Housing Opportunities Commission
OF MONTGOMERY COUNTY

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

EXPANDED AGENDA

YouTube Link: https://youtu.be/n6dincNIz5w

October 4, 2023

The public is invited to attend HOC's October 4, 2023 Monthly Commission meeting in-person. HOC's Board of Commissioners and staff will continue to participate through a hybrid model (a combination of in-person online participation).

		Res #
4:00 p.m. pg.4	**I. INFORMATION EXCHANGE** A. Community Forum B. Report of the Executive Director C. Commissioner Exchange	
 pg.14 pg.20 pg.23 pg.25	**II. APPROVAL OF MINUTES** A. Approval of Minutes of September 13, 2023 B. Approval of Minutes of September 13, 2023 Closed Session C. Approval of Minutes of September 21, 2023 Special Session D. Approval of Minutes of September 21, 2023 Closed Session	
pg.28	**III. CONSENT** A. Approval of New Participating Lender for Single Family Mortgage Purchase Program	23-56 (pg.33)
	IV. COMMITTEE REPORTS AND RECOMMENDATIONS FOR ACTION	
	A. Budget, Finance and Audit Committee- Com. Nelson, Chair	
pg.36	1. **Fiscal Year 2023 Fourth Quarter Budget to Actual Statements:** Acceptance of Fourth Quarter FY'23 Budget to Actual Statements	23-57 (pg.47)
pg.53	2. **Uncollectible Tenant Accounts Receivable:** Authorization to Write-Off Uncollectible Tenant Accounts Receivable (April 1, 2023 – June 30, 2023)	23-58 (pg.58)
	B. Development & Finance Committee, Com. Merkowitz, Chair	

pg.60	1. **HOC Headquarters:** Approval to Negotiate and Execute a Guaranteed Maximum Price Contract with Paradigm Contractors, LLC	23-59 (pg.70)
pg.71	2. **HOC Headquarters:** Approval of the Financing Plan for Construction and Permanent Financing; and Approval of Bond Authorizing Resolution	23-60a (pg.85) 23-60b (pg.87)
pg.92	3. **MetroPointe:** Approval to Acquire Limited Partner Interest in Wheaton Metro Limited Partnership	23-61 (pg.97)
	C. ITEMS REQUIRING DELIBERATION AND/OR ACTION	
pg.100	1. **HOC Strategic Plan:** Strategic Plan Status Update and Next Steps	No Res.
pg.104	**CLOSING STATEMENT** Vote to close meeting	
	ADJOURN	
6:00 p.m.	**CLOSED SESSION** *The closed Session will be called to order pursuant to Section 3-305(b)(1), 3-305(b)(7), 3-305(b)(8), 3-305(b)(9), and 3-305(b)(13) of the General Provisions Article of the Annotated Code of Maryland.*	

NOTES:

1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing
3. ***Times are approximate and may vary depending on length of discussion***.
4. *These items are listed "For Future Action" to give advance notice of coming Agenda topics and not for action at this meeting.
5. Commission briefing materials are available in the Commission offices the Monday prior to a Wednesday meeting.

If you require any aids or services to fully participate in this meeting, please call (240) 627-9421 or email Jocelyn.Koon@hocmc.org.

Information Exchange

HOC AT-A-GLANCE: September 2023

During the month of September, HOC continued to engage in its core activities providing support and enrichment programming to our clients, fulfilling our HUD required obligations, and enhancing our clients' experience.

This month we are excited to report that HOC released phase one of $3.0M in funding from the Montgomery County Department of Housing and Community Development for our Montgomery County Homeownership Assistance Fund ("McHAF") which will assist eligible homebuyers to purchase a home in Montgomery County. In addition, HOC received a high performance rating (92/100) for the Section 8 Management Assessment Program ("SEMAP") certification for the Montgomery County Housing Authority. SEMAP enables the Department of Housing and Urban Development ("HUD") to better manage the Section 8 tenant-based program by identifying Public Housing Authorities ("PHAs") capabilities and deficiencies related to the administration of the Section 8 program. As a result, HUD will be able to provide more effective program assistance to PHAs.

In addition to these accomplishments, we provide a timely Legislative update and continue to highlight services provided by our Office of Resident Services, as well as updates from our Housing Resources and Mortgage Finance divisions.

LEGISLATIVE UPDATE

Highlighted below are housing bills that could directly impact HOC's development opportunities. A more comprehensive list will be provided in our standing electronic Legislative Update:

Looming Federal Shutdown

HOC staff has evaluated the potential impacts of a potential federal shutdown on our operations. Luckily - unlike most federal appropriations - funding for Housing Assistance Payments ("HAP"), HAP administration, and other key funding streams are appropriated on a calendar year basis and will not be affected unless the shutdown were to last into next year. The major potential impact will be that the Department of Housing and Urban Development ("HUD") staff will have very limited availability to answer questions, process applications, and perform other business - largely limited to emergency operations. Staff does not foresee any significant impacts from a limited shutdown, but the longer it runs, the more likelihood of some impact to HOC's operations.

Bill 38-23: County Right of First Refusal Legislation

On Tuesday, September 26, 2023, the Council introduced legislation proposed by the County Executive and the Department of Housing and Community Affairs ("DHCA") to update the County's Right of First Refusal ("ROFR") law. The legislation would allow the Executive to create a pool of pre-qualified nonprofit developers. Pre-qualified developers would be notified of ROFR-eligible sales and have the opportunity to submit a proposal to DHCA to exercise the County's ROFR. DHCA would then evaluate any proposals and, if it chooses, assign the County's ROFR rights to the developer so they can purchase the property directly. The proposed legislation does not change HOC's independent ROFR rights. The only change that is proposed to be applied to HOC is a new restriction that would prevent a seller from requiring more than a 5% deposit from any entity exercising a ROFR right under the law.

RESIDENT SERVICES UPDATE

Service Coordination and Programming

The Service Coordination and Programming Units provide assessment, counseling, information, referrals and program services to HOC customers. During the month of September 2023, staff continued to provide services virtually and in person. Resident Counselors continued to engage with HOC customers to determine their needs. Customers were referred to our partners to receive food and other assistance. Resident Counselors continued to perform wellness checks with customers to ensure their safety and assess their needs. Customers with delinquent rent were referred/connected to the COVID Rental Assistance Program, the Emergency Rental Assistance Program, and the Housing Stabilization Program.

HOC's customers also continued to receive referrals to unemployment assistance, Temporary Cash Assistance, Supplemental Nutrition Assistance Program, Maryland Energy Assistance Program, and other benefit programs. The Housing Stabilization staff continued to process applications for rental assistance. Resident Counselors have also attended the Housing Resources Division's virtual briefings for new voucher recipients to provide information on the services that Resident Services offer. Additionally, the Resource Services team continues to provide services to persons with disabilities to meet their service needs.

