcy, (b) a bankruptcy, winding up, reorganization, insolvency, arrangement or similar proceeding instituted by Developer under the laws of any jurisdiction, or any such proceeding instituted against Developer under the laws of any jurisdiction that has not been stayed or dismissed within ninety (90) days after its institution, (c) any action or answer by Developer approving or, consenting to, or acquiescing in, any such proceeding, or (d) the levy of any distress, execution or attachment upon the property of Developer that is not stayed or dismissed within ninety (90) days of its commencement and shall substantially interfere with its performance hereunder;

18.1.6 The unilateral withdrawal (not covered by Section 19.2) by Developer from the Redevelopment effort;

18.1.7 If there is a change in the ownership or control of Developer that has not been disclosed to and approved by the Authority, provided that routine changes to officers or directors shall not constitute a change in ownership or control; and

18.1.8 If Developer is debarred by the Federal government or the State of Maryland.

18.2 Events of Default by the Authority. Subject to Sections 18.3, 18.5 and Article 19, it shall be an Event of Default by the Authority if the Authority shall fail (a) to perform any of its material obligations under this Agreement and such failure materially impairs the ability of Developer to perform its material obligations hereunder or to realize its intended benefits, or (b) to provide payments or funds as and when due under any written commitment, but subject in all events to the availability of such funds if they are subject to the control of HUD or other governmental entity or third-party.

18.3 Cure; Procedure for Termination For Cause. Upon the occurrence of an Event of Default by either Party, the other Party shall have the right to notify the defaulting Party in writing of such Event of Default, whereupon the defaulting Party shall have thirty (30) days from its receipt of such notice, or such longer time as the nature of the cure may require if promptly commenced and expeditiously pursued (but not to exceed ninety (90) days unless additional time is required for governmental approvals or funding), to cure such Event of Default. If the defaulting Party shall fail to cure the default within the time provided in such notice, or such longer time as the nature of the cure may require if promptly commenced and expeditiously pursued (not to exceed ninety (90) days unless additional time is required for governmental approvals or funding), the non-defaulting Party may, by written notice, terminate this Agreement, pursue such other remedies as may be available at law or equity, and/or condition its further participation on a change in terms hereunder. Provided, however, that notwithstanding anything to the contrary provided herein, Developer shall not be entitled to any monetary remedy greater than it would be entitled to under a Termination for Convenience (as such term is defined in the MOU).

18.4 Assignment of Work Product Following Termination for Default. Upon termination of this Agreement due to an Event of Default by Developer, Developer shall assign to the Authority its interest in any or all plans, studies, reports, drawings, permits, approvals, and other work product produced or obtained by Developer in connection with the Redevelopment, and the Authority shall reimburse to Developer the actual cost thereof, but subject to offset for any damages or other amounts that may be due from Developer to the Authority, net of amounts previously advanced by the Authority for such purpose.

18.5 Force Majeure. If a Party is delayed in adhering to the Development Schedule or achieving any Milestone Deadline due to causes beyond the control and without fault or negligence of such Party, then the applicable Development Schedule date(s) or Milestone(s) shall be extended for a period of time corresponding to the period of delay, with a reasonable corresponding adjustment to later affected dates or Milestones, but in no event more than one year unless the other Party determines in its discretion that such delay could not reasonably have been avoided. Examples of such causes may include, but are not limited to, an Event of Infeasibility (as hereafter defined), delays of the other Party in meeting its obligations hereunder, or (a) acts of God, or public enemy, (b) acts of governmental entity, including HUD; (c) acts of another contractor in the performance of a contract other than a contract with the delaying Party, (d) fires, (e) floods, (f) epidemics, (g) quarantine restrictions, (h) strikes or labor disputes, (i) freight embargoes, (j) unusually severe weather, (k) delays caused by HUD in granting required approvals or funding committed sums, and (l) delays caused by unavailability of materials.

18.6 Continuing Obligations. In no event shall a termination of this Agreement impair or delay the performance by the Authority or Developer of their obligations under any Authority Closing Documents.

18.7 Costs. Developer shall be liable to, and shall reimburse, the Authority for any and all actual expenditures incurred and for any and all actual damages suffered by the Authority in connection with any Event of Default by Developer, the remedying of any default under this Agreement, or any termination of this Agreement due to an Event of Default by Developer, unless such termination is caused by the default of the Authority, including but not necessarily limited to all costs, claims, losses, liabilities, damages, and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by the Authority as a result thereof. The Authority shall be liable to, and shall reimburse, Developer for any and all actual expenditures incurred and for any and all actual damages suffered by Developer in connection with any Event of Default by the Authority, the remedying of any default under this Agreement, or any termination of this Agreement due to an Event of Default by the Authority, unless such termination is caused by the default of Developer, including but not necessarily limited to all costs, claims, losses, liabilities, damages, and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Developer as a result thereof.

19. <u>TERMINATION FOR INFEASIBILITY</u>

19.1 Development Contingencies. The Parties agree that certain matters are conditions precedent to the Authority's and Developer's ability to proceed with the Redevelopment and to fulfill the terms and conditions of this Agreement. The Parties' ability to perform responsibilities hereunder is substantially contingent upon actions by third parties over whom the Parties have only limited influence, as well as upon the continuation of economic and regulatory circumstances at least as favorable to housing development and marketing as currently exist (**"Development Contingencies"**). Such Development Contingencies shall include, without limitation, the following:

19.1.1 The award of tax credits or tax-exempt bond financing allocations in the amount projected;

19.1.2 The investment of equity at projected levels and rates;

19.1.3 The projection of tenant rents and available subsidies sufficient to achieve breakeven operations.

19.1.4 The making of private loans under projected terms and conditions;

19.1.5 The provision of all projected assistance, including grants, loans and land transfers, from the City and/or other governmental bodies;

19.1.6 The successful elimination from each Development Site of Hazardous Materials;

19.1.7 The successful elimination or control of adverse geotechnical conditions;

19.1.8 The receipt of all necessary government approvals and permits, including without limitation HUD's approval of this Agreement and RAD Financing Plan; and

19.1.9 The continuation of law, regulations, public policy and economic and market circumstances at least as favorable to RAD financing development in general, and to the Redevelopment in particular, as currently exist.

19.2 Revision or Withdrawal. In the event a Development Contingency does not occur (after all diligent and reasonable efforts by Developer and the Authority to cause it to occur, in accordance with their respective obligations hereunder) in a manner generally consistent with the Development Plan and in a manner that reasonably permits the accomplishment of the Redevelopment in accordance with this Agreement, the Parties will attempt to revise the Development Plan (subject to HUD approval, as applicable) in a mutually acceptable fashion by extending deadlines, revising budgets or goals, or otherwise. If the Parties cannot (except to the extent such failure is due to HUD's failure to provide approval to a revision or amendment to the Development Plan), within sixty (60) days after Developer provides the Authority with written notice that a Development Contingency has not occurred or has ceased to exist, agree to amend the Development Plan (subject to HUD approval, as applicable) or cannot thereafter secure HUD approval of any amendment so agreed to, it shall be deemed an "**Event of Infeasibility**." Upon the occurrence of an Event of Infeasibility, either Party may terminate this Agreement by delivering written notice to the other Party ("**Termination for Infeasibility**"). Developer shall promptly thereafter vacate the Development Site and cooperate in good faith with the Authority to achieve an orderly transition of management.

19.3 No Liability. In the event of a Termination for Infeasibility as provided herein, neither Party shall have any liability to the other pursuant to this Agreement except that (a) the Authority shall remain liable to Developer for any unpaid costs for which reimbursement is explicitly provided elsewhere herein and is then due and payable by the Authority, and (b) Developer shall remain liable to indemnify the Authority in accordance with Sections 9.4 and 22.1 with respect to acts or omissions of Developer occurring prior to termination of this Agreement.

19.4 Assignment of Work Product Following Termination for Infeasibility. In the event of a Termination for Infeasibility as provided herein, at the election of the Authority, Developer shall assign its interest in any or all plans, studies, reports, drawings, permits, approvals, and other work product produced or obtained by Developer in connection with the Redevelopment, and the Authority shall reimburse to Developer the actual cost thereof, net of amounts previously advanced by the Authority for such purpose.

19.5 Termination for Convenience.

19.5.1 The Authority may terminate or suspend this Agreement, in whole or in part for the convenience any time prior to Closing. Any such termination shall be effected by delivery to Developer of a written notice of termination and the date upon which such termination becomes effective, which shall not be less than 30 days following delivery of all such notices.

19.5.2 In the event of a termination for convenience under this Section 19.5, the Authority shall be liable to Developer for reasonable and proper costs resulting from such termination which costs shall be paid to Developer, which the Authority will pursue diligently after receipt by the Authority of a properly presented claim and conclusion of any negotiations or discussions related to the same. A properly presented claim shall set out in detail: (i) the total cost of all approved third-party costs incurred to date of termination; (ii) the cost (including reasonable profit) of settling and paying approved claims under subcontracts and material orders for work performed and materials and supplies delivered to the site, or for settling other liabilities of Developer incurred in performance of its obligations hereunder, payment for which has not been made by the Authority or by Developer to the subcontractor or supplier; (iii) the cost of preserving and protecting the work already performed until the Authority or its assignee takes possession thereof or assumes responsibility therefore; (iv) the actual or estimated cost of legal and accounting services reasonably necessary to prepare and present the termination claim to the Authority; (v) approved financing fees and good faith deposits made by Developer that are forfeited solely as a result of the termination; and (vi) reasonable compensation to Developer for work performed to date, provided that such work is in Developer's scope of work as described herein. The Authority shall pay Developer such costs, as set forth in the claim described above, within ninety (90) days of the conclusion of any discussions or negotiations related to the properly set forth claim described herein.

19.5.3 If this Agreement terminates pursuant to this Section 19.5, and if the Authority reimburses Developer for costs incurred by Developer pursuant to Section 19.5.2 above, Developer shall deliver to the Authority copies of any work product, construction documents and studies in Developer's possession or to which Developer is entitled for the Redevelopment, and shall obtain from the applicable person or entity such construction documents, studies, and any approvals relevant to the Redevelopment.

20. <u>OTHER FEDERAL REQUIREMENTS</u>

20.1 Certain Requirements. Developer will comply with all applicable requirements of the following, as the same may be amended from time to time:

20.1.1 The Fair Housing Act, 42 U.S.C. 3601-19, and regulations issued thereunder, 24 CFR Part 100; Executive Order 11063 (Equal Opportunity in Housing) and regulations issued thereunder, 24 CFR Part 107; and the fair housing poster regulations, 24 CFR Part 110.

20.1.2 Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d, and regulations issued thereunder relating to non-discrimination in housing, 24 CFR Part 1.

20.1.3 Age Discrimination Act of 1975, 42 U.S.C. 6101-07, and regulations issued thereunder, 24 CFR Part 146.

20.1.4 Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794, and regulations issued thereunder, 24 CFR Part 8; the Americans with Disabilities Act, 42 U.S.C. 12181-89, and regulations issued thereunder, 28 CFR Part 36.

20.1.5 Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u, and its implementing regulations at 24 CFR Part 75.

20.1.6 Wage rates under the Davis-Bacon Act (40 U.S.C. 276(a) et seq.).

20.1.7 2 CFR Part 200 as it relates to the acceptance and use of federal grant funds.

20.1.8 The Violence Against Women Act ("VAWA") requirements set forth at 24 CFR Part 5, Subpart L.

20.1.9 Federal grievance requirements governed by 5 U.S.C 7121.

20.2 Access to Records.

20.2.1 The Authority, HUD, and the Comptroller General of the United States, or any of their duly authorized representatives, shall, until seven (7) years after closeout of any federal grant funds used hereunder, have access to and the right to examine, upon reasonable notice, any and all of Developer's pertinent books, documents, papers, or other records involving transactions related to this Agreement for the purpose of making audit, examination, excerpts, and transcriptions.

20.2.2 Developer agrees to include in first-tier contracts under this Development Rights Agreement a clause substantially the same as Section 20.2.1. The term ***"contract"*** as used in this clause excludes contracts and purchase orders not exceeding $10,000.

20.2.3 The period of access and examination under Section 20.2.1 and Section 20.2.2 for records relating to (a) litigation or settlements of disputes arising from the performance of this Agreement, or (b) costs and expenses of this Agreement to which the Authority, HUD or Comptroller General or any of their duly authorized representatives has taken exception shall continue until disposition of such appeals, litigation, claims, or exceptions.

20.3 Interest of Members of Congress. No Member of or delegate to the Congress of the United States shall be admitted to any share or part of this Agreement or to any benefit to arise therefrom.

20.4 Interest of Member, Officer, or Employee and Former Member, Officer, or Employee of the Authority. No member, officer, or employee of the Authority, no member of the governing body of the locality in which the project is situated, no member of the governing body by which the Authority was activated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the project, shall, during his or her tenure, or for one (1) year thereafter or such longer time as the Authority's Code of Ethics may require, have any interest, direct or indirect, in this Agreement or the proceeds thereof, unless the conflict of interest is waived by the Authority and by HUD.

