

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Development and Finance Committee Minutes

January 21, 2022

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Development and Finance Committee was conducted via an online platform and teleconference on Friday, January 21, 2022, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:02 a.m., available for viewing [here](#). Those in attendance were:

Present

Jackie Simon, Chair – Development and Finance Committee
Richard Y. Nelson, Jr. – Commissioner
Jeffrey Merkowitz – Commissioner

Also Attending via Online

Kayrine Brown, Acting Executive Director
Zachary Marks
Jennifer Arrington
Paige Gentry
Eugenia Pascual
Charnita Jackson
Marcus Ervin
Jay Shepherd
John Broullire
Leidi Reyes
Ellen Goff
Gio Kavaladze

Aisha Memon, General Counsel
Timothy Goetzinger
Kathryn Hollister
Nathan Bovelie
Christina Autin
Matt Husman
Darcel Cox
Terri Fowler
Gail Willison
Paul Vinciguerra
Hyunsuk Choi

IT Support

Aries Cruz

Commission Support

Patrice Birdsong, Spec. Asst. to Commission

Commissioner Simon opened the meeting with a welcome and introduction of the Commissioners participating on the Committee.

APPROVAL OF MINUTES

The minutes of the November 19, 2021 Development and Finance Committee were approved upon a motion by Commissioner Nelson and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Simon, Nelson, and Merkowitz.

DISCUSSION ITEMS

1. Paddington Square: Affirmation of Resolution 21-001_{PS}, Approval of Dwight Capital, LLC, as Successor Lender of Love Funding Corporation, and Approval to Amend the Bylaws of the Paddington Square Development Corporation

Jennifer Arrington, Acting Director of Mortgage Finance, provided a presentation on recommending to the full Commission and Board of Directors of Paddington Square Development Corporation the following: Affirm the refinancing plan, as approved in Resolution 21-001_{PS}, in accordance with the existing Bylaws of the Paddington Square Development Corporation; Approval of a successor lender; and approval to amend the existing Bylaws of the Corporation to incorporate certain required FHA provisions.

There was discussion among the Commissioners and staff. Staff addressed the logistics of HOC's Board approval versus the approval of the Development Corporation. Staff also affirmed Commissioner Merkowitz's concern on whether this action would not have any impact on HOC's ability to resubordinate the HIF Loan.

With no further questions a motion was made and unanimously approved by Commissioners Nelson and Merkowitz to move the item forward to the full Commission for approval at the February 2, 2022 monthly meeting. Commissioner Simon temporarily stepped away and did not participate in the vote.

2. Willow Manor Properties: Approval to Increase DHCA's Share of Construction Period Interim Cash Flow, a Condition for DHCA to Close the Transaction

Marcus Ervin, Director of Real Estate, introduced Kathryn Hollister, Senior Financial Analyst, who provided a presentation to recommend to the full Commission approval to increasing the share of Retained Cash Flow distributed to repay the County HIF Loan.

A motion was made by Commissioner Nelson and seconded by Commissioner Merkowitz to recommend to the full Commission at the February 2, 2022 monthly meeting. Affirmative votes were cast by Commissioners Simon, Nelson, and Merkowitz.

3. Westside Shady Grove: Approval to Amend the Development Budget {to Allocate Net Financing Proceeds from Initial Construction Closing}

Marcus Ervin, Director of Real Estate, provided a presentation to recommend to the full Commission approval to amend the development budget to allocate excess proceeds from the bond issuance to be used to repay interest on the HIF Loan, fund a capitalized interest account for payments on the HIF Loan, and to set aside the remaining funds for a soft cost contingency casing an increase to the closing budget.

A motion was made by Commissioner Nelson and seconded by Commissioner Merkowitz to recommend to the full Commission at the February 2, 2022 monthly meeting. Affirmative votes were cast by Commissioners Simon, Nelson, and Merkowitz. Commissioner Nelson expressed his appreciation of the presentation including a summary of prior Commission actions taken. He stated that this helps refresh the Commissioners memories of what actions have been taken and if necessary can research files.

4. Upton II: Approval of the Naming and Branding of HOC at the Upton in Accordance with HOC Naming Guidelines

Christina Autin, Director of Legislative and Public Affairs, provided a presentation to recommend to the full Commission approval of permanent name for the Upton II in Rockville, Maryland to “Residences at The Print Shop”.

There was discussion among the Commissioners and staff regarding other suggested names of the property. During the discussion it was decided to recommended “Residences on the Lane” as the new name of the property.

A motion was made by Commissioner Nelson and seconded by Commissioner Merkowitz to recommend to the full Commission at the February 2, 2022 monthly meeting the suggested renaming of the Upton II to “Residences on the Lane”. Affirmative votes were cast by Commissioners Simon, Nelson, and Merkowitz.