Highlights for September activities of Resident Counselors include the following:

1. **Workshops**

- Facilitated a virtual Resource Sharing workshop on **September 20, 2023**. The workshop offered customers information on HOC Resident Services programs and services, as well as financial assistance resources at HOC and in the community (i.e., Housing Stabilization, WSSC, Maryland Energy Assistance Program, Interfaith, Salvation Army).
- Facilitated a virtual Fundamentals of Housing workshop on **September 21, 2023**. Effective February 2024, the virtual workshops will be offered every 3rd Wednesday.

2. **Resident Well Being**

<u>*Activities for Youth*</u>

- **After-School/Out-of-School Programs:** The Montgomery County Department of Health and Human Services' Street Outreach Network ("SON") continued to facilitate the Safe Zones program at Cider Mill in September. This month SON worked with 40 youth clients and hosted the "Friday Girl Program'' designed to assist girls facing behavioral challenges in school and in

the community. On Saturdays, SON hosted their Boys and Girls Program which provides a safe place for youth involved with gangs.
  - **Program Highlight:** Two of the gang-involved youth secured employment and are actively working towards securing their own apartments.
- **Upcoming Opportunities**: HOC-sponsored After School Clubs will begin on October 2, 2023. Partners from Carpe Diem Arts, Inc. and Mad Science of Washington D.C. will host five (5) 6-week clubs at Georgian Court, Stewartown Homes, Tanglewood Apartments, and Towne Centre Place. There are 20 to 24 slots available for each club. Each club will focus on various topics including, but not limited to, STEM enrichment in robotics, biology, and chemistry experiments, social-emotional learning activities, life skills, food and nutrition, international cultural arts, and health/wellness.

Activities for Youth and Families

- **Recreation:** In addition to the activities specifically designed for youth that does not require parent participation, Resident Counselors provided social and/or recreational activities for youth and families including:
  - **Ice Cream Social: On September 22,** staff hosted an ice cream social for families at Tanglewood Apartments.
  - **Meet & Greets**: Resident Services staff hosted Meet & Greets at The Lindley and Strathmore Court on **September 26**. Staff provided information on Resident Services and County programs. Refreshments were provided.
  - **Cider Mill Tenant Association Meeting:** On **September 29**, 2023 Resident Services Coordinators and other HOC staff, members of Grady Management (HOC's third-party property manager), Montgomery County Police and the Security Team attended a Cider Mill Tenant Association meeting at Asbury Methodist to provide updates on security and received information on other concerns and requests.
- **Ongoing support:** Resident Services staff continued to assist the Property Management staff to address rent delinquencies by conducting outreach, assessments, and providing referrals.

Activities for Seniors

- **Arts for the Aging:** Arts for the Aging ("AFTA") hosted a " CoOPERAtion" event on **September 12** at Waverly House. During this event, a tenor and piano player provided an interactive opera experience for residents. AFTA also hosted the "Joy of Music" on **September 20** at Residences on the Lane**.** This event featured a sing-along and dance experience for the residents.
- **Health and Wellness Activities:** Resident Services hosted the following health and wellness activities for seniors including:
  - **Community Clinicals:** This month, the University of Maryland School of Nursing Program began their community clinicals at Forest Oak Towers, Arcola Towers and Residences on The Lane. All locations hosted Meet & Greet sessions coupled with opportunities for older adults to improve health outcomes via blood pressure clinics, "Ask the Nurse" sessions, home visits, etc

- **Meet & Greets:** Resident Services hosted several Meet & Greets at Residences on the Lane on **September 6**, Fair Oaks Towers on **September 15** and Arcola Towers on **September 18**.
- **Senior Fitness:** Fitness programs were hosted by the University of Maryland Student Nursing Program at Arcola Towers on **September 11** and Forest Oak Towers on **September 22**.**"**
- **Building Balance":** An event hosted at Arcola Towers on **September 19** to provide seniors with an artful approach to building awareness of bodies and balance through movement and dance**.**
- **Community Services Wellness Event:** Sponsored by the City of Gaithersburg Community Services Division, with support from the National League of Cities, Forest Oak Towers served as the host site for the City of Gaithersburg Community Services Wellness event on **September 21.** This outreach event brought together resources from across the City of Gaithersburg, including local nonprofits, to the residents of Forest Oak Towers. Residents had the opportunity to sign up for free financial counseling with the Gaithersburg Financial Empowerment Center; learn about jobs and free transportation options for seniors; find out the eligibility criteria for money saving benefits like rental assistance, tax credits, and food; ask an expert about your Medicare questions; get a wellness check at the mini-health fair; and connect with services for veterans. In addition to these resources, Manna Food Center bags of groceries were available for the first 100 households.
- **"Police Talk Safety":** A "Police Talk Safety" event was hosted at Residences on the Lane on **September 25** in which the City of Rockville Police Department shared community safety tips with participants.

- **Recreation:** Resident Counselors provided a range of recreational activities for seniors including:
  - **"Granola Bar Bingo"** Bingo was hosted at Waverly House on **September 13** where winners won granola bars as a healthy afternoon snack.
  - **Arts and Crafts:** An arts and crafts session was hosted at Waverly House on **September 17.**
  - **Community Bingo:** Bingo was hosted at Residences on the Lane on **September 27.**

3. Relocation and Re-Certification Assistance

- Assisted customers on an ongoing basis with relocations and other needs for RAD and renovation projects at Residences on the Lane, Stewartown Homes, Shady Grove Apartments, Willow Manor Apartments, Bauer Park, Town Center Olney, Sandy Spring, Willow Manor and Georgian Court.
- Provided continued outreach and assistance to customers who have failed to submit all required documents for re-certification by the stated deadline.

4. Rental Assistance/Housing Stabilization

- Provided face-to-face and electronic outreach and assistance to customers with applications for rental assistance programs.

- The Housing Stabilization staff continued to process applications under the Emergency Assistance Program. Residents have received assistance for security deposits, rent, utilities, moving and storage. In addition, staff are processing cases identified as urgent. Thirty-eight (38) residents received assistance from the Services to Prevent Homelessness.

5. **Food Assistance**
   - The Resident Services Division develops and implements programs that provide meals, educational, recreational and enrichment opportunities for HOC's customers. Listed below are highlights of programming activities for September.
   - In partnership with the Food Access Initiative, staff facilitated a Supplemental Nutrition Assistance Program ("SNAP") information session for HOC customers at Magruder's Discovery. The purpose of the session was to provide information on food resources for families that may be experiencing food insecurity.