20.5 Lobbying Activities. Developer shall comply with 31 USC 1352 which prohibits the use of Federal appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract; the making of any Federal grant; the making of any Federal loan; the entering into of any cooperative agreement; or the modification of any Federal contract, loan, or cooperative agreement. Developer further agrees to comply with the requirement of such legislation to furnish a disclosure (OMB Standard Form LLL) if any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with a Federal contract, grant, loan, or cooperative agreement, which payment would be prohibited if made from Federal appropriated funds.

21. <u>REPRESENTATIONS AND WARRANTIES</u>

21.1 Developer's Warranty of Good Standing and Authority. Developer warrants to the Authority that (a) Developer is a duly organized, validly existing nonprofit corporation in the State of Viriginia and, if as and as required by Maryland law, is in good standing under the laws of and qualified to do business in Maryland, (b) Developer has all necessary power, authority, licenses and staff resources for the undertaking of its obligations under this Agreement, (c) this Agreement has been duly entered into and is the legally binding obligation of Developer, (d) this Agreement will not violate any judgment, law, or agreement to which Developer is a party or is subject to and will not violate the articles of incorporation or limited partnership certificate, partnership agreement or operating agreement, or any organizational document or agreement by which Developer is bound, and (e) there is no claim pending, or to the best knowledge of Developer, threatened, that would impede Developer's ability to perform its obligation hereunder. Developer shall not hereafter enter into any agreement or consent decree that would impair its ability to perform its obligations hereunder, and upon receipt of actual notice thereof will notify the Authority if any suit is threatened or law proposed that would impair its ability to perform its obligations hereunder.

21.2 Authority's Warranty of Good Standing and Authority. The Authority represents and warrants to Developer that (a) the Authority is a public body corporate and politic organized under the laws of the State of Maryland, (b) the Authority has all necessary power and authority under Maryland law for the undertaking of its obligations under this Agreement, (c) this Agreement has been duly entered into and is the legally binding obligation of the Authority, (d) this Agreement will not violate any judgment, law, consent decree, or agreement to which the Authority is a party or is subject to and will not violate any law or ordinance under which the Authority is organized, and (e) there is no claim pending, or to the best knowledge of the Authority, threatened, that would impede the Authority ability to perform its obligation hereunto. The Authority shall not hereafter enter into any agreement or consent decree that would impair its ability to perform its obligations hereunder, and will notify Developer if any suit is threatened or law proposed that would impair its ability to perform its obligations hereunder.

22. INDEMNIFICATION AND GUARANTEE

22.1 Indemnification. Developer shall indemnify, defend and hold harmless the Authority and its Commissioners, officers, employees, and agents from and against any and all actual losses, costs (including but not limited to costs of internal staff time), damages, claims, causes of action, demands, suits, liabilities, obligations, judgments and expenses (including but not limited to attorney fees, consultant fees, witness fees, and other costs of litigation resulting from or in connection with any failure of Developer or any Developer Affiliate to comply with any provision of this Agreement, the Public Housing Requirements, RAD Requirements. Federal law, Maryland law, or any other applicable law, rule, or regulation or any willful, wanton or negligent act or omission by Developer or any Developer Affiliate, or any of its or their respective agents, servants, employees, contractors or subcontractors. Developer's monetary liability shall not be limited by any provisions or limits of insurance set forth in this Agreement. Notwithstanding anything to the contrary provided herein, this indemnification obligation shall survive the expiration or termination of this Agreement and the Closing or completion of the Redevelopment, but shall expire with the appropriate expiration of the statute of limitations for the underlying contractual or tortious action, subject to equitable or statutory tolling of such limitations period. Furthermore, prior to payment of any draw request to the General Contractor, Developer shall obtain certifications from the General Contractor that all work made the subject of each such respective draw request has been performed in good workmanlike manner and in accordance with the Final Construction Drawings. Developer shall provide each such certification to the Authority.

22.2 No Reliance. Developer shall bear all risks associated with performance of its obligations under this Agreement. Except for representations expressly set forth in this Agreement, the Authority makes no representations and Developer may not rely upon any statement, whether written or oral, now or hereafter made by any officer, employee, agent or representative of the Authority, as to (a) the geotechnical, environmental or other conditions of the Development Site, (b) the suitability of the Development Site for the Redevelopment, (c) the existence or suitability of on-site or off-site utilities or other facilities, (d) the availability of governmental permits and approvals other than those issued by the Authority, or (e) the practicality or capacity of plans and specifications heretofore or hereafter approved by the Authority to satisfy the performance requirements of this Agreement. Statements and information provided by the Authority in the RFQ and MOU shall not constitute representations or warranties of the Authority and the incorporation by reference of the RFQ and MOU into this Agreement shall not be construed to be the adoption of any statement made in the RFQ or MOU as a representation in this Agreement or in any Authority Closing Document.

23. MISCELLANEOUS

23.1 Term. This Agreement shall commence with the execution hereof and shall terminate upon the earlier of five (5) years from the date of this Agreement, or completion of the activities contemplated hereunder, unless sooner terminated in accordance with provisions herein. Upon Closing of the Redevelopment, the Authority Closing Documents shall govern in all respects the obligations of the parties thereto; provided, however, that the foregoing shall have no effect on any indemnifications provided by Developer to the Authority as required hereunder. No default under, or termination of, this Agreement, in and of itself, shall release the other Party from the obligations it has undertaken in Authority Closing Documents nor increase the rights and remedies it may have under such Authority Closing Documents.

23.2 Decision Standards. In any request, approval, consent or other determination by any Party required under any of this Agreement, the Party shall act reasonably, in good faith and in a timely manner, unless a different standard is explicitly stated.

23.3 Party Approvals.

23.3.1 For all actions requiring a party's (the ***Approving Party's***) consent or approval, the other party (the ***Requesting Party***) shall submit the request for approval and supporting information with a notice that bears a bold face legend substantially as follows: ***"Important: Your Response is Required in __ Working Days"***.

23.3.2 The Approving Party shall have a specified number of days to respond in writing. The Approving Party's response, if not an approval, must include the basis for any objection and suggested modifications to obtain approval. For some issues, this Agreement identifies the number of days that the Approving Party shall have to respond. For other issues, the amount of response time shall be stated in the notice, and shall be proportionate to the type and magnitude of the decision and the Requesting Party's need to operate the Redevelopment. For example, but not in limitation, the decision time for construction change orders shall be shorter than the time for review and approval of budgets.

23.3.3 If the Requesting Party does not receive a response within the specified number of days from the delivery to the Approving Party of a notice as provided in Section 23.3.1, it may send the Approving Party a notice of non-response, which shall be delivered to the Approving Party in accordance with the formal notice provisions hereof and which shall bear the bold-faced legend, ***"Important: Notice of Non-response"***. Following the giving of this notice, the Approving Party will have five (5) working days in which to respond.

23.3.4 If the Approving Party does not respond within such five (5) working days, the Requesting Party may proceed to act in the manner it has proposed. Any late disapproval of the Approving Party shall be effective, but only if accompanied by a proffer to reimburse the Requesting Party for all costs and expenses reasonably incurred by the Requesting Party as the result of the late disapproval.

23.4 Notices. Any notice or other formal communication of the giver's position, given or made pursuant to a requirement of this Agreement, shall be in writing and shall be deemed given if (a) delivered personally or by courier, (b) telecopied or sent by electronic mail (with confirmation by any of the alternative means of notice listed herein), (c) sent by overnight express delivery, or (d) mailed by registered or certified mail (return receipt requested), postage prepaid, to a Party at its respective address set forth below (or at such other address as shall be specified by the Party by like notice given to the other Party):

If to the Authority, to:	Housing Authority of the City of Annapolis 1217 Madison Street Annapolis, Maryland 21430 Attn: Procurement Administrator
and a copy to:	Klein Hornig LLP 1325 G Street NW, Suite 770 Washington, DC 20005

Attn: Mark Stokely

If to Developer, to: Community Housing Partners Corporation
448 Depot Street NE,
Christiansburg, Virginia 24073
Attn: Andy Davenport

and a copy to: Reno & Cavanaugh, PLLC
455 Massachusetts Avenue, Suite 400
Washington, DC 20001
Attn: Efrem Levy

All such notices and other communications shall be deemed to have been received (a) in the case of personal or local courier delivery, on the date of such delivery, (b) in the case of telecopy, upon receipt thereof or, for telecopies arriving after 4:30 p.m. or on a non-business day, at 9 a.m. on the next business day, (c) in the case of delivery by overnight courier or express delivery service, on the date specified in the delivery receipt, and (d) in the case of mailing, on the date specified in the return receipt therefor.

23.5 Representatives. To facilitate communication, the Parties to this Agreement shall designate a representative or representatives with responsibility for the routine administration of each Party's obligations under this Agreement. The Parties initially appoint the following as representatives:

THE AUTHORITY: Melissa Maddox-Evans, Executive Director/CEO of the Authority.

DEVELOPER: Developer's personnel shall be as set forth on Exhibit E attached hereto, which shall constitute the members of the development team who will devote a significant time commitment to the implementation of the Development Plan. Developer agrees to notify the Authority of any changes in the key personnel, herein defined as those persons listed on Exhibit E.

23.6 Further Assurances. Each Party shall execute such other and further documents as may be reasonably necessary or proper for the consummation of the transaction contemplated by this Agreement.

23.7 Assignment. This Agreement may not be assigned by any Party without the prior written consent of the other Party, which consent may be granted or withheld by such other Party in its sole and absolute discretion notwithstanding Section 23.3 or any other provision of this Agreement. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the Parties hereto pursuant to this section

23.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed original, but all of which, together, shall constitute one instrument.

23.9 Interpretation. This Agreement shall not be construed against the Party who prepared it but shall be construed as though prepared by both Parties. This Agreement shall be construed, interpreted, and governed by the laws of Maryland without regard to the choice of law provisions thereof or any principles relating to conflicts of laws.

23.10 Severability. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable such portion shall be deemed severed from this Agreement and the remaining parts shall continue in full force as though such invalid or unenforceable provision had not been part of this Agreement.

23.11 Final Agreement. This Agreement constitutes the final understanding and agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, understandings and agreements between the Parties, whether written or oral. This Agreement may be amended, supplemented or changed only by a writing signed or authorized by or on behalf of the Party to be bound thereby.

23.12 Non-Recourse.

23.12.1 No commissioner, officer, official, employee, agent, attorney, or consultant of the Authority or any Affiliate shall be personally liable to Developer, or any successor in interest or person claiming by, through or under Developer or any of its Affiliates, in the event of any default or breach, or for or on account of any amount that may be or become due, or in any claim, cause or obligation whatsoever under the terms of this Agreement.

23.12.2 No partner, member, officer, director, shareholder, employee, agent or consultant of Developer or any Affiliate thereof shall be personally liable to the Authority, or any successor in interest or person claiming by, through or under the Authority, in the event of any default or breach, or for or on account of any amount that may be or become due, or in any claim, cause or obligation whatsoever under the terms of this Agreement.

23.13 Developer Employees and Liabilities. It is understood that persons engaged or employed by Developer as employees, agents, or independent contractors shall be engaged or employed by Developer and not by the Authority. Developer alone is responsible for their work, direction, compensation and personal conduct. Nothing included in any provision of this Agreement shall impose any liability or duty upon Authority to persons, firms, or corporations employed or engaged by Developer in any capacity whatsoever, or make the Authority liable to any such persons, firms, or corporations, or to any government, for the acts, omissions, liabilities, obligations, and taxes, of whatsoever nature, of Developer or of its employees, agents, or independent contractors.

23.14 Developer Not an Agent. Nothing in this Agreement shall be deemed to appoint Developer as an agent for or representative of the Authority, and Developer is not authorized to act on behalf of the Authority with respect to any matters except those specifically set forth in this Agreement. The Authority shall not have any liability or duty to any person, firm, corporation, or governmental body for any act of omission or commission, liability, or obligation of Developer, whether arising from actions under this Agreement or otherwise.

23.15 Conflict of Interest. Developer covenants that neither it nor any of its directors, officers, partners or employees has any interest, nor shall acquire any interest, directly or indirectly, that would conflict in any manner or degree with the performance of the services hereunder. Developer further covenants that in the performance of this Agreement, no person having such interest shall be employed by it. Notwithstanding the foregoing, nothing herein shall prevent Developer or any of its members from (a) engaging in other development projects in the Annapolis area or elsewhere, (b) competing for or undertaking any public housing mixed-finance project or RAD Redevelopment in any other city, or (c) acting as a consultant or contractor to HUD under the public housing mixed-finance program or RAD program.