5. The Metropolitan Apartments: Emergency Procurement to Select SK&A Structural Engineers, PLLC to Evaluate and Execute a Plan to Provide Waterproofing Services for the Green Roof at Metropolitan Apartments

Zachary Marks, Chief Real Estate Officer, provided a presentation to recommend to the full Commission approval to select Smislova, Kehnemui and Associates as structural engineer to prepare for repairs and evaluation of waterproofing services for the green roof.

There was discussion among the Commissioners and staff. Staff explained that the request is for both the design structure and waterproofing. Commissioner Nelson suggested that there be clarity on defining the emergency.

A unanimous decision to move the recommendation forward to the full Commission at the February 2, 2022 monthly meeting. No formal vote was taken.

Commissioner Simon read the Written Closing Statement. Commissioner Merkowitz seconded the motion, with Commissioners Simon, Nelson, and Merkowitz voting in approval.

Based upon this report and there being no further business to come before this session of the Development and Finance Committee, the Committee adjourned the open session at 10:46 a.m. and reconvened in closed session at 10:50 a.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Development and Finance Committee closed session held on January 21, 2022 at approximately 10:50 a.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3), and 3-305(b)(13) to discuss two topics: (1) the acquisition/purchase of (A) the fee simple interest (via a purchase and sale agreement) of three multifamily properties located in Bethesda, Maryland; and (B) the acquisition of three separate multifamily properties (via a purchase and sale agreement or ground lease) located in Bethesda, Maryland (pursuant to Section 3-305(b)(3)); and (2) the confidential commercial and financial terms of HOC's potential purchase of both of the above referenced acquisitions (pursuant to Sections 3-305(b)(13)).

The meeting was closed and the closing statement dated January 21, 2022 was adopted on a motion made by Jackie Simon, seconded by Jeffrey Merkowitz, with Jackie Simon, Richard Y. Nelson, Jr., and Jeffrey Merkowitz voting in favor of the motion. The following persons were present: Jackie Simon, Richard Y. Nelson, Jr., Jeffrey Merkowitz, Kayrine Brown, Aisha Memon, Kathryn Hollister, Timothy Goetzinger, Paige Gentry, Zachary Marks, John Broullire, Gio Kaviladze, Christina Autin, Jennifer Arrington, Gail Willison, Leidi Reyes, and Patrice Birdsong.

In closed session, the Committee discussed the below topics and took the following actions:

1. **Topic:** The potential acquisition/purchase of the fee simple interest (via a purchase and sale agreement) of three multifamily properties located in Bethesda, Maryland

(pursuant to Section 3-305(b)(3)), and the confidential commercial and financial terms of financing the acquisition (pursuant to Section 3-305(b)(13)).

- a. **Action Taken:** Staff requested that the Development and Finance Committee recommend to the full Commission authorization to (i) complete the acquisition of the properties, including assigning the purchase contracts to an HOC special-purpose entity; (ii) use various funding sources for the acquisition; (iii) restrict the cash flow to the properties until closing of construction and/or permanent financing; and (iv) enter into a contract for interim property management services while staff prepares and issues a formal solicitation. A motion was made by Commissioner Nelson, recommending advancing the items to the full Commission meeting on February 2, 2022, with additional clarification on the funding for the transaction. Commissioner Merkowitz seconded the motion, and Commissioners Nelson, Merkowitz, and Simon voted in approval.
2. **Topic:** The potential acquisition/purchase of three other multifamily properties (via a purchase and sale agreement or a ground lease) located in Bethesda, Maryland (pursuant to Section 3-305(b)(3)), and the confidential commercial and financial terms of financing the acquisition (pursuant to Section 3-305(b)(13)).
 - a. **Action Taken:** Per a discussion during a closed session with the Commission held on January 12, 2022, staff was directed to take into consideration the Commission's comments and questions and discuss the results with the Development and Finance Committee. Staff provided a detailed presentation and addressed the Commissions' prior concerns. Staff requested that the Development and Finance Committee recommend to the full Commission authorization to (i) enter into a purchase contract for the properties; (ii) create special-purpose entities to acquire the properties; (iii) make an earnest money deposit; (iv) use various funding sources for the earnest money deposit and acquisition, including selection of a senior lender; and (v) select an initial management company for the properties. A motion was made by Commissioner Nelson, recommending advancing the items to the full Commission meeting on February 2, 2022, with additional clarification on the funding for the transaction. Commissioner Merkowitz seconded the motion, and Commissioners Nelson, Merkowitz, and Simon voted in approval.

The closed session was adjourned at 12:05 p.m. with a motion by Commissioner Merkowitz and seconded by Commissioner Nelson. Affirmative votes by Commissioners Simon, Nelson, and Merkowitz.

Kayrine Brown
Acting Secretary/Treasurer

/pmb

Approved: February 18, 2022