     The Resident Services Division continued to provide food resources and other support with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, Capital Area Food Bank's Senior Brown Bag, and My Groceries To Go Programs. In September, 400 HOC customers were provided with food. The Resident Services staff also continued to facilitate the Senior Nutrition Program, which provides meals and opportunities for seniors to socialize.

HOC Academy

The HOC Academy is an Agency initiative developed by HOC to help its customers reach their fullest potential by providing educational, enrichment, job training and job placement opportunities to youth and adults. The program specifically focuses on education and enrichment for youth education and workforce development for adults. Listed below are highlights for the month of September 2023.

Youth Education/Enrichment

- **Elementary School Initiatives:** Mad Science of Washington, DC will provide the STEM enrichment clubs for youth in 3rd through 5th grades beginning October 2, 2023 at Georgian Court, Stewartown Homes, Tanglewood Apartments and Towne Centre Place. The curriculum includes robotics, "Crazy Chem," "Sensational Sciences," "Experiment Mania" classes and more.
- **Middle/High School Initiatives:** HOC Academy did not provide youth STEM enrichment programming this month however, "STEAM Forward" members were eligible to receive scholarships to attend external STEM opportunities. This month, HOC awarded one scholarship to a middle school youth that will be participating in Montgomery College's "A Day of Drones" on October 14, 2023.

Adult Education and Workforce Development ("AEWD")

- HOC Academy and Paradigm Multidisciplinary Real Estate Services hosted an information session for HOC customers on **September 18.**
- On September 20, Holland & Knight Law Firm and HOC hosted a virtual information session on law careers as well as employment opportunities at their firm. One customer in attendance showed great interest in an entry level position at Holland & Knight and AEWD will follow up with customers on this opportunity.
- Small Business Strategy Course ("SBSC") alumni continue to report their progress and new business ventures. This month Cornelia Nguete, who legalized her business "Pods and Patios, LLC" in August, completed the trade name application this month.

Other Updates/Upcoming Events

- HOC Academy is sponsoring a 10-Week SBSC designed to teach students how to properly start and operate a new business from conception to operation. This course guides students throughout the entire process, *step-by-step,* and offers additional assistance to ensure success. The 2023 Cohort #2 will begin the week of October 2, 2023 and includes 15 customers.
  - In collaboration with HOC contractors, the academy will host several information sessions this program year for Section 3/HOC Works employment opportunities. For future interest in employment or training opportunities via Section 3/HOC Works, interested parties should contact aewd@hocmc.org for more information.

Financial Literacy

The Financial Literacy Coach continued to work with HOC's customers and individuals on the Housing Path waitlist on creating a financial foundation. During November, the Financial Literacy Coach provided one-on-one financial literacy coaching to 36 HOC customers and 13 individuals from the HousingPath waitlist. The coaching sessions continued to cover topics including: creating a working budget, identifying disposable income, reading one's credit report, and creating and accomplishing monthly financial goals.

Supportive Housing

The Supportive Housing Program provides housing assistance and case management services to participants who are formerly homeless with disabilities. The program services some of the most vulnerable residents of the county. In September, the program served 358 people in 229 units. Throughout the month program staff continued to conduct home visits with program participants, provide case management services, and pay rent and utilities. Additionally, program staff also continued to help Emergency Voucher recipients secure housing by providing housing location services, as well as financial assistance for application fees, security deposits, moving expenses and household items.

Program staff also continued to implement the Rent Supplement Program ("RSP"), which provides a shallow rental subsidy (up to $600 monthly) to county residents who struggle to pay their full rent with their current income. The program serves a large number of seniors on fixed incomes. Program turnover has created a challenge in achieving full program utilization; however, staff increased program participation to 277 this month, only three (3) people shy of the 300-person target for the program. Staff will continue to monitor program expenditures to determine if additional participants can be served.

Fatherhood Initiative

For the month of September, 44 fathers were enrolled in the program. Currently we are closing up the grant year which ends September 29, 2023. The new grant will begin September 30, 2023. This will mark the beginning of grant year 4. The program has been actively recruiting and thus far has been able to recruit roughly 50 fathers. The upcoming cohort will begin on October 6, 2023.

HOUSING RESOURCES UPDATE

Housing Choice Voucher ("HCV") Program

Monthly, HOC selects applicants from the Housing Path Waitlist to achieve a 95% program utilization rate. The utilization rate remains 97%. Currently, 140 families with issued vouchers are searching for suitable units to rent; and 149 contracts are pending execution. Two-Hundred (200) families were selected from the HCV waitlist last month.

During September, the Housing Resources Division received six requests for voucher extensions beyond the initial 90-day period. The requests included a search record reflecting the efforts made to secure housing during the voucher term and the landlords who were contacted. The extension requests did not warrant a referral to the Human Rights Commission nor the Commission on Civil Rights for possible discrimination.

RENTCafé Used to Support Online Annual Recertifications

This month, HOC introduced the use of RENTCafé to assist with annual recertifications. Customers with recertifications effective October 2023, were required to submit their annual recertification paperwork electronically. Staff enlisted the IT division to provide technical support to customers requiring assistance with the submission of recertification materials. Overall, 424 out of 683 customers submitted their paperwork electronically. We will continue to accept mailed submissions from customers who do not have email or who prefer to submit information by mail. We anticipate that more families will utilize the online portal as they become more comfortable with the technology.

Forty-five (45) customers were recommended for program termination effective October 1, 2023. The Resident Services Division worked in collaboration with the Housing Resources Division to assess client needs and to determine why recertifications were not being completed.

The Resident Services Counselors conducted outreach to every customer in the termination window to ascertain why the annual requirement was not completed and to provide assistance. They were able to assist 32 families with the recertification requirement and overturn the termination.

Termination proceedings will continue for 13 families for the following reasons:

- 8 - Failed to respond to Counselor Outreach
- 1 - Ported to another jurisdiction
- 3 - No longer qualify and must pay full rent
- 1 - Deceased

The Housing Resources Division will continue to work collaboratively with the Resident Services Division to assist those customers facing termination.

Emergency Housing Vouchers ("EHVs")

HOC has an allocation of 118 Emergency Housing Vouchers. Currently 103 families have successfully leased units. Six (6) families with issued vouchers are searching for suitable units to rent. Staff are reviewing four certification packets to determine program eligibility. HOC requested one additional referral from HHS for the EHV Program.

The EHV sunset date is September 30, 2023. HOC may continue leasing after the sunset date if we never reached our allocated baseline. HUD looks at our cumulative leasing rate; those leased, and those that left the program. They identify whether a voucher issuance is a turnover voucher or a voucher that has never been leased by counting the number of cumulative EHV lease-ups. Once a Public Housing Authority's ("PHA's") total cumulative leased EHV count reaches their total EHV allocation, any EHV issuance is considered a reissuance. PHAs that have reached their cumulative EHV lease-up count may not reissue any EHV voucher after September 30, 2023. To date, six (6) EHV customers have exited the program.