23.16 Waivers. The failure of either Party to insist in any one or more cases upon the strict performance of any of the other Party's obligations under this Agreement or to exercise any right or remedy herein contained shall not be construed as a waiver or a relinquishment for the future of such obligation, right or remedy. No waiver by either Party of any provision of this Agreement shall be deemed to have been made unless set forth in writing and signed by that Party.

23.17 Successors. The terms, covenants, agreements, provisions, and conditions contained herein shall bind and inure to the benefit of the Parties hereto, their successors and assigns.

23.18 Headings. The headings in this Agreement are inserted for convenience only and shall not be used to define, limit or describe the scope of this Agreement or any of the obligations herein.

23.19 Construction. Whenever in this Agreement a pronoun is used, it shall be construed to represent either the singular or the plural, and either the neuter, the masculine or the feminine gender, as the case shall demand.

23.20 Cumulative Rights. Except as expressly limited by the terms of this Agreement, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

23.21 Forum and Jurisdiction. Any action or proceeding arising hereunder shall be brought in the courts of the State of Maryland or in the United States District Court of Maryland, as may be permitted by law and their respective rules. The Authority and Developer agree that the courts located in the State of Maryland may exercise personal jurisdiction over them and hereby waive any defenses each of them may have to such exercise of jurisdiction. Any action or proceeding arising hereunder shall be brought and tried in Anne Arundel County, Maryland. The Parties agree that any other contract or sub-contract entered into between the Parties or between a Party and another entity pertaining to the offsite redevelopment that is the subject of this Agreement and any work or services ancillary thereto shall contain the language set forth in this provision related to governing law, jurisdiction and venue.

[Remainder of page intentionally blank; signatures appear on following page]

IN WITNESS WHEREOF, the Parties have duly executed this Development Rights Agreement by their duly authorized signatories effective on or as of the date first written above.

HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS

By: ______________________________
Name: Melissa Maddox-Evans
Title: Executive Director/CEO

COMMUNITY HOUSING PARTNERS CORPORATION

By: ______________________________
Name: Melissa Maddox-Evans
Title: Executive Director/CEO

Development Rights Agreement
for Bloomsbury Square Redevelopment

LIST OF EXHIBITS

EXHIBIT A
Legal Description

EXHIBIT B
4% LIHTC Submission

EXHIBIT C
Development Schedule

EXHIBIT D
Insurance

EXHIBIT E
Developer Personnel

EXHIBIT F
Purchase Option and Right of First Refusal Agreement

EXHIBIT G
MAJOR DECISIONS

EXHIBIT A
Legal Description

[attached]

DESCRIPTION OF PROPERTY
SITUATED IN SIXTH (6TH) ELECTION DISTRICT
CITY OF ANNAPOLIS, MARYLAND

BEING all of that parcel or tract of land conveyed to the State of Maryland, to the use of the Board of Public Works, from St. John's College by deed dated April 6, 1979 and recorded among the Land Records of Anne Arundel County, Maryland in Liber 3205 at Folio 863; and part of that parcel or tract of land conveyed to the State of Maryland from The Baltimore and Annapolis Railroad Company, a Maryland corporation, by deed dated January 6, 1956 and recorded among the said Land Records in Liber 993 at Folio 87; and part of that parcel or tract of land conveyed to the Housing Authority of the City of Annapolis from Consolidated Gas Electric Light and Power Company of Baltimore by deed dated October 10, 1940 and recorded among the said Land Records in Liber J.H.H. 234 at Folio 406, and being more particularly described as follows:

BEGINNING at a point in St. Johns Steel, the start of the nineteenth (19th) or South 39°38'30" West, 15 foot line of the above conveyance in Liber 3205 at Folio 863; thence binding on and running with the said nineteenth (19th) line of said conveyance, as now surveyed in City of Annapolis Datum

1. South 39˚37'44" West for a distance of 14.94 feet to a point on the southwest side of St. Johns Street and at the end of the first (1st) or northwesterly 269.29 foot line as described in the above conveyance to the Housing Authority of the City of Annapolis in Liber J.H.H. 234 at Folio 406; thence running in a reverse direction with a part of the said first (1st) line and with the southwest side of St. Johns Street
2. South 50˚22'16" East for a distance of 31.01 feet to a point; thence on a new course running through the said lands of the Housing Authority of the City of Annapolis and through the lands of the State of Maryland as described in the above conveyance in Liber 993 at Folio 87
3. South 39˚39'03" West for a distance of 289.52 feet to a point on the northeasterly right-of-way line of Rowe Boulevard, Maryland Route 70, as show, on Maryland State Highway Administration Plats No. 11222 and 10516; thence binding on and running with the northeasterly right-of-way line the following four (4) courses and distances

4. 368.45 feet along the arc of a curve deflecting to the right having a radius of 4272.19 feet and a chord bearing and distance of North 45˚55'22" West, 368.32 feet to a point; thence
5. North 43°27'08" West for a distance of 30.34 feet to a point; thence
6. North 46°32'52" East for a distance of 19.50 feet to a point; thence
7. North 43°27'08" West for a distance of 75.50 feet to a point on the shoreline of College Creek, thence running with the shoreline of College Creek the following eight (8) courses and distances
8. North 01°43'01" East for a distance of 30.90 feet to a point; thence
9. North 14°24'14" West for a distance of 21.22 feet to a point; thence
10. North 03°05'22" East for a distance of 36.93 feet to a point; thence
11. North 26°00'28" East for a distance of 31.20 feet to a point; thence
12. North 18°38'18" East for a distance of 30.62 feet to a point; thence
13. North 02°52'33" East for a distance of 32.85 feet to a point; thence
14. North 28°43'09" East for a distance of 49.17 feet to a point; thence
15. North 33°48'21" East for a distance of 44.00 feet to a point; thence leaving the shoreline of College Creek and running with the property of Saint John's College
16. South 50˚22'16" East for a distance of 548.91 feet to the point of beginning.

    Containing 151,061 square feet or 3.46788 acres of land, more or less.

EXHIBIT B
4% LIHTC Submission

[attached]

EXHIBIT C
Development Schedule

Event	Projected Milestone Deadline
Deliver Reoccupancy Plan to the Authority	October 1, 2026
Deliver Section 3 Plan to the Authority	October 1, 2026
4% LIHTC Award or Bond Cap Allocation	September 1, 2026
Signed LIHTC Investor Commitment	November 1, 2026
State Agency HFRC Official Intent	November 1, 2026
Closing	April 30, 2026

EXHIBIT D
Insurance Coverage

General Liability Coverage:	$1,000,000 per occurrence
Comprehensive Automobile Liability Coverage:	$1,000,000 per occurrence
Worker's Compensation	$1,000.00 per occurrence

EXHIBIT E
Developer Personnel

[CHP to complete]

EXHIBIT F
Purchase Option and Right of First Refusal Agreement

[attached]

PURCHASE OPTION AND
RIGHT OF FIRST REFUSAL AGREEMENT

THIS PURCHASE OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT (this "**Agreement**") is entered into as of __________, by and among [OWNER], a Maryland limited liability company (the "**Owner**"), [HOUSING AUTHORITY ENTITY] (the "**Grantee**"), and [MANAGING MEMBER], a Maryland limited liability company (the "**Managing Member**"), with [INVESTOR MEMBER], a [STATE] [ENTITY] as a consenting party (the "**Investor Member**").

RECITALS:

A. The Owner owns a leasehold interest in the land located in Annapolis, Maryland, which is more particularly described on Exhibit A, attached hereto and made a part hereof by this reference, and the improvements located thereon (together, the "**Project**").

B. The Owner is governed by that certain [Amended and Restated Limited Liability Company Agreement] dated as of __________, by and between the Investor Member and the Managing Member, as may be amended (the "**Operating Agreement**").

C. The Owner desires to give, grant, bargain, sell and convey to the Grantee certain rights to purchase the Project on the terms and conditions set forth herein.

D. As acknowledged in the Operating Agreement, Investor Member desires to give, grant, bargain, sell and convey to the Grantee certain rights to purchase the Investor Member's Interest on the terms and conditions set forth herein.

E. All capitalized terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in the Operating Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
GRANT OF OPTION AND RIGHT OF FIRST REFUSAL

1.1 The Owner hereby grants to the Grantee a purchase option (the "**Option**") and right of first refusal (the "**Right of First Refusal**") to purchase the Project and the Investor Member's Interest on the terms and conditions set forth in this Agreement.

1.2 If at any time during the term of this Agreement the Managing Member is no longer a managing member or a member of the Managing Member of the Owner pursuant to the terms of the Operating Agreement, the grant of the Option and the Right of First Refusal shall continue unless the removal of Managing Member was caused by the action or inaction of Grantee or its Affiliates.

ARTICLE II
TERM OF OPTION AND RIGHT OF FIRST REFUSAL

2.1 Term of Option. The term of the Option to purchase the Project shall commence one day after the Owner shall have completed the Compliance Period and continue for a period of thirty-six (36) months. The term of the Option to purchase the Investor Member's Interest shall begin one day after the conclusion of the Credit Period and continue for a period of thirty-six (36) months after the Compliance Period; provided, however, that the exercise of the Option prior to the conclusion of the Compliance Period is dependent upon the Investor Member's receipt of a recapture guaranty that is satisfactory to it in its sole discretion.

2.2 Term of Right of First Refusal. The term of the Right of First Refusal shall commence one day after the Owner shall have completed the Compliance Period and shall continue for the term of the [Lease Agreement] by and between the Owner and the Housing Authority of the City of Annapolis, dated as of substantially even date herewith (the "**ROFR Term**").

ARTICLE III
MANNER OF EXERCISING OPTION AND RIGHT OF FIRST REFUSAL

3.1 Exercise of Option. The Grantee shall exercise the Option to purchase the Project by delivering to the Owner, with a copy to the Investor Member, written notice of the exercise of the Option. The notice of exercise of the Option shall state that the Option is exercised without condition or qualification.

3.2 Exercise of Right of First Refusal.

3.2.1 With respect to the Right of First Refusal, if, during the ROFR Term, 1) the Owner receives an unrelated third party written offer (an "**Offer**") to purchase the Project, at a price not less than the minimum purchase price under Section 42(i)(7) of the Code (the "**Statutory Purchase Price**"); and 2) the Owner provides to the Grantee a notification in writing of the Offer (an "**Offer Notification**"), the Grantee then may notify the members of the Owner (the "**Members**") of its intent to exercise its right of first refusal to purchase the Project, provided that the Grantee or its designee is then a qualified nonprofit organization or governmental agency as required for the purposes of Section 42(i)(7)(A) of the Code (an "**Eligible Purchaser**"). For purposes of this Agreement, the calculation of the Statutory Purchase Price shall be based on the assumption that each Member (or, if any such Member is a pass-through entity for tax purposes, each of the partners, members or participants of or in such entity) is subject to tax with respect to such disposition at the highest federal, state and local tax rates applicable to it and the deductibility of state taxes paid for federal income tax purposes.

3.2.2 The Grantee shall receive at least one hundred twenty (120) days' prior notice of Owner's intent to sell and shall be given no less than one hundred eighty (180) days to review and consider the Offer Notification. If, within such 180-day period, the Grantee notifies

Owner of its plans to exercise its right of first refusal, then the Grantee shall have no less than one hundred twenty (120) days from the notification date of its intent to exercise the right of first refusal to reach a financial closing on such purchase. In the event the Grantee has issued such a notification of intent to exercise the right of first refusal and is unable to reach a financial closing within such 120-day period, but is making commercially reasonable progress to secure financing for such purpose, the Grantee shall be given an extension of no less than another one hundred and twenty days (120) to complete the financial closing.

3.3 Notwithstanding anything to the contrary set forth in this Article III, the parties agree that if (i) the Code allows or the Internal Revenue Service issues authority to permit the owner of a low-income housing tax credit project to grant an "option to purchase" pursuant to Section 42(i)(7) of the Code as opposed to a "right of first refusal" without adversely affecting the status of such owner as owner of its project for federal income tax purposes, and (ii) Owner provides a tax opinion reasonably satisfactory to the Investor Member which concludes that a third party offer is not required to trigger a "right of first refusal" under Section 42(i)(7) of the Code, then the parties shall agree that the Owner shall grant Grantee an option to purchase the Project at the Statutory Purchase Price.

3.4 Notwithstanding anything to the contrary set forth in this Article III, the parties agree that if the Code allows or the Internal Revenue Service hereafter issues authority to permit the owner of a low-income housing tax credit project to grant a "right of first refusal to purchase membership interests" pursuant to Section 42(i)(7) of the Code as opposed to a "right of first refusal to purchase the property" without adversely affecting the status of such owner as owner of its project for federal income tax purposes, the Grantee may, at its election, in lieu of a direct acquisition of the Project pursuant to the Right of First Refusal, acquire the membership interests (but not less than all of such interests) of the Members in the Owner for a purchase price to each of them equal to the amount which would be distributable to each such Member of the Owner pursuant to the capital proceeds waterfall following any sale of the Project under the Right of First Refusal at the ROFR Purchase Price.

