

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

January 11, 2023

23-01

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform and teleconference on Wednesday, January 11, 2023, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:03 p.m. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Linda Croom
Jeffrey Merkowitz
Jackie Simon

Via Zoom

Richard Y. Nelson, Chair Pro Tem
Pamela Byrd

Also Attending

Kayrine Brown, Deputy Executive Director
Richard Congo
Timothy Goetzinger
Nilou Razeghi
Eugenia Pascual
Marcus Ervin
Ken Silverman
Terri Fowler
Bonnie Hodge
Tia Blount

Aisha Memon, General Counsel
Zachary Marks
Kathryn Hollister
Jennifer Washington
Ellen Goff
Jay Shepherd
Mary Phillips
Fred Swan
Lynn Hayes

Also Attending via Zoom

John Wilhoit
Matt Husman
Leidi Reyes

Paige Gentry
Darcel Cox
John Broullire

IT Support

Irma Rodriguez
Aries "AJ" Cruz
Genio Etienne

Commission Support

Patrice Birdsong, Special Assistant to the Commission

Chair Priest opened the meeting welcoming all to the monthly meeting. There was a roll call of Commissioners participating.

I. **Information Exchange**
Community Forum

- There were no speakers who signed up to address the Board.

Executive Director's Report

- Kayrine Brown, Deputy Executive Director, provided an overview of the written report as well as a slide presentation of events.

Commissioner Exchange

- Chair Priest thanked Commissioner Simon for her participation in the various events held by HOC.
- Commissioner Simon announced information regarding \$20 Million Grant for housing affordability with Wells Fargo.
- Vice Chair Kelleher announced that the Affordable Housing Conference is scheduled for May 25, 2023.

- II. **Approval of Minutes** – The minutes were approved as submitted with a motion by Commissioner Simon and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

A. Approval of Minutes of December 7, 2022

B. Approval of Minutes of December 20, 2022 Special Session

III. **COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION**

A. Budget, Finance and Audit Committee – Com. Nelson, Chair

1. Fiscal Year 2023 First Quarter Budget to Actual Statements: Presentation of First Quarter FY'23 Budget to Actual Statements

Chair Pro Tem Nelson opened the floor to Deputy Executive Director Brown who introduced Timothy Goetzinger, Chief Development Funding Officer/Acting Chief Financial Officer, and Terri Fowler, Budget Officer, who provided the presentation.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

RESOLUTION NO.: 23-01

**Re: Acceptance of the First Quarter
FY'23 Budget to Actual Statements**

WHEREAS, the Budget Policy for the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission reviewed the First Quarter FY’23 Budget to Actual Statements during its January 11, 2023 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the First Quarter FY’23 Budget to Actual Statements.

2. Uncollectible Tenant Accounts Receivable: Authorization to Write-off Uncollectible Tenant Accounts Receivable (July 1, 2022 – September 30, 2022)

Chair Pro Tem Nelson opened the floor to Deputy Executive Director Brown who introduced Timothy Goetzinger, Chief Development Funding Officer/Acting Chief Financial Officer, and Nilou Razeghi, Accounting Manager, who provided the presentation.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwowitz, and Simon.

RESOLUTION NO.: 23-02

RE: Authorization to Write-Off Uncollectible Tenant Accounts Receivable

WHEREAS, the current policy of the Housing Opportunities Commission of Montgomery County (“HOC”) is (i) to provide for an allowance for tenant accounts receivable balances that are delinquent for more than ninety (90) days; and (ii) to propose the write-off of former tenant balances; and

WHEREAS, staff periodically proposes the write-off of uncollected former tenant balances, which updates the financial records to accurately reflect the receivables and the potential for collection; and

WHEREAS, the proposed write-off of former tenant accounts receivable balances for the period of July 1, 2022 – September 30, 2022 is \$12,654 and were all within the Opportunity Housing properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Executive Director, or her designee, without further action on its part, to take any and all actions necessary and proper to write off \$12,654 in uncollectible accounts receivable related to (i) tenant balances that are delinquent for more than ninety (90) days, and (ii) former tenant balances, including the execution of any and all documents related thereto.

3. Procurement of Property Management Services: Extension of Property Management Contract for Elizabeth House)

Chair Pro Tem Nelson opened the floor to Deputy Executive Director Brown who introduced Ellen Goff, Acting Director of Property Management, and Alex Torton, Asset Manager, who provided the presentation.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Vice Chair Kelleher. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

RESOLUTION NO.: 23-03

**RE: Extension of Property Management
Contract for Elizabeth House**

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole member of Elizabeth House, located in Silver Spring, Maryland; and

WHEREAS, staff desires to extend the current property management contract at Elizabeth House through June 30, 2023 with Edgewood Management with the option to add up to six (6) months of extensions on a monthly basis to ensure that the closure process is completed; and

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of Elizabeth House, as its sole member, that the Executive Director of HOC, or their designee, is hereby authorized and directed to execute an extension of the property management contract at Elizabeth House with Edgewood Management.