Family Self Sufficiency ("FSS") Update

FSS staff continue recruitment efforts to reach the program baseline of 441. Currently, 346 participants are enrolled in the FSS Program. There have been ten new enrollments this month. FSS staff increased the frequency of the FSS information sessions to once per week. Recruitment remains the primary focus of each residential counselor. Twelve potential applicants attended the most recent information session. The previous largest information session census was six.

New metrics are being developed to enhance customer satisfaction. Team members are actively evaluating how processes can be improved to stream efficiency. Revision of the metrics will be based on how changes benefit both the team and customers.

There were four graduates from the FSS program this month. Amongst the four graduates, the average earned income increased significantly by $21,651. The average escrow payout was $24,620. The graduates obtained careers in the following fields: Healthcare, Retail Food Service, and Early Child Development.

FSS participants remain committed to the alliances formed with the FSS Case Managers. FSS Case Managers continue to work with customers on their long- and short-term self-sufficiency goals. During monthly meetings, Case Managers offer integrated strategies for self-care, personal goal fulfillment and emotional support. Community partnerships continue to be a capstone of the program. In conjunction with person-centered planning efforts, Case Managers solicit feedback from customers to determine the effectiveness of previously provided resources. Maintaining continuous feedback ensures that referrals to external partners continue to meet individual goals and exceed expectations.

On September 12, 2023, staff met with the Commission on Aging to provide information regarding housing for seniors. The presentation consisted of housing available in HOCs portfolio, where it is located, how to apply for housing and how to navigate Housing Path. The information was well received. Approximately 20 people were in attendance.

MORTGAGE FINANCE UPDATE

Single Family Mortgage Purchase Program

Montgomery County Homeownership Assistance Fund ("McHAF")
As a result of five very successful McHAF programs, we are pleased to announce that effective August 2023, HOC released phase one of $3.0M in funding from the Montgomery County Department of Housing and Community Development. McHAF will assist eligible homebuyers to purchase a home in Montgomery County. In combination with HOC's Mortgage Purchase Program, the McHAF will provide substantial down payment and closing cost assistance, granting up to 40% of the qualifying income for a maximum of $25,000 on a 10-year 0% deferred loan.

Greater Capital Area Association of REALTORS® (GCAAR) Profession Webinar
On September 6, 2023, the Mortgage Finance single-family staff presented their second webinar hosted by the Greater Capital Area Association of REALTORS® ("GCAAR") and received "rave reviews" on how highly instructive and informative the content was to the 45+ participants in the webinar. The staff privately spoke with some real estate agents afterwards who inquired about the program for their clients. With the opening of the McHAF closing costs and downpayment assistance program, members of the GCAAR community were excited to hear how these programs will assist their clients with purchasing their first home.

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Minutes
September 13, 2023

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via a hybrid platform (with some participating in-person and some participating online/via teleconference) on Wednesday, September 13, 2023 with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:07 p.m. Those in attendance were:

Present
Roy Priest, Chair
Frances Kelleher, Vice Chair
Jeffrey Merkowitz, Chair Pro Tem
Pamela Byrd, Commissioner
Linda Croom, Commissioner
Richard Nelson, Commissioner
Robin Salomon, Commissioner

Also Attending

Chelsea Andrews, Executive Director
Kayrine Brown, Deputy Executive Director
Richard Congo
Ken Silverman
Bonnie Hodge
Marcus Ervin
David Brody
Terri Fowler
Kathryn Hollister
Meta Lim
Aisha Memon, General Counsel
Morgan Tucker
Zachary Marks
John Wilhoit
Lynn Hayes
Timothy Goetzinger
Alex Laurens
Ali Ozair
Ellen Goff

Also attending via Zoom

Victoria Dixon
John Broullire
Ellen Goff
Monte Stanford
Tia Blount
Matt Husman

IT Support
Irma Rodriquez
Aries "AJ" Cruz

Commission Support
Jocelyn Koon, Senior Executive Assistant

Chair Priest opened the meeting with the introduction of the Commission.

I. <u>Information Exchange</u>

<u>Community Forum</u>

- Deborah Miller, an HOC tenant, addressed the Commission regarding her housing complaints.

<u>Executive Director's Report</u>

- Chelsea Andrews, Executive Director, provided a presentation of the written report. Ms. Andrews also shared updates regarding HOC activities and spotlights for the month of August 2023.

<u>Commissioner Exchange</u>

- The Board was advised of the action taken by Chair Priest, signed on August 31, 2023, to maintain the current structure of the committees for the commission. Chair Priest mentioned that there are still three committees for the commission:
  a) Administrative and Regulatory Committee - Chaired by Commissioner Kelleher, with Commissioners Croom and Byrd serving as members.
  b) Budget, Finance, and Audit Committee - Chaired by Commissioner Nelson, with Commissioners Merkowitz and Kelleher serving as members.
  c) Development and Finance Committee - Chaired by Commissioner Merkowitz, with Commissioners Nelson and Solomon as members.

- Chair Priest announced that the New Orleans NAHRO Conference is scheduled in October. Commissioner Croom and Executive Director, Chelsea Andrews will attend on HOC's behalf.

II. <u>Approval of Minutes</u> – The minutes were approved as submitted with a motion by Commissioner Byrd and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Priest, Merkowitz, Kelleher, Nelson, Byrd, Croom and Salomon.

A. Approval of Minutes of July 12, 2023
B. Approval of Minutes of July 12, 2023 Closed Session
C. Approval of Minutes of August 14, 2023 Strategic Planning

III. <u>Committee Reports and Recommendations for Action</u>

A. Administrative and Regulatory Committee - Com. Kelleher, Chair

1. Authorization to Adopt a New Policy for the Administration of 25 Housing Stability Vouchers in Response to HUD PIH Notice 2022-24

Commissioner Kelleher provided an overview of the Stability Voucher Program. Commissioner Kelleher introduced Executive Director, Chelsea Andrews, who introduced Director of Housing Resources, Lynn Hayes, to provide the detailed presentation. Staff recommend that the HOC accept staff's recommendation to adopt a new Stability Voucher ("SV") Policy in accordance with HUD PIH Notice 2022-24 and authorize the Executive Director to implement the revisions to HOC's Administrative Plan for the Housing Choice Voucher Program. A motion was made by Commissioner Kelleher to adopt resolution 23-48. Commissioner Croom seconded the motion. Affirmative votes were cast by Commissioner Priest, Nelson, Byrd, Croom, Kelleher, Merkowitz, and Salomon.