ARTICLE IV
PURCHASE PRICE

4.1 Option Purchase Price. Subject to Section 4.1.3 below, with respect to the Option, the aggregate price to be paid by the Grantee or its designee for the Project or the Investor Member's Interest, as applicable (the "**Option Purchase Price**"), shall be equal to the Fair Market Value (as such term is defined below) of the Project or the Investor Member's Interest, as applicable, taking into account all applicable restrictions on rents and income of the residents as set forth in any Project Documents and will assume the Owner continues as a going concern. Notwithstanding the foregoing: (a) the Option Purchase Price, with respect to the purchase of the Project, shall instead be the Statutory Purchase Price if it is less and the Code so allows and the Investor Member receives a tax opinion reasonably satisfactory to the Investor Member that concludes that the exercise of the Option at the Statutory Purchase Price will not have any adverse tax impacts on the Investor Member, the Project (as defined in the Operating Agreement), the Credits (as defined in the Operating Agreement), or the Owner; (b) any unpaid fees owed to Grantee or its affiliates shall be paid before the transfer; and (c) any unreimbursed [Credit Reduction Payment] shall be paid to the Investor Member by the Managing Member before the transfer. Subject to any required lender or governmental consent, the Grantee may use the Project reserves other than the Reserve for Replacement funds to fund the Option Purchase Price.

4.1.1 "Fair Market Value" shall be determined in the following manner. Within fifteen (15) business days of the Grantee's notice of its intent to exercise the Option, the Grantee and the Investor Member shall select a mutually acceptable independent appraiser. Such appraiser shall be an MAI appraiser with at least five (5) years of relevant experience in assessing multifamily rental housing in the local area.

4.1.2 In the event that the parties are unable to agree upon such appraiser during such time period, the Grantee and the Investor Member each shall select an independent appraiser within the next succeeding five (5) business days. If either party fails to select an independent appraiser within such time period, the determination of the other independent appraiser shall control. If the difference between the fair market value set forth in the two appraisals is not more than ten percent (10%) of the fair market value set forth in the lower of the two appraisals, the Fair Market Value shall be the average of the two appraisals. If the difference between the fair market value set forth in the two appraisals is greater than ten percent (10%) of the fair market value set forth in the lower of the two appraisals, then the two appraisers shall jointly select a third independent appraiser whose determination of Fair Market Value shall be deemed to be binding on all parties as long as the third determination is between the other two determinations. If the third determination is either lower or higher than both of the other two appraisers, then the average of all three appraisals shall be the Fair Market Value. If such appraisers cannot agree on the selection of a third appraiser, the appraiser shall be selected by the President of the Maryland Chapter of the American Arbitration Association upon application by either the Investor Member or the Grantee. The Owner and the Grantee shall each pay one-half of the fees and expenses of any mutually acceptable appraiser and any third appraiser selected pursuant to this Section, but otherwise will bear the expenses of its own appraiser.

4.1.3 Notwithstanding anything to the contrary contained in this Article IV, the Option Purchase Price with respect to the Investor Member's Interest shall be equal to such amount that would be distributable to the Investor Member pursuant to the capital proceeds waterfall following the hypothetical sale of the Project at Fair Market Value under Section 4.1 above.

4.2 Purchase Price Under Right of First Refusal.

4.2.1 To the extent the Grantee's exercise of the Right of First Refusal qualifies as a sale under Section 42(i)(7) of the Internal Revenue Code, the aggregate price to be paid by the Grantee for the Project, the Investor Member's Interest, or, if permitted by Section 42(i)(7), the entire interest of any one or more members of Owner, shall be equal to the Statutory Purchase Price, and payment of customary transaction costs, but less any unpaid fees owed to the Grantee or its affiliates by Owner (the "**ROFR Purchase Price**"). Any unreimbursed [Credit

Reduction Payment] shall be paid to the Investor Member by the Managing Member before the transfer. Subject to any required lender or governmental consent, the Grantee may use the Project reserves other than the Reserve for Replacement funds to fund the ROFR Purchase Price.

ARTICLE V
COMPLETION OF SALE UNDER OPTION

5.1 The sale of the Project shall close no later than one hundred eighty (180) days after the Owner's receipt of the Grantee's written notice of exercise of the Option, at which time the purchase price shall be payable as set forth in Section 4.1. At or before the closing, the Owner shall obtain the consent to the sale from HUD, the State Agency, and from the holders of any mortgages or deeds of trust on the Project, and any other consents required under the Project Documents, if required.

5.2 The Owner shall convey the Project to the Grantee in an "as is" condition without representation or warranty.

ARTICLE VI
NOTICES

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be personally delivered, including but not limited to overnight delivery, or deposited in the U.S. mail, certified, return receipt requested, first class and postage prepaid, addressed to each party at the following addresses or such other address as may be designated by a notice pursuant to this Article VI:

If to the Owner or the Managing Member:

____
____
____

with copies to:

____
____
____

If to the Investor Member:

____
____
____

and

____
____
____

If to the Grantee:

Housing Authority of the City of Annapolis
1217 Madison Street
Annapolis, MD 21403
Attention: Executive Director/CEO

And to:

Ballard Spahr LLP
1909 K Street, NW, 12th Floor
Washington, D.C. 20006
Attention: Amy Glassman, Esquire

Any notice provided in accordance with this Article VII shall be deemed to have been given on the delivery date or the date that delivery is refused by the addressee, as shown on the return receipt.

ARTICLE VIII
ATTORNEY FEES

In the event of any action, arbitration, or proceeding at law or in equity to enforce any provision of this Agreement or to protect or establish any right or remedy of any party hereunder, the unsuccessful party to the litigation shall pay to the prevailing party all costs and expenses, including reasonable attorneys' fees incurred therein by the prevailing party, and if the prevailing party recovers judgment in any action, proceeding, or arbitration, the costs, expenses, and attorney fees shall be included in and as a part of the judgment.

ARTICLE IX
ARBITRATION

Any party hereto that becomes involved in any controversy relating to this Agreement may require that all disputes, claims, counterclaims, and defenses ("**Claims**") relating in any way to this Agreement or any transaction of which this Agreement is a part (the "**Transaction**") be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and Title 9 of the U.S. Code; provided that such arbitration need not be conducted under the jurisdiction of the American Arbitration Association. All Claims will be subject to the statutes of limitations applicable if they were litigated.

If arbitration occurs, one neutral arbitrator will decide all issues unless any party's claim is \$100,000 or more, in which case three neutral arbitrators will decide all issues. In the event the parties cannot mutually agree upon an arbitrator or arbitrators, then the rules for selecting an arbitrator or arbitration service under the Commercial Arbitration Rules of the American Arbitration Association and Title 9 of the U.S. Code shall apply. All arbitrators will be active Maryland State Bar members in good standing. All arbitration hearings will be held in Maryland. In addition to all other powers, the arbitrator(s) shall have the exclusive right to determine all issues of arbitrability. Judgment on any arbitration award may be entered in any court with jurisdiction.

If any party institutes any judicial proceeding relating to the Transaction, such action shall not be a waiver of the right to submit any Claim to arbitration. In addition, all parties have the right before, during, and after any arbitration to exercise any number of the following remedies, in any order or concurrently: (i) setoff, (ii) self-help repossession, (iii) judicial or nonjudicial foreclosure against real or personal property collateral, or (iv) provisional remedies, including injunction, appointment of receiver, attachment, claim and delivery, and replevin.

ARTICLE X
MEMORANDUM OF OPTION AND RIGHT OF FIRST REFUSAL

Simultaneously with the execution of this Agreement, the parties hereto shall execute and record in the land records of Anne Arundel County (the "**Land Records**") a memorandum of this Agreement in a form satisfactory to the Grantee. The Owner shall be responsible for all costs of recording the Memorandum.

Upon termination of its rights or this Agreement, the Grantee agrees, upon the Owner's request, to execute and deliver a release of its rights under this Agreement to the Owner within thirty (30) days after said termination and to execute, acknowledge, and deliver a termination of the Memorandum of Option, to be recorded in the Land Records, and any other documents reasonably required by the Owner's title insurance company to remove any cloud of this Agreement from the title to the Owner's interest in the Project. The Owner shall be responsible for all costs of recording any such documents.

ARTICLE XI
MISCELLANEOUS

(a) The rights and obligations of the Owner and the Grantee under this Agreement shall inure to the benefit of, and bind, their respective successors and assigns.

(c) The captions used herein are for convenience of reference only and are not part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

(d) Time is of the essence of each and all of the agreements, covenants, and conditions of this Agreement.

(e) This Agreement shall be interpreted in accordance with and governed by the laws of the State of Maryland.

(f) This Agreement constitutes the entire agreement between the Owner and the Grantee with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by the parties.

(g) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their heirs, executors, personal representatives, successors, and assigns. No party to this Agreement may assign the rights under this Agreement without the consent of each other party hereto; provided, however, that Grantee may assign its rights under this Agreement to an Affiliate that qualifies as an Eligible Purchaser without the consent of the other parties.

(h) Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of the Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

(i) No party hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

(j) This Agreement and any amendments hereto may be executed in several counterparts, each of which shall be deemed to be an original copy, and all of which together shall constitute one agreement bind on all parties, hereto, notwithstanding that all the parties shall not have signed the same counterpart.

(k) The parties hereto acknowledge that Investor Member shall be deemed a third party beneficiary to this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

[Signature blocks to be inserted]

EXHIBIT A
LEGAL DESCRIPTION OF THE PROJECT

EXHIBIT G
MAJOR DECISIONS

Major Actions. Notwithstanding anything otherwise provided in this Agreement, the Managing Member, on behalf of the Company, may only engage in or initiate (or permit, authorize, or direct any entity controlled by the Company directly or indirectly to engage in or initiate) a Major Action with the consent of HACA, which consent shall not be unreasonably withheld, conditioned delayed or denied, and which consent may be expressed by HACA's approval of a document authorizing or requiring such Major Action. "Major Action" means any of the following, whether undertaken by the Company, the Owner Entity or by any other entity controlled by the Company:

a. Admitting new members or partners to the Owner Entity, including consenting (where the Company has a consent right) to a transfer of interest involving a current member or partner;

b. Causing the Owner Entity to enter into any line of business other than the development and operation of the Project;

c. Dissolving, terminating or liquidating the Owner Entity or the Company;

d. Merging, consolidating, or combining the Owner Entity or the Company with any other entity;

e. The sale or other disposition of all or substantially all of the Owner Entity's or Company's assets except as specifically contemplated herein;

f. A declaration of bankruptcy, assignment for the benefit of general creditors or similar act by the Owner Entity or the Company;

g. Approval of and any material modifications to the Development Plan or any part thereof;

h. Approval of the final terms of the pre-development, construction and permanent debt and equity financing for the Project;

i. Incurring any indebtedness in the name of the Owner Entity above and beyond the approved pre-development, construction and permanent debt and equity financing for the Project;

j. Prepaying in whole or in part, or refinancing, recasting, increasing, modifying or extending any indebtedness of the Owner Entity or the Company other than at conversion and upon maturity of any debt;

k. Entering into an agreement, or causing the Owner Entity to enter into an agreement, with an Affiliate of any member except as expressly permitted in this Agreement;

l. Selection, removal, and/or renewal of the Management Agent and any change in the Management Agent or any material modification of or amendment to the Management Agent's contract;

m. Adoption or amendment of any Management Plan, exhibit or addendum thereto, or form of residential lease (provided that failure to approve such adoption or amendment after 10 days' written notice shall deem approval);

n. Guaranteeing by the Owner Entity or the Company of any indebtedness of any person or entity, including Parties, except as expressly permitted in this Agreement;

o. The institution or settlement of any lawsuit involving the Owner Entity or the Company, unless such settlement is covered by insurance, which lawsuit involves claims in excess of $25,000 except involving routine landlord/tenant matters.