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

4. Revision of Fiscal Year 2022 Fourth Quarter Budget to Actual Statements: Acceptance of the Revised FY’22 Fourth Quarter Budget to Actual Statements

Chair Pro Tem Nelson opened the floor to Deputy Executive Director Brown who introduced Timothy Goetzinger, Chief Development Funding Officer/Acting Chief Financial Officer, and Terri Fowler, Budget Officer, who provided the presentation.

The following resolution was adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon.

RESOLUTION NO.: 23-04

**Re: Acceptance of the Revised FY’22 Fourth
Quarter Budget to Actual Statements**

WHEREAS, the Budget Policy for the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) states that quarterly budget to actual statements will be reviewed by the Commission; and

WHEREAS, the Commission formally accepted the FY’22 Fourth Quarter Budget to Actual Statements during its October 5, 2022 meeting; and

WHEREAS, the Commission reviewed the Revised FY'22 Fourth Quarter Budget to Actual Statements during its January 11, 2023 meeting.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby accepts the Revised FY'22 Fourth Quarter Budget to Actual Statements.

B. Development and Finance Committee – Com. Simon, Chair

1. Mortgage Finance: Approval to Extend Contracts of the Bond Underwriting Team Consisting of a Senior Manager, Co-Senior Manager, and Co-Managers, in Accordance with the Procurement Policy

Commissioner Simon opened the floor to Deputy Executive Director Brown who provided an overview introducing Jennifer Washington, Acting Director of Mortgage Finance, who provided the presentation.

The following resolutions were adopted upon a motion by Commissioner Simon and seconded by Commissioner Merkwitz. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwitz, and Simon.

RESOLUTION NO.: 23-05

RE: Approval to Extend the Existing Contracts of the Bond Underwriting Team, Consisting of a Senior Manager, Co-Senior Manager, and Co-Managers, in Accordance with the Procurement Policy

WHEREAS, to advance its mission and operate a successful bond financing program, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) engages the services of a number of industry professionals, including a team of investment banking firms (underwriters) to help structure HOC’s bond issuances and market the bonds to obtain the most favorable pricing; and

WHEREAS, on January 9, 2019, after completing a new procurement for underwriter services, the Commission selected eight firms, approved a structure that consists of a Senior Manager, a Co-Senior Manager, and six (6) Co-Managers, and authorized the Executive Director to execute Letter Agreements (“Contracts”) with each firm with initial terms of two (2) years with two (2) one-year renewals that must be approved by the Commission in accordance with the Procurement Policy; and

WHEREAS, the eight (8) firms were Bank of America Merrill Lynch, Citigroup Global Markets, Jefferies, LLC, Morgan Stanley, PNC Capital Markets, LLC, RBC Capital Markets, Wells Fargo Company, and M&T Securities, but Citigroup did not finalize its Contract and was not eligible to join the team, and M&T Securities terminated its Contract, leaving six (6) active underwriting firms on the team; and

WHEREAS, on September 9, 2020 and on September 1, 2021, the Commission approved the first and second one-year renewal, respectively, for the six (6) underwriters, which expires on January 28, 2023; and

WHEREAS, in order to continue the on-going work of the existing underwriting team on an upcoming multifamily bond issuance, scheduled to close mid-February 2023, staff recommends that the Commission extend the existing Contracts for the team of underwriters for up to four (4) months to allow for any slippage in the closing of the bonds.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves a four (4) month extension of each of the existing Contracts with the following six (6) Underwriters (with the structure unchanged and incorporating the terms of the original Contracts):

Senior Manager:	Bank of America Merrill Lynch, New York NY
Co-Senior Manager	PNC Capital Markets, LLC, Pittsburgh, PA
Co-Managers:	Jefferies LLC, New York, NY
	Morgan Stanley, New York, NY
	RBC Capital Markets, New York, NY
	Wells Fargo Company, San Francisco, CA

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Executive Director, or her designee, without any further action on its part, to execute such documents and to take any and all other actions, in each case as necessary and proper, in the Executive Director's judgment, to carry out the actions contemplated herein.