B. **Budget, Finance and Audit Committee - Com. Nelson, Chair**

1. County FY'25-30 Capital Improvements Program Budget: Authorization to Submit the County FY'25-30 Capital Improvements Program Budget

Commissioner Nelson introduced Executive Director, Chelsea Andrews, who provided an overview and introduced Timothy Goetzinger, Chief Development Funds Officer and Acting Chief Financial Officer, and Terri Fowler, Budget Officer, to provide the detailed presentation. Staff recommended that the full Commission authorize the submission of the County FY'25-30 Capital Improvements Program Budget, totaling $88,127,000. Commissioner Nelson motioned to approve Resolution 23-49 in support of the staff recommendation, Commissioner Kelleher seconded. Affirmative votes were cast by Commissioner Priest, Merkowitz, Nelson, Croom, Byrd, Salomon, and Kelleher.

2. Inspection Services: Approval of the Selection of Gilson Housing Partners as the Independent Contractor to Conduct Housing Quality Standards ("HQS") Inspections for the Housing Choice Voucher Program and Other Residential Inspections

Executive Director, Chelsea Andrews, provided an overview of the presentation and introduced the Director of Housing Resources, Lynn Hayes, to provide the detailed presentation. Staff recommended the following to the Commission:

1) Approve the selection of Gilson Housing Partners as the independent contractor to conduct Housing Quality Standards inspections, Radon, and Lead Based Paint inspections, as well as residential housing inspections for the Housing Opportunities Commission of Montgomery County; and
2) Authorize the Executive Director to negotiate and execute a contract for $865,500 with Gilson for an initial term of two years, renewable for up to two additional one year periods.

Commissioner Nelson motioned to approved Resolution 23-50 in support of the staff recommendation. Commissioner Merkowitz seconded. Affirmative votes were cast by Commissioner Priest, Merkowitz, Nelson, Croom, Byrd, Salomon, and Kelleher.

C. Development and Finance Committee, Chair Merkowitz

1. 8800 Brookville: Approval to Execute a Letter of Intent ("LOI"), Negotiate and Execute a Purchase and Sale Agreement with the Donohoe Companies, Inc. for the Sale of 8800 Brookville Road

Commissioner Merkowitz introduced Chelsea Andrews, Executive Director, to provide an overview. Chelsea Andrews, Executive Director, introduced Zachary Marks, Chief Real Estate Officer, and Marcus Ervin, Director of Development, to provide the detailed presentation. Staff recommended that the Commission approve staff's recommendation to authorize the Executive Director to execute a Letter of Intent with the Donohoe Companies, Inc. and proceed with negotiating and executing a Purchase and Sale Agreement for the sale of the 8800 Brookville Road site that reflects the guidance and authorization given by the Development and Finance Committee on September 1, 2023.

Commissioner Merkowitz made a motion to approve Resolution 23-51 and Commissioner Byrd seconded. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Salomon, and Merkowitz.

2. Hillandale Gateway: Approval of the Final Development Plan, including Approval to Negotiate and Execute a Guaranteed Maximum Price Amendment with CBG Building Company; Approval of the Transaction Structure, including Authorization to Create a Condominium Regime; Approval to Create New Tax Credit Entities; Approval to Negotiate and Execute Letters of Intent and Operating Agreements with Wells Fargo as the Tax Credit Investor in the Tax Credit Entities; and Approval to Accept Construction Financing Sources

Commissioner Merkowitz introduced Chelsea Andrews, Executive Director, to provide an overview. Chelsea Andrews, Executive Director, introduced Kathryn Hollister, Housing Acquisition Manager, to provide the detailed presentation. Staff recommended that the Commission accepts staff's recommendation to:

1. Authorize the Executive Director to negotiate and execute a GMP Amendment with CBG in an amount not to exceed $189M.
2. Authorize the Executive Director to negotiate and execute a contract with Market 9 Design in an amount not to exceed $253,000 for interior design and FF&E services.
3. Approve a Hard Cost FF&E Budget for Hillandale Gateway in the total amount of $2.5M, and authorize for Market 9 Design to acquire FF&E in an amount not to exceed the Hard Cost FF&E Budget.
4. Authorize the creation of HOC at Hillandale AR, LLC to sublease and own a condo consisting of 155 age-restricted LIHTC units within the AR Building.
5. Authorize the creation of HOC at Hillandale NAR, LLC to sublease and own a condo consisting of 93 LIHTC units within the NAR Building.
6.Authorize Hillandale Gateway, LLC to own the remaining condos in the development, including: a condo consisting of 215 market-rate units within the NAR Building and four (4) retail condos (AR Retail Condo, Retail 1, Retail 2 and Retail 3).
7. Authorize the Executive Director to negotiate and execute letters of intent and operating agreements with Wells Fargo Community Lending and Investment regarding the provision of tax credit equity for the HOC at Hillandale AR, LLC and HOC at Hillandale NAR, LLC transactions, and to admit Wells Fargo Community Lending and Investment, or its affiliate(s), as the investor member into HOC at Hillandale AR, LLC and HOC at Hillandale NAR, LLC to facilitate the contribution of tax credit equity.
8.Authorize the assignment and assumption of agreements, contracts and portions of contracts, as necessary, between Hillandale Gateway, LLC, HOC at Hillandale AR, LLC and HOC at Hillandale NAR, LLC to carry out the construction and financing of the overall development.
9.Authorize HOC at Hillandale AR, LLC, HOC at Hillandale NAR, LLC, and Hillandale Gateway, LLC (together, the "Owner Entities") to accept senior loans from Citi Community Capital in an amount up to 80% loan-to-cost. Currently staff projects a senior construction loan need of ~$194M/
10. Approve the contribution of HOC equity in the total amount of $10,950,100 from the OHRF to the overall transaction.
11.Authorize the Owner Entities to accept subordinate HIF loans from Montgomery County in an amount up to $16M. Currently staff projects a need of ~$6M during construction.
12.Authorize the Owner Entities to accept subordinate financing from Montgomery County Green Bank in an amount up to $7.5M.
13.Authorize an increase to the HPF loan amount for the overall transaction from $14.5M to $35M and to subordinate the HPF Loan.

Commissioner Merkowitz made a motion to approve Resolution 23-52A and 23-52B, Commissioner Nelson seconded. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Salomon, and Merkowitz.