p. After Closing, approving any material change order related to the construction of the Project without limitation (provided that failure to approve any material change order with respect to 10 days written notice shall deem approval), a change shall be deemed material if: (a) it materially changes the size, location or elevation of the Project, (b) materially changes the approved site plan, (c) materially alters the materials specified in a way that affects aesthetics, quality and/or operating efficiencies, (d) requires an amendment to any approval or permits obtained from the County or any other governmental agencies, or (e) the effect of it would be to (i) increase or decrease any soft costs line item by $25,000, (ii) increase or decrease any construction budget line item by $100,000 or the total construction budget (excluding contingency line items) by more than one percent (1%), or (iii) exhaust the hard or soft cost contingency. Provided, however, that HACA may not disapprove any change that the Managing Member determines, after consultation with HACA and reasoned evaluation of all practical alternatives, is required to achieve the projected completion date, or for compliance with building codes or other laws, codes or regulation. Nothing herein shall authorize Managing Member to substitute materials of lesser quality for those previously approved by HACA, without HACA's prior express consent;

q. Approval of Architectural plans, specifications, and drawings of the Project or any component thereof for any alteration subsequent to initial construction of the Project that would affect the design, cost, value or quality of the Project or any component thereof;

r. Approval of the annual operating budgets for the Project (the "Operating Budget") or any amendment thereto, except with respect to non-discretionary items and if there is disagreement or if there is failure to approve to annual operating budget after 10 days written notice, the Operating Budget will increase by the greater of 3% and the CPI;

s. Approval of any expenditure that causes any line item in the Operating Budget (as it may be amended) to be exceeded by more than $15,000 (provided that failure to approve any expenditure after 10 days written notice shall deem approval), provided further that prior consent shall not be required upon the occurrence of an any event that significantly interferes with tenancies or operations at the Project and requires immediate action to forestall or prevent a significant adverse consequence;

t. The adoption or subsequent amendment of admissions and occupancy policies for the Project including, without limitation, outreach and marketing plans, grievance policies and procedures, collaborative relationships, admissions preferences and procedures, screening procedures, rents and eviction policies, but only to the extent the foregoing impacts HACA subsidized units;

u. The adoption or subsequent amendment of supportive service plans, or the engagement and replacement of supportive service providers;

v. Any request for the release of funds from any Project reserve, except as previously approved through the budget approval process or unless required by the Owner's Entity governing documents or the loan documents of any lender to Owner Entity; and

w. Any fees to an affiliate of the Developer beyond what is expressly set forth in the approved budget or project documents;

Resolution
of
The Housing Authority of the City of Annapolis
Board of Commissioners

A Resolution Approving the HACA Fiscal Year 2027

Budget

Resolution No. FIN 062326-02

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) requires HACA's Board of Commissioners to review and approve the agency's annual operating budget by resolution prior to the start of each fiscal year; and

WHEREAS, HACA estimates to receive $22.13 million in revenues primarily from HUD, the state of Maryland, and public housing tenants;

WHEREAS, HACA estimates to spend approximately $21.00 million on primarily administration, resident services, public housing routine and extraordinary maintenance, Housing Assistance payments and insurance;

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners does hereby approve the proposed budget for HACA operations for the fiscal year July 1, 2026 through June 30, 2027.

RESOLVED this 23rd day of June 2026

The undersigned Commissioners of the Housing Authority of the City of Annapolis sign below to indicate their affirmative or disapproval vote or that they are abstaining from voting.

______________________ Craig Coates, Chairman	□ Approved	□ Disapproved	□ Abstain
______________________ Patrick Sheridan, Vice-Chairman	□ Approved	□ Disapproved	□ Abstain
______________________ Kimberlee Cornett, Secretary	□ Approved	□ Disapproved	□ Abstain
______________________ Jacquelyn V. Wells, Treasurer	□ Approved	□ Disapproved	□ Abstain
______________________ Henrietta Webb-Herbert, Commissioner	□ Approved	□ Disapproved	□ Abstain
______________________ Sharon Elliott, Commissioner	□ Approved	□ Disapproved	□ Abstain

PROPOSED DATE – PENDING BOARD APPROVAL

2027 ANNUAL OPERATING BUDGET

THE HOUSING AUTHORITY OF THE CITY OF ANNAPOLIS, MARYLAND

MISSION STATEMENT: HACA PROVIDES QUALITY, ATTAINABLE HOUSING, IN SAFE, ATTRACTIVE COMMUNITIES, FOR FAMILIES AND INDIVIDUALS, THE ELDERLY, AND PERSONS WITH DISABILITIES BASED ON NEED AND INCOME.

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SECTION I

INTRODUCTION TO THE BUDGET FOR 2027

2027 ANNUAL OPERATING BUDGET

June 15, 2027

To the Chairman and the Board of Commissioners,

I am pleased to present the Fiscal Year 2027 Proposed Operating Budget for the Housing Authority of the City of Annapolis (HACA).

This budget serves as both a financial plan and strategic roadmap for the Authority's operations during the upcoming fiscal year. The FY 2027 budget reflects HACA's continued commitment to fiscal stewardship, operational excellence, quality housing, and resident success while positioning the agency for long-term sustainability.

This document provides the Board, Staff and other Stakeholders with a comprehensive overview of the Authority's financial plan, detailing anticipated revenues and expenditures across all major program areas. It outlines how our core functions are funded, the assumptions that shape our budget, and the strategic priorities that guide our decisions.

The Authority has made significant progress over the past year in strengthening operations, improving occupancy, increasing rental revenue, and stabilizing its financial position. Most notably, HACA has eliminated the projected Housing Choice Voucher Program shortfall that existed in FY 2026. Through improved funding levels and responsible program management, the Housing Choice Voucher Program is projected to operate without a funding deficit in FY 2027.

For FY 2027, the Authority projects total operating revenues of approximately $22.1 million and total operating expenditures of approximately $21.0 million, resulting in projected net operating income of approximately $1.13 million.

We appreciate the Board's guidance and support, and we look forward to discussing this budget in more detail.

Respectfully submitted,

Melissa Maddox-Evans Executive
Director/Chief Executive Officer

2027 OPERATING INCOME (LOSS)

Public Housing
$163,612

Central Office Cost Center
$1,550

HCVP
$965,980

BOARD OF COMMISSIONERS

The Housing Authority of the City of Annapolis is governed by a seven-member Board of Commissioners. The Board is comprised of active public servants within the Annapolis community who are appointed by the Mayor. These concerned and dedicated citizens serve without pay. Residents of subsidized housing also have the opportunity to serve as members of the Board. Each Commissioner is appointed for a five-year term.

Bishop Craig Coates, Chairman

Patrick Sheridan, Vice-Chairman

Jacquelyn V. Wells, Secretary

Arthur W. Edwards Jr., Treasurer

Kimberlee Cornett, Commissioner

Henrietta Webb-Herbert, Commissioner

Sharon Elliott, Commissioner

The Board of Commissioners ensure that the Authority operates within the State statutes and the programs are run according to HUD regulations. Through the approval and adoption of resolutions, the Board authorizes the Executive Director/Chief Executive Officer and Senior Staff to implement policies and procedures that define business activities.

ORGANIZATIONAL STRUCTURE

The organizational structure of the Housing Authority of the City of Annapolis remains a matrix structure, where programmatic and functional responsibilities are balanced to promote effective operations. The Board of Commissioners appoints the Executive Director/Chief Executive Officer to administer the affairs of the Authority.

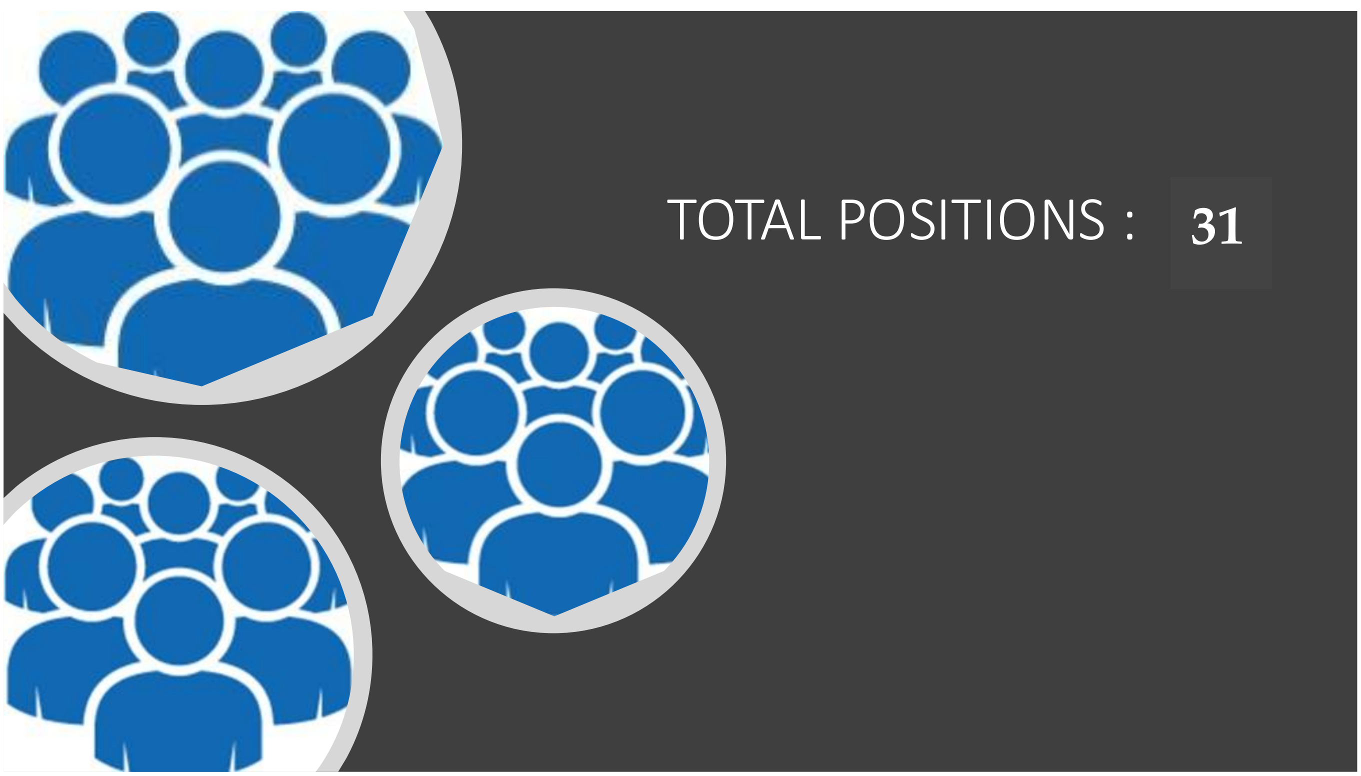
For Fiscal Year 2027, the total proposed staffing for the Authority is 31 positions, a decrease from 36 positions budgeted in FY 2026. This reduction primarily reflects the expiration of grant-funded positions and the Authority's continued efforts to align staffing levels with available funding sources while maintaining operational effectiveness.

Although staffing levels have decreased, the organizational structure remains unchanged and continues to support the Authority's strategic priorities, including quality housing operations, resident services, regulatory compliance, financial stewardship, and redevelopment initiatives. HACA remains committed to delivering high-quality services to residents while operating in a fiscally responsible manner.

For budgeting and operational purposes, the staff is allocated to specific cost centers as follows:

Property Management – Public Housing
Housing Choice Voucher Program
Central Office Cost Center
Other Grant Funded Programs

The FY 2027 budget includes a total 5% Cost-of-Living Adjustment (COLA) and merit increase to support employee retention, recruitment, and continued investment in the Authority's workforce. Staff development, operational excellence, and customer service remain central components of HACA's management philosophy.



SECTION II

THE AUTHORITY IN 2027

PROFILE OF THE AUTHORITY

The Housing Authority of the City of Annapolis (the Authority) is a public body, corporate and politic, that provides essential services to the Annapolis community. Established in 1940 under state law and the National Housing Act of 1937, the Authority exists to offer safe, decent, and sanitary housing for low-income families in accordance with U.S. Department of Housing and Urban Development (HUD) regulations.

While the Authority maintains collaborative relationships with the City of Annapolis, it operates independently. The City is not financially accountable for the Authority's operations, does not fund its deficits or benefit from its surpluses, and is not liable for its debts.

Currently, the Authority owns and manages 554 public housing units across four developments within the City of Annapolis. It is authorized to administer 770 Housing Choice Vouchers (HCV), which includes 5 HUD-Veterans Affairs Supportive Housing (VASH) vouchers. In FY2027, the Authority will also begin administering 4 additional vouchers funded through the newly acquired State Voucher Program.

The Authority employs an asset management business model as mandated by HUD, managing its operations at the project or program level. Funding, budgeting, accounting, and performance assessment are aligned with this structure.

The Authority's core programmatic areas for FY2027 include Public Housing, the Housing Choice Voucher Program (including State Vouchers), and the Central Office Cost Center.