2. HOC Headquarters: Approval to Select and Negotiate a Guaranteed Maximum Price ("GMP") contract with Paradigm Contractors, LLC for HOC's New Headquarters Building

Commissioner Simon opened the floor to Deputy Executive Director Brown who provided an overview introducing Marcus Ervin, Director of Real Estate Development, and Jay Shepherd, Housing Acquisition Manager, who provided the presentation.

A motion was made by Chair Priest to table the item and seconded by Chair Pro Tem Nelson. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Merkwitz. Commissioner Simon abstained.

3. Hillandale Gateway: Authorization for the Executive Director to Execute a Contract with CBG Building Group for an amount not to exceed \$11.5 Million and to Provide a Limited Notice to Proceed ("NTP") for the Early Start Work; Approval of an Early Start Budget for Hillandale Gateway in an amount not to exceed \$14.5 Million; and Authorization of the Housing Production Fund ("HPF") as a source for the Early Start Work in an amount not to exceed \$14.5 Million

Commissioner Simon opened the floor to Deputy Executive Director Brown who provided an overview introducing Marcus Ervin, Director of Real Estate Development, Zachary Marks, Chief Real Estate Officer, and Kathryn Hollister, Senior Financial Analyst, who provided the presentation.

The following resolutions were adopted upon a motion by Chair Pro Tem Nelson and seconded by Commissioner Simon. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowicz, and Simon.

RESOLUTION NO.: 23-07

RE: Authorization to Execute a Contract with CBG Building Group and Provide Limited Notice to Proceed for Early Start Construction Work; Approval of Early Start Budget and Funding

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is the sole member of HOC at Hillandale Gateway, LLC, which is a member of Hillandale Gateway, LLC, the entity that will redevelop approximately 5.15 acres of land at 10110 and 10140 New Hampshire Avenue, Silver Spring, MD 20903 (such site formerly known as “Holly Hall” and to be known during and after development as “Hillandale Gateway”); and

WHEREAS, on March 2, 2022, the Commission approved the selection of CBG Building Company (“CBG”) as the general contractor (“GC”) for the Holly Hall Site and authorized negotiation of the contract (“GC Contract”); and

WHEREAS, the Commission desires to approve the execution of the GC Contract, which would allow the GC to perform a limited scope of construction work (“Early Start Work”) under a limited notice to proceed (“LNTTP”) in an amount not to exceed \$11,500,000; and

WHEREAS, the Commission desires to approve an early start budget (“Early Start Budget”) in the amount of \$14,500,000, which includes \$11,500,000 in hard construction costs (the GC Contract value), \$1,000,000 in soft costs, and \$2,000,000 in contingency; and

WHEREAS, the Commission desires to approve a loan from the Housing Production Fund (“HPF”) to Hillandale Gateway, LLC in the amount of \$14,500,000 to fund the Early Start Budget; and

WHEREAS, pursuant to Treasury Regulation §1.150-2, the Commission desires to declare its official intent to participate in future tax-exempt borrowings in an amount not to exceed \$200,000,000 to finance “original expenditures” (as defined in Treasury Regulation §1.150-2) for the new construction located at the Holly Hall Site (the “Development”); and

WHEREAS, all or a portion of such future tax-exempt borrowings may be allocated to reimburse the Commission for original expenditures paid or to be paid subsequent to the date which is 60 days prior to the date hereof, such reimbursement allocation to occur not later than 18 months after the later of the date of payment of such original expenditures or the date on which the Development is placed in service or abandoned (but in no event more than three (3) years after the date of payment of the related original expenditures); and

WHEREAS, this reimbursement resolution is being adopted with regard to the entire \$200,000,000 of anticipated capital expenditures to be incurred with regard to the Hillandale Gateway project (the “Project”) that will be financed, in part, with proceeds of tax-exempt bonds, and this resolution is intended to qualify as

a reimbursement resolution pursuant to Section 1.150-2 of the U.S. Treasury Department Income Tax Regulations (the "Regulations").

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves the execution of the GC Contract, which would allow the GC to perform Early Start Work under a LTNP in an amount not to exceed \$11,500,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it approves an Early Start Budget in the amount of \$14,500,000, which includes \$11,500,000 in hard construction costs (the GC Contract value), \$1,000,000 in soft costs, and \$2,000,000 in contingency.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, that it authorizes a loan to Hillandale Gateway, LLC from the HPF in the amount of \$14,500,000 to fund the Early Start Budget.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that the Executive Director of HOC, or her designee, is authorized to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related to the GC Contract or Hillandale Gateway, LLC's acceptance of the loan from the HPF in an amount up to \$14,500,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it presently intends and reasonably expects to finance costs related to the predevelopment and other expenditures of the redevelopment of the Holly Hall Site located in the Hillandale area of Montgomery County, with moneys currently contained in its Opportunity Housing Reserve Fund and any other funds of the Commission so designated for use by the Commission.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it declares its official intent to participate in future tax-exempt borrowings in an amount not to exceed \$200,000,000 to finance original expenditures for Hillandale Gateway.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that any original expenditures for Hillandale Gateway may be reimbursed with proceeds of tax-exempt borrowings if such original expenditures are paid or to be paid no earlier than 60 days prior to the date of this Resolution, except preliminary expenditures as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it is the intention of the Commission that the resolutions contained herein qualify as a reimbursement resolution and a declaration of "official intent" within the meaning of Section 1.150-2 of the Regulations.