3. **The Leggett: Approval to Increase the Bridge Loan by a Draw on the PNC Bank, N.A. Line of Credit to Replenish the Contingency for the South County Regional Recreation and Aquatic Center and to Draw on the PNC Bank, N.A. Real Estate Line of Credit to Replenish the Contingency for the Leggett.**

Commissioner Merkowitz introduced Chelsea Andrews, Executive Director, to provide an overview. Ms. Andrews introduced Marcus Ervin, Director of Development, and Zachary Marks, Chief Real Estate Officer, to provide the detailed presentation. Staff recommended that the Commission authorize a draw of up to $3.0MM from the PNC LOC to replenish the contingency for the SCRRAC and a draw of up to $2.0MM from the PNC RELOC to replenish the contingency for the Leggett. Staff further recommended approval to borrow funds at the taxable contractual rates for the PNC LOC and PNC RELOC facilities while outstanding and that repayment will be from permanent project funds. Commissioner Merkowitz made a motion to approve Resolution 23-53A, 23-53B, and 23-53C. Commissioner Croom seconded. Affirmative votes were cast by Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Salomon, and Merkowitz.

Chair Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Commissioner Kelleher seconded the motion, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Salomon voting in approval.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 5:22 p.m., and reconvened in closed session at 5:40 p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held on September 13, 2023 at approximately 5:22 p.m. at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3), 3-305(b)(7), 3-305(b)(8), 3-305(b)(13) to discuss three topics: (1) the potential acquisition of real property (land) located in Rockville, Maryland (pursuant to Section 3-305(b)(3) and 3-305(b)(13)); and (2) two matters that may result in litigation being filed against HOC (pursuant to Sections 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13)).

The meeting was closed and the closing statement dated September 13, 2023 was adopted on a motion made by Chair Priest, seconded by Commissioner Kelleher, with Commissioners Priest, Kelleher, Nelson, Byrd, Salomon, Merkowitz, and Croom voting in approval of the motion. The following persons were present: Roy Priest, Frances Kelleher, Richard Nelson, Pamela Byrd, Linda Croom, Robin Salomon, Jeffrey Merkowitz, Chelsea Andrews, Kayrine Brown, Zachary Marks, Marcus Ervin, Aisha Memon, Alex Laurens, Jocelyn Koon and Morgan Tucker.

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

1. **Topic**: The potential acquisition of real property (land) located in Rockville, Maryland (pursuant to Section 3-305(b)(3) and 3-305(b)(13)).
   a. **Action Taken**: With a quorum present, Commissioners Priest, Kelleher, Merkowitz, Nelson, Salomon, Byrd, and Croom approved Resolution 23-54, which authorized the Executive Director to (1) execute a non-binding letter of intent to acquire, develop, and construct the property; and (2) negotiate and execute a predevelopment services agreement, development services agreement, and joint venture agreement.

2. **Topic**: A matter that may result in litigation being filed against HOC (pursuant to Sections 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13)).
    a. **Action Taken**: With a quorum present, Commissioners Priest, Kelleher, Merkowitz, Salomon, and Croom approved Resolution 23-55, which authorized the Executive Director to negotiate and execute a settlement agreement and approved a funding source. Commissioners Nelson and Byrd opposed the action.

3. **Topic**: A matter that may result in litigation being filed against HOC (pursuant to Sections 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13)).
    a. **Action Taken**: The Commissioners received an update about potential litigation that may impact an HOC property. No formal action taken.

The closed session was adjourned at 6:33 p.m.

Respectfully submitted,

Chelsea Andrews,
Secretary-Treasurer

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
(240) 627-9425

Special Session Minutes

September 21, 2023

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via virtual platform on Thursday, September 21, 2023, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 6:02pm. Those in attendance were:

Present
Roy Priest, Chair
Frances Kelleher, Vice Chair
Jeffrey Merkowitz, Chair Pro Tem
Richard Y. Nelson
Linda Croom

Absent
Pamela Byrd
Robin Salomon

IT Support
Aries Cruz
Irma Rodriquez

Commission Support
Jocelyn Koon, Senior Executive Assistant

Chair Priest opened the meeting with welcome remarks and an introduction to the Special Session of the Housing Opportunities Commission of Montgomery County. Chair Priest introduced Commissioner Merkowitz, Kelleher, Nelson and Croom.

Commissioner Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Commissioner Croom seconded the motion, with Commissioners Priest, Croom, Kelleher, Merkowitz, and Nelson voting in approval. Commissioners Byrd and Salomon were necessarily absent and did not participate in the vote.

Based upon this report and there being no further business to come before this session of the Commission, the Commission adjourned the open session at 6:05p.m. and reconvened in closed session at 6:08p.m.

In compliance with Section 3-306(c)(2), General Provisions Article, Maryland Code, the following is a report of the Housing Opportunities Commission of Montgomery County's closed session held virtually on September 21, 2023 at approximately 6:08 p.m. with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(1) to discuss the employment, compensation, and performance of the Executive Director.

The meeting was closed and the closing statement dated September 21, 2023 was adopted on a motion made by Commissioner Priest, seconded by Commissioner Croom, with Commissioners Priest, Croom, Kelleher, Merkowitz, and Nelson voting in favor of the motion. Commissioners Byrd and Salomon was necessarily absent and did not participate in the vote. The following persons were present: Roy Priest, Frances Kelleher, Jeffrey Merkowitz, Pamela Byrd (who joined after the vote), Richard Nelson, and Linda Croom.

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

1. **Topic**: The employment, compensation, and performance of the Executive Director (pursuant to Section 3-305(b)(1)).
    a. **Action Taken**: With a quorum present, Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Merkowitz approved awarding a bonus to the Executive Director based on her performance and in accordance with her employment contract. Commissioner Salomon was necessarily absent and did not participate in the vote.

    b. **Action Taken**: With a quorum present, Commissioners Kelleher, Nelson, Byrd, Merkowitz, and Croom approved increasing the Executive Director's base pay. Commissioner Priest voted against the action, and Commissioner Solomon was necessarily absent and did not participate in the vote.

    c. **Action Taken:** With a quorum present, Commissioners Priest, Merkowitz, Croom, and Byrd approved, pending legal opinion that it is legal to do so, changing the Executive Director's title and updating the Bylaws as necessary. Commissioners Nelson and Kelleher voted against the action, and Commissioner Salomon was necessarily absent and did not participate in the vote.

The closed session was adjourned at 8:20 p.m.

Consent Items

SINGLE FAMILY LENDING: APPROVAL OF A NEW PARTICIPATING LENDER FOR THE SINGLE FAMILY MORTGAGE PURCHASE PROGRAM

- The Housing Opportunities Commission of Montgomery County (hereinafter, the "Commission" or "HOC") has approved continuous new lender participation and solicitation in the single family Mortgage Purchase Program ("MPP"). Over the years HOC has approved 35 lenders, but through non-participation or the mortgage company's notice to discontinue participation, there are currently 25 active lender participants in the MPP.