STRATEGIC PLAN

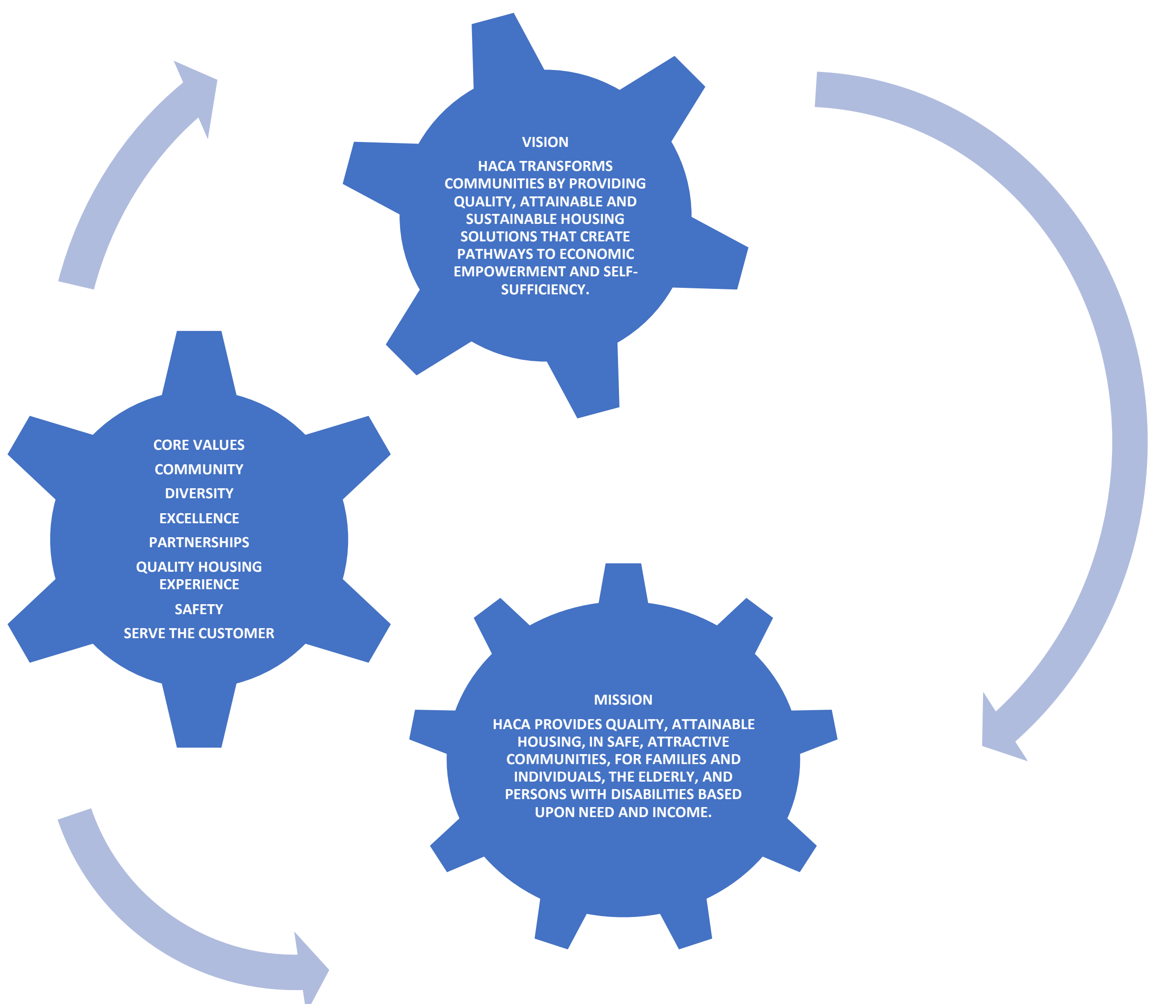
The Strategic Plan of the Authority was developed to set goals and objectives for the Authority for the next five (5) years. The main focus was to create a framework that more closely mirrored the long term plans of the Agency, the community, and most importantly how HACA can better serve its clients.

The Strategic Plan establishes a management control system that consists of both a structure and a process to guide departmental efforts in attaining the mission of the organization.

The Chief Executive Officer in collaboration with the senior management team defined goals that are aligned with the vision of transforming communities, increasing the efficiency and effectiveness of operations and cultivating a culture that is set on progressive change.

The Authority is committed to developing, providing and managing quality affordable housing within the City of Annapolis and endeavors to meet and exceed these goals in the coming years.

The diagram below provides details of the foundation on which the Strategic Plan is built on.



SECTION III

THE BUDGET FOR 2027

FY2027 SUMMARY BUDGET

The primary source of funding for the Housing Authority of the City of Annapolis (HACA) remains the U.S. Department of Housing and Urban Development (HUD), which provides support for the Public Housing (PH), Housing Choice Voucher Program (HCVP), Capital Fund Program (CFP), and other core initiatives. For Fiscal Year 2027, HACA projects total operating revenues of $22,131,998 and operating expenditures of $21,000,857, which includes the Authority's budgeted $2,169,741 in Capital Fund Program expenditures related to modernization, capital improvements, and management improvements throughout its housing portfolio.

The Authority continues to benefit from dedicated financial support from the City of Annapolis and the State of Maryland. These funds have been strategically allocated to support property licensing, inspection readiness, unit turnover activities, and operational improvements throughout the Authority's housing communities. Combined with approximately $2.17 million in Capital Fund Program funding, these resources support HACA's ongoing efforts to improve housing quality, preserve assets, and strengthen long-term sustainability.

As a result of these efforts, the Public Housing program is projected to generate net income of approximately $163,612 during FY2027. This significant improvement reflects increased occupancy, improved rent collections, continued operational efficiencies, Capital Fund Program investments, and the strategic utilization of available federal, state, and local funding resources. The FY2027 budget also incorporates the salary and benefits of the former ROSS Coordinator position, which have been allocated directly to the Public Housing properties following the expiration of the Resident Opportunity and Self-Sufficiency (ROSS) Grant. Although the grant funding was not renewed, the Authority remains committed to resident self-sufficiency initiatives and has elected to continue supporting the position through Public Housing operations.

The Housing Choice Voucher Program (HCVP) has experienced a significant improvement in its financial outlook compared to FY2026. Unlike the prior year, the Authority is not projecting a Housing Assistance Payment (HAP) funding shortfall. HACA is projected to receive approximately $11.9 million in HAP funding while incurring approximately $10.1 million in HAP expenses. As a result, the program is expected to increase its restricted HAP net position by approximately $965,980.

It is important to note that the projected $965,980 increase does not represent unrestricted operating income available for agency operations. Rather, it represents restricted HAP funding that must remain within the Housing Choice Voucher Program and may only be used for future Housing Assistance Payments in accordance with HUD regulations. The increase in restricted HAP net position is driven by projected HAP subsidy receipts exceeding anticipated HAP expenditures during FY2027. This positive funding position strengthens the financial stability of the HCV Program and reduces the risk of future shortfall status.

The administrative side of the HCV Program is projected to remain financially stable, with administrative fee revenues sufficient to support program operations and staffing. The Authority remains committed to maximizing voucher utilization, maintaining landlord participation, and ensuring continued access to affordable housing opportunities for eligible families throughout the Annapolis community.

The Central Office Cost Center (COCC) remains a vital administrative hub for the Authority and is projected to operate on a balanced budget through management fees, bookkeeping fees, asset management fees, and other allowable administrative revenue sources. The COCC provides critical executive, financial, procurement, information technology, compliance, human resources, development, and administrative support functions that serve all agency programs.

HACA's strategic direction remains focused on financial sustainability, operational excellence, quality housing, and resident success. Goals for FY2027 include maintaining occupancy levels above 95%, increasing rent collections, preserving high-quality housing stock, pursuing redevelopment opportunities, and identifying alternative funding sources to support resident services following the loss of the ROSS Grant. This budget reflects the Authority's continued commitment to transforming communities and improving outcomes for the residents and families it serves.

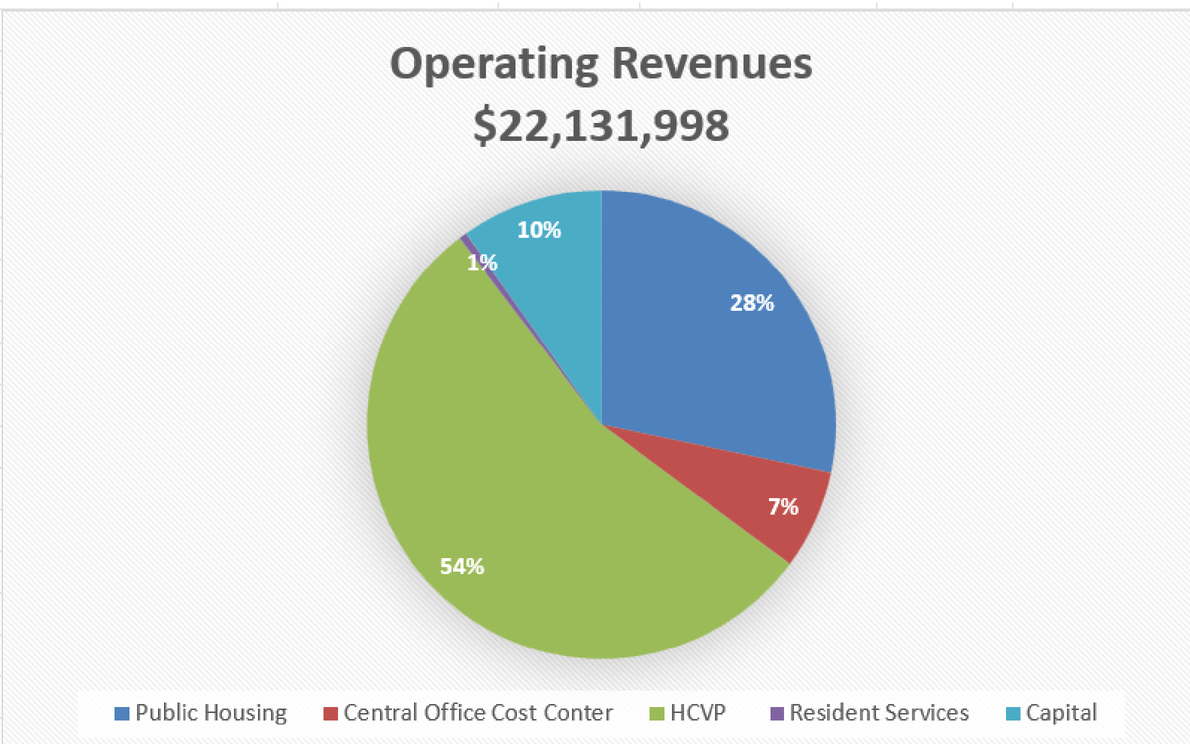
The following tables and charts show the summarized operating revenues and expenses by program.

Housing Authority of the City of Annapolis
Approved Fiscal Year 2027 Summary Budget

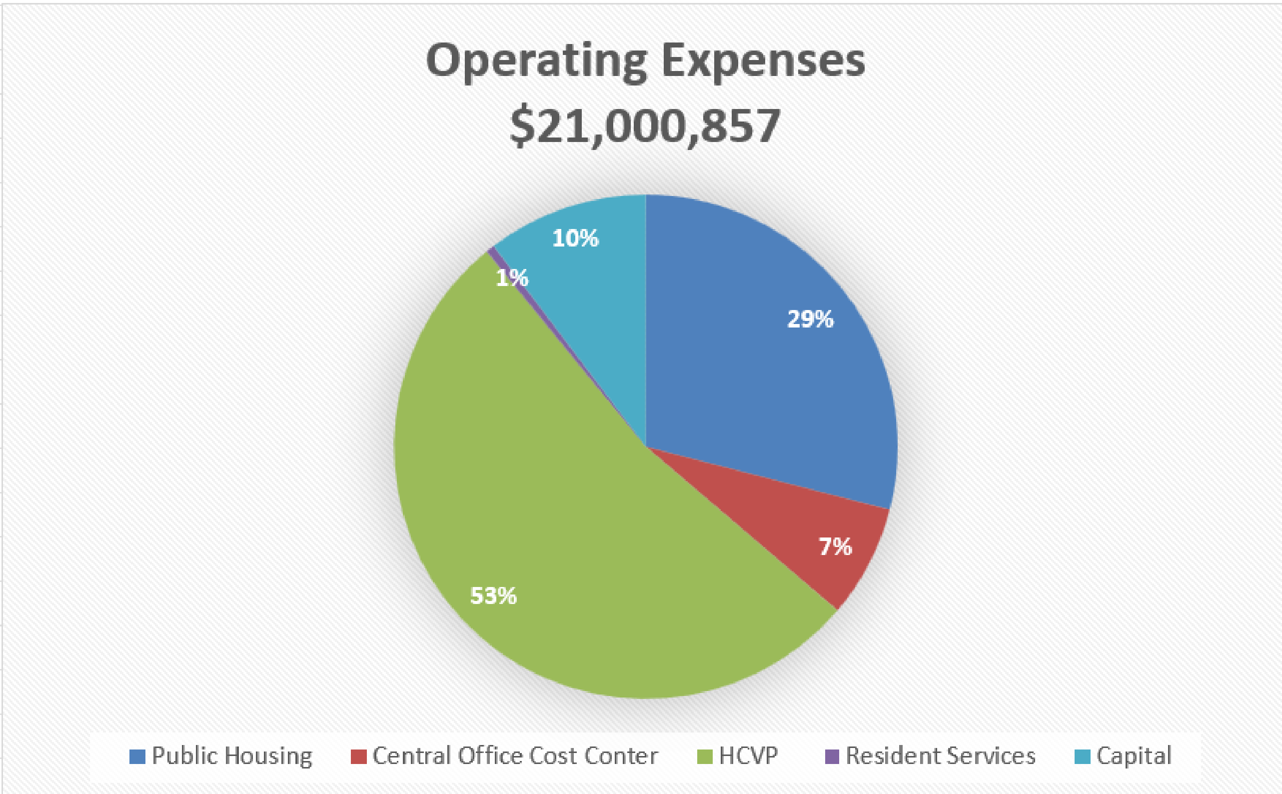
	HCVP HAP	HCVP Admin	Public Housing	CFP	Resident Services	Central Office Cost Center	Total
Operating Income							
Rental	-	-	2,113,150	-	-	-	2,113,150
HUD & State Grants	11,899,145	-	3,503,318	2,169,741	117,971	-	17,690,175
Other	167,955	-	641,295	-	-	1,519,424	2,328,674
Operating Expenses			-		-		-
Administration	1,008,340	-	2,285,369	-	117,971	1,417,480	5,837,500
Housing Assistance	10,092,780	-	-	-	-	-	10,092,780
Resident Services	-	-	605,273	-	-	-	605,273
Utilities	-	-	817,800	-	-	16,260	834,060
Maintenance Labor	-	-	687,220	-	-	-	687,220
Maintenance Supplies	-	-	201,830	-	-	4,440	206,270
Maintenance	-	-	1,083,939	-	-	74,694	1,158,633
General Expenses	-	-	412,720	-	-	5,000	417,720
Non-Routine & Capital Expenses	-	-	-	2,169,741	-	-	2,169,741
Total Operating Income	**12,067,100**	**-**	**6,257,763**	**2,169,741**	**117,971**	**1,519,424**	**22,131,998**
Total Operating Expenses	**11,101,120**	**-**	**6,094,151**	**2,169,741**	**117,971**	**1,517,874**	**21,000,857**
Net Operating Income (Loss)	**965,980**	**-**	**163,612**	**-**	**-**	**1,550**	**1,131,142**