4. Hillandale Gateway: Approval of a Loan from the Housing Production Fund to Hillandale Gateway, LLC

Commissioner Simon opened the floor to Deputy Executive Director Brown who provided an overview introducing Timothy Goetzinger, Chief Development Funding Officer/Acting Chief Financial Officer, who provided the presentation.

The following resolution was adopted upon a motion by Commissioner Simon and seconded by Commissioner Croom. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkwitz, and Simon.

RESOLUTION NO.: 23-08

Re: Approval of a Loan from the Housing Production Fund to Hillandale Gateway, LLC

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”) is the sole member of HOC at Hillandale Gateway, LLC, which is a member and the manager of Hillandale Gateway, LLC, the entity that will redevelop approximately 5.15 acres of land at 10110 and 10140 New Hampshire Avenue, Silver Spring, MD 20903 (such site formerly known as “Holly Hall” and to be known during and after development as “Hillandale Gateway”); and

WHEREAS, on May 5, 2021, the Commission adopted Resolution 2021-46, which approved a Revolving Housing Production Fund Program (the “Housing Production Fund”); and

WHEREAS, the Commission wishes to approve a loan from the Housing Production Fund to Hillandale Gateway, LLC in an amount not to exceed \$14.5 million for early start work related to the Hillandale Gateway development; and

WHEREAS, the loan from the Housing Production Fund will carry a maximum term of five (5) years, an interest rate of five percent (5%) and will be repaid on or before permanent financing, which is expected to occur by the fourth quarter of calendar year 2027; and

WHEREAS, pursuant to Treasury Regulation §1.150-2, the Commission desires to declare its official intent to participate in future tax-exempt borrowings in an amount not to exceed \$200,000,000 to finance “original expenditures” (as defined in Treasury Regulation §1.150-2) for the new construction located at the Holly Hall Site (the “Development”); and

WHEREAS, all or a portion of such future tax-exempt borrowings may be allocated to reimburse the Commission for original expenditures paid or to be paid subsequent to the date which is 60 days prior to the date hereof, such reimbursement allocation to occur not later than 18 months after the later of the date of payment of such original expenditures or the date on which the Development is placed in service or abandoned (but in no event more than three (3) years after the date of payment of the related original expenditures); and

WHEREAS, this reimbursement resolution is being adopted with regard to the entire \$200,000,000 of anticipated capital expenditures to be incurred with regard to the Hillandale Gateway project (the “Project”) that will be financed, in part, with proceeds of tax-exempt bonds, and this resolution is intended to qualify as a reimbursement resolution pursuant to Section 1.150-2 of the U.S. Treasury Department Income Tax Regulations (the “Regulations”).

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it approves a Housing Production Fund Loan of up to \$14.5 million to Hillandale Gateway, LLC.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on its behalf and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves the execution of a Housing Production Fund Deed of Trust, Loan Agreement, Regulatory Agreement, and Promissory Note.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that HOC's Executive Director, or her designee, is authorized to take any and all actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related to HOC's provision, or Hillandale Gateway, LLC's acceptance, of a Housing Production Fund Loan in an amount up to \$14,500,000.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it declares its official intent to participate in future tax-exempt borrowings in an amount not to exceed \$200,000,000 to finance original expenditures for Hillandale Gateway.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that any original expenditures for Hillandale Gateway may be reimbursed with proceeds of tax-exempt borrowings if such original expenditures are paid or to be paid no earlier than 60 days prior to the date of this Resolution, except preliminary expenditures as defined in Treasury Regulation Section 1.150-2(f)(2) (e.g. architect's fees, engineering fees, costs of soil testing and surveying).

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it is the intention of the Commission that the resolutions contained herein qualify as a reimbursement resolution and a declaration of "official intent" within the meaning of Section 1.150-2 of the Regulations.

Based upon this report and there being no further business to come before this session of the Commission, the meeting was adjourned at 5:23 p.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

/pmb

Approved: February 1, 2023