- The criteria for lender participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in its own name; and, 2) the lender is approved to do business with Freddie Mac and/or Fannie Mae, or the lender is an approved FHA originating lender. New lenders are also required to be approved by U.S. Bank, N.A., HOC's master servicer for the Mortgage Backed Securities program.

- Only approved MPP lenders have access to the County Revolving County Closing Cost Assistance Program and other special Closing Cost Programs.

- First Savings Mortgage Corporation has applied for participation in the MPP and meets the criteria for participation.

- The Development and Finance Committee, having considered this item at its meeting on September 22, 2023, supports staff's recommendation to approve First Savings Mortgage Corporation for participation in the MPP.

- Therefore, staff recommends the Commission's approval of First Savings Mortgage Corporation as a new MPP participating lender.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea J. Andrews, Executive Director

FROM: Staff: Monte Stanford, Director of Mortgage Finance Ext. 4877
Paulette Dudley, Program Specialist III Ext. 9596

RE: **Single Family Lending:** Approval of a New Participating Lender for the Single Family Mortgage Purchase Program

DATE: October 4, 2023

STATUS: Consent __X

OVERALL GOAL & OBJECTIVE:
To approve a new participating lender in the Single Family Mortgage Purchase Program that will provide mortgage financing to low-to-moderate income first-time homebuyers in Montgomery County at below market rates.

BACKGROUND:
The Commission has approved the continuous participation of lenders from program to program and an on-going admission of new lenders to the Mortgage Purchase Program ("MPP"). As lenders apply for participation in the MPP, the requests are submitted to the Commission for approval. Increasing lender participation broadens the exposure to the Commission's Single Family mortgage products, as well as to the Revolving County Closing Cost Assistance Program and other special Closing Cost programs, as the closing cost assistance loans must be used in conjunction with a MPP first mortgage.

All approved and participating lenders are advised that continued participation in the MPP requires mortgage loan production. If the lender does not submit a mortgage loan within any 12-month period, that lender may be subject to suspension, as a participating lender in the MPP. HOC over the years has approved 35 lenders, but through non-participation or the mortgage company's notice to end its participation, there are currently 25 lenders in the MPP. Lenders can be activated again with approval by HOC, but are subject to retraining, and verification that they are approved with U.S. Bank, N.A. ("U.S. Bank"), the Commission's Master Servicer for the Mortgage Backed Securities ("MBS") program. First Savings Mortgage Corporation is an approved Mortgage Revenue Bond Program ("MRBP") correspondent lender with U.S. Bank.

The minimum qualifications for lender participation in the MPP are: 1) the lender is not a mortgage broker and can close loans in the company's name; 2) the lender is an FHA approved seller/servicer and have FHA direct endorsement approval; and, 3) the lender is a Freddie Mac and/or Fannie Mae seller/servicer for originating the conventional product. New lenders are also required to be approved by U.S. Bank. In addition, lenders must have origination experience in single family tax-exempt bond programs; are committed to lending toward eligible borrowers within the MPP approved income and sales price limits;

have the ability to accommodate non-English speaking, hearing impaired and disabled applicants in the office or offices that would be originating HOC loans; and, acceptable lender fees.

Approved lenders receive training from HOC staff and U.S. Bank before they are allowed to begin originating and closing loans for the MPP. Under the MBS program, HOC underwrites for program compliance and the lenders underwrite for credit worthiness.

Lender approval will apply to the 1979 Single Family Mortgage Revenue Bond Resolution, the 2009 Single Family Housing Revenue Bond Resolution and the 2019 Program Revenue Bond Resolution.

First Savings Mortgage Corporation has applied to participate in the HOC Single Family Mortgage Purchase Program and has met the minimum requirements and criteria for selection stated above.

FIRST SAVINGS MORTGAGE CORPORATION (hereinafter "FSMC" or "Lender")

First Savings Mortgage Corporation (FSMC) has been open for business and serving the Washington DC metropolitan area since 1989. FSMC is a source for residential financing in Virginia, Maryland, Washington DC, Florida, Delaware, North Carolina and South Carolina.

FSMC is the leading private mortgage lender in Maryland with a large office based out of Bethesda, MD. FSMC has built its mortgage lending authority within the state for over 30 years.

As a local lender FSMC understands the challenges of purchasing in this high-cost area, and are committed to providing housing for all in the best and most efficient manner possible.

FSMC was named a Top 2 Lender, ranking by volume in Washington Business Journal's list. This remarkable milestone reflects the dedication, expertise, and unwavering commitment that define First Savings Mortgage's approach to serving its valued clients and partners.

FSMC participates in the Maryland CDA Mortgage Program, and recently won an award with MMP (the state's single family program) for most units offered using their Smart Buy Program. FSMC also participates in the DC Housing Finance Agency, and Virginia Housing Development Authority.

FSMC offers applications in multiple languages and has staff who can speak second languages and can assist with the application process.

It will also market any affordable housing programs that work in conjunction with the Commission's lending programs. Marketing efforts will exemplify our objectives and reach out to First Time Home Buyers to make them aware of homeownership opportunities.

SERVICING

Under the Commission's MBS Program, lenders will release servicing and receive a loan origination fee up to 2%, based on the time lapse between loan origination and purchase. Lenders receive a higher origination fee the earlier the loan is purchased. Servicing is handled through U.S. Bank, which the Commission has approved as the Master Servicer.

ISSUES FOR CONSIDERATION:
Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee to approve First Savings Mortgage Corporation for participation in the Single Family Mortgage Purchase Program?

PRINCIPALS:
Housing Opportunities Commission of Montgomery County
First Savings Mortgage Corporation

BUDGET/FISCAL IMPACT:
None.

TIME FRAME:
For formal action at the October 4, 2023 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff recommends that the Commission approve First Savings Mortgage Corporation for participation in the Single Family Mortgage Purchase Program.

Attachment 1

Approved HOC/U.S. Bank Lenders

1. Ameris Bank Mortgage
2. Bay Capital Mortgage Corporation
3. Direct Mortgage Loans, LLC
4. Embrace Home Loans, Inc.
5. Fairway Independent Mortgage Corporation
6. First Heritage Mortgage, LLC
7. First Home Mortgage Corp
8. HomeBridge Financial Services, Inc.
9. Homeside Financial LLC
10. loandepot.com
11. Luminate Home Loans
12. Meridian Bank Mortgage
13. Mortgage Access Corp – Weichert Financial
14. Movement Mortgage, LLC
15. NFM, Inc. dba NFM Lending
16. NVR Mortgage Finance, Inc.
17. Presidential Bank, FSB
18. Primary Residential Mortgage, Inc.
19. PrimeLending, a Plains Capital Company
20. Prosperity Home Mortgage, LLC
21. Sandy Spring Bank
22. Severn Bank
23. TowneBank Mortgage
24. Vellum Mortgage
25. WesBanco Bank, Inc.