FY 2027 SUMMARY BUDGET

FY 2027 SUMMARY BUDGET					
Fund/Entity	Operating Revenue	% of Total Revenue	Operating Expenses	% of total Expenses	Operating Income/(Loss)
HACA Entities					
Public Housing	$ 6,257,763	28%	$ 6,094,151	29%	$ 163,612
Central Office Cost Conter	$ 1,519,424	7%	$ 1,517,874	7%	$ 1,550
HCVP	$ 12,067,100	55%	$ 11,101,120	53%	$ 965,980
Resident Services	$ 117,971	1%	$ 117,971	1%	$ -
Capital	$ 2,169,741	10%	$ 2,169,741	10%	$ -
	$ 22,131,999	100%	$ 21,000,857	100%	$ 1,131,142



FY 2027 SUMMARY BUDGET



PUBLIC HOUSING PROGRAM SUMMARY

The Authority manages several communities pursuant to HUD's Low Rent Public Housing program. There are:

• 554 Public Housing units within four (4) developments which are owned and managed by the Authority.

For the Public Housing program, HUD determines an allowable amount for the operation of a housing community, factors in the amount the Authority may be able to collect from tenants for rent they pay, and then provides a subsidy to housing authorities to make up that difference.

According to the asset management model mandated by HUD, although funds are fungible between each AMP, each AMP is treated as a separate project for budgeting and accounting purposes. Although we present information and discuss budget changes for the AMPs on a consolidated basis, each AMP's budget stands on its own.

For internal management purposes, and as reflected in this section for presentation of budgets, the Authority has organized operations staff into management teams. Each management team is responsible for their assigned AMPs.

In cases where multiple properties are managed, costs for the management team are allocated. The most common allocation is for salaries and related personnel costs, which are allocated based on the number of bedrooms per community. Depending on the nature of the expense, the allocation may also be done based on the number of units without regard to bedroom size.

On a consolidated basis, budgeted Public Housing operating revenues for FY2027 are $6,257,763 consisting primarily of tenant rental revenue of $2,113,150, HUD operating subsidy and state funding of $3,503,318, and other revenue of $641,295. In addition, the Authority has budgeted $2,169,741 in Capital Fund Program (CFP) grant revenue to support modernization activities, capital improvements, and management improvements throughout its housing portfolio.

Budgeted Public Housing operating expenses for FY2027 are $6,094,151, compared to FY2026 budgeted operating expenses of $6,018,609, representing an increase of $75,542, or 1.3%. The modest increase reflects continued investment in personnel, resident services, maintenance operations, and property preservation activities while maintaining prudent cost controls. The FY2027 budget also incorporates the salary and benefits of the former Resident Opportunity and Self-Sufficiency (ROSS) Coordinator position, which has been allocated directly to the Public Housing properties following the expiration of the ROSS Grant.

PUBLIC HOUSING
FY2027 BUDGET ASSUMPTIONS & PROJECTIONS

The following information provides additional detail regarding the projections of revenues and expenses for the AMPs.

REVENUES:

1. **Total Tenant Revenue** includes dwelling rent and other charges to tenant accounts. Rental revenue is budgeted based on projected occupancy levels and average rents charged during FY2026. Rather than assuming a full-year occupancy rate of 95%, the FY2027 budget utilizes a phased occupancy improvement approach based on the Authority's current occupancy level of approximately 90% and management's plan to achieve HUD's 95% occupancy target by fiscal year-end. The budget assumes occupancy of 92% during the first quarter, 93% during the second quarter, 94% during the third quarter, and 95% during the fourth quarter, resulting in an average annual occupancy rate of approximately 93.5%. This approach provides a more conservative and achievable revenue projection while reflecting the Authority's continued focus on increasing occupancy and strengthening rent collection efforts across all public housing communities..

2. **Total Operating Subsidy Revenue** includes HUD Operating Subsidy and other governmental support received for Public Housing operations. The FY2027 budget is based on a **93% Operating Subsidy proration factor**. Historically, HUD has funded the Authority at less than 100% of its calculated Operating Subsidy eligibility. Recent proration levels have fluctuated due to federal appropriations and funding availability (2019: 90.21%, 2020: 93.10%, 2021: 96.3%, 2022: 96%, 2023: 96%, and 2024: 92%). The FY2027 budget utilizes a conservative 93% proration assumption to reflect anticipated funding levels while minimizing budgetary risk.

3. Total Other Revenue includes non-dwelling rental income and other revenue received from non-tenant sources. In FY2027, the Authority is projected to receive funding from the City of Annapolis and the State of Maryland, as well as allowable Capital Fund Program (CFP) revenues allocated to operations and management improvements. These resources support occupancy initiatives, property readiness, licensing compliance, unit turnover activities, and overall operational performance throughout the Public Housing portfolio.

4. **Capital Fund Program Revenue** is budgeted separately from operating revenue and totals approximately **$2,169,741** for FY2027. These funds are restricted for eligible capital activities, modernization projects, management improvements, and long-term asset preservation initiatives.

EXPENSES:

1. **Administrative Salaries** are based on actual FY2026 salary levels and include a **5% Cost-of-Living and Merit Increase** to support employee retention, recruitment, and continued operational excellence. The FY2027 budget also includes the salary and benefits of the former ROSS Coordinator position, which has been allocated directly to the Public Housing properties following the expiration of the ROSS Grant.

2. **Management Fees** are based on projected occupancy levels multiplied by the HUD-published Public Housing Management Fee rate of **$72.63 per unit per month for the first six months of the fiscal year** and **$77.34 per unit per month for the second six months of the fiscal year**. These rates are applied to projected occupied units in accordance with HUD Asset Management requirements.

3. **Bookkeeping Fees** are budgeted at the maximum-allowed rate of $7.50 per unit per month, multiplied by the projected leasing rate.

4. **Asset Management Fees** are budgeted for AMPs that show excess cash in the 2026 audited financials. These fees are charged monthly by multiplying the number of ACC units by $10 per unit, subject to excess cash.

5. **Maintenance and Property Operations Expenses** reflect the Authority's continued commitment to preserving its housing stock, reducing vacancy turnaround times, improving curb appeal, and maintaining safe and quality housing for residents. Budgeted expenditures support routine maintenance, utilities, maintenance labor, resident services, and other operating costs necessary to sustain housing operations.

6. **Capital Fund Program Expenditures** of approximately $2,169,741 are budgeted separately from operating expenses and are fully funded through Capital Fund Program grant revenues. These expenditures support modernization activities, site improvements, building systems, management improvements, and other capital needs throughout the Public Housing portfolio.

PUBLIC HOUSING PERFORMANCE DASHBOARD

PORTFOLIO OVERVIEW

- Total Public Housing Units: 554
- Properties: 4
- Occupancy Goal: 95%
- Rent Collection Goal: 85%+
- Capital Fund Investment: $2,169,741

PUBLIC HOUSING FINANCIAL PERFORMANCE

- Operating Revenue $6,257,763
- Operating Expenses $6,094,151
- Net Operating Income $163,612

PROPERTY PERFORMANCE

Housing Authority of the City of Annapolis
Approved Fiscal Year 2027 Summary Budget

	Eastport Terrace	Harbour House	Robinwood	BBSQ	Public Housing	CFP
Operating Income						
Rental	233,090	978,740	666,590	234,730	2,113,150	-
HUD & State Grants	554,937	1,737,266	954,368	256,746	3,503,318	2,169,741
Other	121,252	341,024	73,706	105,312	641,295	-
Operating Expenses					-	
Administration	338,648	1,070,751	611,487	264,483	2,285,369	-
Housing Assistance	-	-	-	-	-	-
Resident Services	121,818	339,075	112,344	32,035	605,273	-
Utilities	115,130	352,780	230,430	119,460	817,800	-
Maintenance Labor	105,100	329,030	187,230	65,860	687,220	-
Maintenance Supplies	17,170	136,090	39,630	8,940	201,830	-
Maintenance	84,470	607,906	329,367	62,196	1,083,939	-
General Expenses	62,130	201,920	110,950	37,720	412,720	-
Non-Routine & Capital Expenses	-	-	-	-	-	2,169,741
Total Operating Income	**909,280**	**3,057,031**	**1,694,664**	**596,788**	**6,257,763**	**2,169,741**
Total Operating Expenses	**844,466**	**3,037,552**	**1,621,438**	**590,695**	**6,094,151**	**2,169,741**
Net Operating Income (Loss)	**64,814**	**19,479**	**73,226**	**6,093**	**163,612**	**-**

FY 2027 KEY HIGHLIGHTS

✓ City of Annapolis and State of Maryland funding continue to support occupancy initiatives, licensing compliance, and unit turnover activities.

✓ Former ROSS Coordinator position retained and allocated to Public Housing operations following expiration of the ROSS Grant.

✓ $2.17 million Capital Fund Program investment budgeted for modernization, management improvements, and asset preservation.

✓ Continued focus on occupancy, rent collections, housing quality, and resident satisfaction.

FY 2027 Management Priorities

The FY 2027 Public Housing budget reflects the Authority's continued commitment to strengthening the financial performance and long-term sustainability of its housing portfolio. Through improved occupancy, enhanced rent collection efforts, strategic use of available funding resources, and continued investment in property operations, HACA is projected to generate positive operating income while preserving the quality of its housing communities.

Management's priorities for FY 2027 include maintaining occupancy levels above 95%, increasing rent collections, reducing vacancy turnaround times, preserving housing quality, and ensuring compliance with all federal, state, and local requirements. These initiatives support the Authority's mission of providing safe, quality, and affordable housing while improving outcomes for the residents and families it serves.

✓ Achieving occupancy levels above 95% by year-end

✓ Increasing rent collections

✓ Reducing vacancy turnaround times

✓ Preserving housing quality and improving curb appeal

✓ Ensuring compliance with all federal, state, and local requirements

CENTRAL OFFICE COST CENTER
PROGRAM SUMMARY

The Central Office Cost Center (COCC) serves as the administrative and operational support center for all Housing Authority programs. The COCC provides executive leadership, financial management, procurement, human resources, information technology, compliance, development, and administrative services necessary to support the Authority's Public Housing, Housing Choice Voucher, Capital Fund, and grant-funded programs.

The COCC is funded primarily through management fees, bookkeeping fees, asset management fees, grant administration fees, and other allowable fee-for-service revenues in accordance with HUD Asset Management requirements. These revenues are generated by the programs and properties served by the COCC and are used to support centralized administrative functions across the Authority.

For FY 2027, the COCC is projected to generate operating revenues of $1,519,424 and operating expenses of $1,517,874, resulting in projected net operating income of $1,550. The budget reflects the Authority's continued commitment to maintaining a financially sustainable administrative structure while providing the oversight, accountability, and support necessary to achieve organizational goals.

A significant source of COCC revenue continues to be management, bookkeeping, and asset management fees charged to Public Housing, the Housing Choice Voucher Program, and other grant-funded activities. In addition, the COCC administers Capital Fund Program activities and other funding sources that support agency-wide operations and strategic initiatives.

CENTRAL OFFICE COST CENTER
PROGRAM SUMMARY

Executive Office
The Executive Office includes the Board of Commissioners, Chief Executive Officer and Staff responsible for coordinating the day-to-day activities of the Authority. This department is also responsible for communications with internal as well as external stakeholders including the United States Department of Housing and Urban Development (HUD), other federal entities, the State, City and County governments, Investors and Residents in the Public, Affordable and HCV Housing Programs.

Administration
The Administration department is made up of Financial Services, Human Resources, Information Technology, and Procurement.
The Financial Services department includes Accounting, Budgeting, Procurement and Information Technology. The Accounting team maintains a system of internal administrative and accounting controls. This includes the evaluation of property/program management as well as departmental activities that affect the financial operations of the Authority. This department coordinates and executes all financial documents, annual budget and monthly financial reports.

Human Resources is responsible for planning, implementing and evaluating employee relations. Tasks performed include labor relations, employee recruitment, compensation and benefits management, training and development as well as maintaining awareness of and compliance with federal, state and local labor laws.

Information Technology services provides support for all computer systems, applications and phones. Tasks include providing services to departments that ensure technological systems are reliable, stable and cost efficient.

Procurement is responsible for coordinating the solicitation of all Requests for Quotes (RFQ), Requests for Proposals (RFP), Invitations for Bid (IFB) and finalizing all contractual agreements on behalf of all departments. All departments are responsible for the procurement of materials and supplies for their respective areas in accordance with Asset Management.

CENTRAL OFFICE COST CENTER
PROGRAM SUMMARY

Development

The Development department is responsible for planning and organizing all development, construction and modernization projects for the Authority. Tasks include budgeting for HUD funds under the Capital Fund and Replacement Housing Factor programs. This department also manages the affairs for the development instrumentality of the Authority, Development Ventures Inc, tasked with spearheading all development/redevelopment projects.

Resident Services

The Resident Services department offers, in partnership with other agencies, support services to provide opportunities for all residents in properties or programs managed by the Authority. This department manages the Youth Services and implements several programs and services to assist residents. All resident service grants, including but not limited to Family Self Sufficiency, Resident Opportunities and Self-Sufficiency etc., are administered by this department.

In an effort to promote proper safeguarding of resources against waste and inefficiency, encourage accuracy and reliability of operational data, each COCC department manages an individual budget. However, it is important to note that the COCC departments are not a separate asset managed entity on their own. Unless otherwise required by a managed grant, all resources of the COCC are shared amongst the departments depending on need. The COCC budget is presented on a consolidated basis even though each departmental head oversees their own administrative budget.

CENTRAL OFFICE COST CENTER
FY2027 BUDGET ASSUMPTIONS & PROJECTIONS

The Central Office Cost Center (COCC) budget for FY2027 reflects the Authority's continued commitment to maintaining a financially sustainable administrative structure while providing the oversight, accountability, and support necessary to operate all housing programs effectively. The COCC serves as the administrative hub for the Authority and supports Public Housing, the Housing Choice Voucher Program, Capital Fund activities, resident services, and other grant-funded initiatives.

REVENUE ASSUMPTIONS:
The primary sources of COCC revenue are management fees, bookkeeping fees, asset management fees, grant administration fees, and other allowable fee-for-service revenues charged in accordance with HUD Asset Management requirements.

Fee income is projected to increase in FY2027 due primarily to improved occupancy levels within the Public Housing portfolio. Increased occupancy results in higher management and bookkeeping fee revenue generated from the Asset Management Projects (AMPs). Property management fees are calculated using the HUD-approved rate of $72.63 per occupied unit per month for the first six months of the fiscal year and $77.34 per occupied unit per month for the second six months of the fiscal year. Bookkeeping fees are charged at the HUD-approved rate of $7.50 per occupied unit per month.

Asset Management Fees continue to be charged at $10.00 per ACC unit per month for eligible AMPs with excess cash as determined by the most recent audited Financial Data Schedule (FDS).

The Housing Choice Voucher Program is charged the greater of $12 per leased voucher per month or 20% of earned administrative fees for program management services, in addition to a bookkeeping fee of $7.50 per leased voucher per month. These revenues support centralized administrative services while ensuring compliance with HUD requirements.

The COCC also receives grant administration fees associated with Capital Fund Program activities and other eligible grant-funded initiatives administered by the Authority.

EXPENSE ASSUMPTIONS:
Administrative expenses support executive leadership, finance, procurement, human resources, information technology, compliance, development, and other centralized administrative functions necessary for the operation of the Authority.

Salary and benefit expenses are budgeted based on current staffing levels and include a 5% Cost-of-Living Adjustment (COLA) and merit increase. The budget reflects the Authority's continued investment in employee retention, recruitment, professional development, and organizational capacity.

The FY2027 budget has been developed to ensure that administrative resources remain aligned with operational needs while maintaining a balanced COCC budget. Management continues to emphasize fiscal responsibility, operational efficiency, regulatory compliance, and customer service excellence across all programs.

CENTRAL OFFICE COST CENTER
FY2027 BUDGET

Housing Authority of the City of Annapolis
Approved Fiscal Year 2027 Summary Budget

	HCVP HAP	HCVP Admin	Public Housing	CFP	Resident Services	Central Office Cost Center	Total
Operating Income							
Rental	-	-	2,113,150	-	-	-	2,113,150
HUD & State Grants	11,899,145	-	3,503,318	2,169,741	117,971	-	17,690,175
Other	167,955	-	641,295	-	-	1,519,424	2,328,674
Operating Expenses			-		-		-
Administration	1,008,340	-	2,285,369	-	117,971	1,417,480	5,837,500
Housing Assistance	10,092,780	-	-	-	-	-	10,092,780
Resident Services	-	-	605,273	-	-	-	605,273
Utilities	-	-	817,800	-	-	16,260	834,060
Maintenance Labor	-	-	687,220	-	-	-	687,220
Maintenance Supplies	-	-	201,830	-	-	4,440	206,270
Maintenance	-	-	1,083,939	-	-	74,694	1,158,633
General Expenses	-	-	412,720	-	-	5,000	417,720
Non-Routine & Capital Expenses	-	-	-	2,169,741	-	-	2,169,741
Total Operating Income	**12,067,100**	**-**	**6,257,763**	**2,169,741**	**117,971**	**1,519,424**	**22,131,998**
Total Operating Expenses	**11,101,120**	**-**	**6,094,151**	**2,169,741**	**117,971**	**1,517,874**	**21,000,857**
Net Operating Income (Loss)	**965,980**	**-**	**163,612**	**-**	**-**	**1,550**	**1,131,142**

HOUSING CHOICE VOUCHER
PROGRAM SUMMARY

The Housing Choice Voucher (HCV) Program is the Housing Authority's largest federally funded program and provides rental assistance to eligible families, seniors, veterans, and persons with disabilities throughout the City of Annapolis. Administered in accordance with regulations established by the U.S. Department of Housing and Urban Development (HUD), the program enables participating families to obtain housing in the private rental market while paying an affordable portion of their income toward housing costs.

The Authority is authorized to administer up to 770 Housing Choice Vouchers, including Veterans Affairs Supportive Housing (VASH) vouchers and State-funded vouchers. While voucher utilization remains a key performance indicator, the program must be managed within available HUD funding levels to ensure long-term financial sustainability.

The financial outlook of the Housing Choice Voucher Program has improved significantly compared to FY 2026. In the prior year, the Authority projected a substantial Housing Assistance Payment (HAP) funding shortfall and the potential recapture of HAP reserves. For FY 2027, the program is projected to operate without a funding shortfall and without any anticipated recapture of HAP reserves by HUD.

The Authority is projected to receive approximately $11.9 million in HAP funding while incurring approximately $10.1 million in HAP expenses. As a result, the program is expected to increase its restricted HAP net position by approximately $965,980. This increase strengthens the financial position of the program and provides additional resources to support future Housing Assistance Payments.

It is important to note that the projected $965,980 increase represents restricted HAP funding and does not constitute unrestricted operating income available for agency operations. Under HUD regulations, HAP funds may only be used to provide rental assistance payments on behalf of participating families.

Primary services provided under the HCV Program include applicant intake and eligibility determination, Housing Quality Standards (HQS) inspections, landlord outreach, annual and interim recertifications, and ongoing program compliance activities. The Authority remains committed to maximizing voucher utilization, maintaining landlord participation, expanding housing opportunities, and providing quality customer service to program participants.

The administrative component of the HCV Program is funded through HUD administrative fees and remains financially stable. Consistent with HUD Asset Management requirements, the program pays management and bookkeeping fees to the Central Office Cost Center (COCC) for administrative support services.

FY2027 BUDGET ASSUMPTIONS & PROJECTIONS

The budget for the Housing Choice Voucher Program is divided into two components: Housing Assistance Payments (HAP) and Administrative Operations. The following information provides additional detail regarding the assumptions used in developing the FY2027 budget.

REVENUES:

1. **Housing Assistance Payment (HAP) Revenue** is budgeted at approximately **$11.9 million** based on HUD funding projections and anticipated leasing levels. HAP funds are restricted and may only be used to provide rental assistance payments on behalf of participating families.
2. **Administrative Fee Revenue** is budgeted based on HUD's published administrative fee rates and projected leasing activity. Administrative fee revenue is used to support the day-to-day operation of the Housing Choice Voucher Program, including staffing, inspections, eligibility determinations, recertifications, and compliance activities.

3. **HCV Program salaries and administrative expenses** are funded solely from Administrative Fee revenue and cannot be paid from HAP funding.

EXPENSES:

1. **Housing Assistance Payment (HAP) Expenses** are projected at approximately **$10.1 million**, reflecting anticipated leasing levels, payment standards, and rental assistance costs for participating families. Based on current projections, HAP funding is expected to exceed HAP expenditures during FY2027, resulting in an increase in the program's restricted HAP net position.
2. The Housing Choice Voucher Program is **not projected to experience a funding shortfall during FY2027**, and no HUD recapture or offset of HAP reserves is anticipated. The improved funding position strengthens the financial stability of the program and provides additional resources to support future Housing Assistance Payments.
3. **Program Management Fees** payable to the Central Office Cost Center (COCC) are calculated in accordance with HUD requirements as the greater of $12 per leased voucher per month or 20% of earned administrative fees. In addition, bookkeeping fees of $7.50 per leased voucher per month are charged to the program.
4. **All other expenses** are directly attributable to Housing Choice Voucher Program operations, including personnel costs, inspections, occupancy activities, and administrative functions necessary to maintain compliance with HUD regulations and provide quality service to program participants.
5. **Management** will continue to closely monitor leasing activity, funding levels, utilization rates, and HAP reserves to ensure the long-term financial sustainability of the program while maximizing housing opportunities for eligible families.

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Housing Authority of the City of Annapolis

Resolution
Of
The Housing Authority of the City of Annapolis
Board of Commissioners

Bloomsbury Square Development Rights Agreement

Resolution No. ADMIN 062326-01

WHEREAS, HACA desires to redevelop the Bloomsbury Square Housing Development, a public housing site consisting of 51 units and located at 101 Bloomsbury Square, Annapolis, Maryland 21401 (the "Property"), by implementing a one-for-one replacement housing strategy pursuant to the HUD Rental Assistance Demonstration program that replaces existing public housing with new or revitalized housing that better serves the residents of Annapolis (the "Redevelopment"). and

WHEREAS, HACA currently owns the Property; and

WHEREAS, HACA has selected the Community Housing Partners Corporation, a Virginia nonstock corporation (the "Developer"), to serve as the developer for the Redevelopment; and

WHEREAS, HACA has negotiated that certain Development Rights Agreement in order to set forth the terms and conditions for the Developer's consideration and work in connection with the Redevelopment; and

WHEREAS, HACA staff have reviewed the Development Rights Agreement and the Developer's budget for the Redevelopment and have determined each is appropriate and reasonable;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners, that the Executive Director is hereby authorized to take all necessary steps to execute the Development Rights Agreement with Developer for the Redevelopment.

RESOLVED this 23rd day of June 2026

RESOLVED,

The undersigned Commissioners of the Housing Authority of the City of Annapolis sign below to indicate their affirmative or disapproval vote or that they are abstaining from voting.

________________________ Bishop Craig Coates, Chairperson	☐ Approved	☐ Disapproved	☐ Abstain
________________________ Patrick Sheridan, Vice-Chairperson	☐ Approved	☐ Disapproved	☐ Abstain
________________________ Arthur W. Edwards, Jr., Treasurer	☐ Approved	☐ Disapproved	☐ Abstain
________________________ Jacquelyn V. Wells, Secretary	☐ Approved	☐ Disapproved	☐ Abstain
________________________ Kimberlee Cornett, Commissioner	☐ Approved	☐ Disapproved	☐ Abstain
________________________ Sharon Elliott, Commissioner	☐ Approved	☐ Disapproved	☐ Abstain
________________________ Henrietta Webb-Herbert, Commissioner	☐ Approved	☐ Disapproved	☐ Abstain