RESOLUTION No: 23-56

RE: Approval of a New Participating Lender for the Single Family Mortgage Purchase Program

WHEREAS, the Housing Opportunities Commission of Montgomery County (the “Commission”) approves lenders to participate in the Single Family Mortgage Purchase Program (“MPP”); and

WHEREAS, such participation is continuous and for multiple programs; and

WHEREAS, the Commission has approved an ongoing process for adding new lenders to the MPP; and

WHEREAS, First Savings Mortgage Corporation has applied for participation in the MPP; and

WHEREAS, First Savings Mortgage Corporation has satisfied the required criteria for admittance into the MPP.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that First Savings Mortgage Corporation is approved for participation in the MPP, effective immediately.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on October 4, 2023.

S
E
A
L

Chelsea J. Andrews
Executive Director

Committee Reports and Recommendations for Action

Budget,Finance
&
Audit
Committee

FISCAL YEAR 2023 (FY'23) FOURTH QUARTER BUDGET TO ACTUAL STATEMENTS: ACCEPTANCE OF THE FOURTH QUARTER FY'23 BUDGET TO ACTUAL STATEMENTS

October 4, 2023

- The Agency ended the year with a net cash shortfall of ($1,129,032), which equates to 0.36% of the total operating budget of $316,381,237 and 0.57% of the total adjusted operating budget of $197,710,093, which excludes Housing Assistance Payments ("HAP"). This shortfall resulted in a year-end budget to negative variance of $141,094 when compared to the anticipated year-end shortfall that was to be balanced by a draw from the General Fund Operating Reserve ("GFOR") of $987,938.

- The primary causes were lower cash flow in some of the unrestricted Opportunity Housing properties as a result of property performance coupled with lower income in the General Fund that was offset by savings in various expense categories in the fund.

- The Housing Choice Voucher ("HCV") Program ended the year with an administrative surplus of $941,802 as a result of higher than anticipated administrative fee income countered by a negative variance in administrative expenses. The surplus will be restricted to the program for future administrative costs.

- Staff recommends that a draw from the GFOR of $1,129,032 be made to balance the FY'23 year-end performance.

- Staff recommends that the following actions be taken to add funds to the GFOR:

    - Transfer $5,080,000 of the Debt Service Reserve to the GFOR,
    - Transfer the greater of the balance in the Other Post Employee Benefit ("OPEB") Reserve or $765,258, that is no longer needed, to the GFOR,
    - Transfer $400,000 from the Vehicle Reserve to the GFOR.

- Staff further recommends that $4,655,000 of the total amount transferred ($5,080,000 + $765,258 + $400,000 = $6,245,258), or an amount equivalent to a one-year debt service payment, be earmarked in the GFOR to establish a one-year Headquarters Debt Service Reserve.

- The Budget Finance and Audit Committee reviewed this request at its meeting on September 20, 2023, and joins staff's recommendation that the Commission accept the Fourth Quarter FY'23 Budget to Actual Statements.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews, Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Terri Fowler, Budget Officer

RE: **Fiscal Year 2023 (FY'23) Fourth Quarter Budget to Actual Statements:** Acceptance of Fourth Quarter FY'23 Budget to Actual Statements

DATE: October 4, 2023

OVERALL GOAL & OBJECTIVE:
Commission acceptance of the Fourth Quarter FY'23 Budget to Actual Statements.

BACKGROUND:
The Executive Director presented the Fourth Quarter Budget to Actual statements to the Budget, Finance and Audit Committee for review. Recommendations are being presented to the full Commission for formal action.

ISSUES FOR CONSIDERATION:
To assess the financial performance of the Housing Opportunities Commission of Montgomery County ("Agency") for the fourth quarter of FY'23 against the budget for the same period.

BUDGET IMPACT:
Please see Discussion section of the memo for the budget impact of recommended actions for FY'23.

TIME FRAME:
For formal action at the October 4, 2023 meeting of the Commission.

The Budget, Finance and Audit Committee informally discussed the FY'23 Fourth Quarter Budget to Actuals at the September 20, 2023 meeting and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:
Staff requests that the Commission formally accept the Fourth Quarter FY'23 Budget to Actual Statements.

DISCUSSION – FOURTH QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the fourth quarter of FY'23 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Housing Choice Voucher ("HCV") Programs and all Capital Improvements Budgets.

HOC Overall (see Attachment A)

The Agency's Audited Financial Statements are presented on an accrual basis, which reflects non-cash items such as depreciation and the mark-to-market adjustment for investments.

The Commission approves the Operating Budget at the fund level based on a modified accrual basis, which is similar to the presentation of budgets by governmental organizations. The purpose is to ensure that there is sufficient cash income and short-term receivables available to pay for current operating expenditures.

The Commission approves the revenues, expenses, and unrestricted net cash flow from operations for each fund. Unrestricted net cash flow in each fund is what is available to the Commission to use for other purposes. The FY'23 Fourth Quarter Operating Budget to Actual Comparison (Attachment A) shows unrestricted net cash flow or deficit for each of the funds. Attachment A also highlights the FY'23 Fourth Quarter Budget to Actual Comparison for Capital Expenses.

The Agency ended the year with a net cash flow shortfall of ($1,129,032), which equates to 0.36% of the total operating budget of $316,381,237 and 0.57% of the total adjusted operating budget of $197,710,093, which excludes Housing Assistance Payments ("HAP"). This shortfall resulted in a year-end budget to negative variance of $141,094 when compared to the anticipated year-end shortfall that was to be balanced by a draw from the General Fund Operating Reserve ("GFOR") of $987,938. The primary causes were lower cash flow in some of the unrestricted Opportunity Housing properties as a result of property performance (see Opportunity Housing Fund) coupled with lower income in the General Fund that was offset by savings in various expense categories in the fund (see General Fund).

Explanations of Major Variances by Fund

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the year with a deficit of ($1,467,020), which resulted in a positive variance of $2,091,079, when compared to the projected deficit of ($3,558,099).

As of June 30, 2023, income in the General Fund was $2,201,928 lower than budgeted and expenses were $4,293,007 lower than budgeted. The negative income variance was primarily the result of delays in the receipt of the Commitment and Development Fees. The budgeted Commitment Fees for Hillandale and the Metropolitan, as well as the Development Fee for the Metropolitan, were not received during FY'23 since the anticipated financings have moved to December 2023 and March 2024, respectively. Development Fees for Bauer Park and The Leggett have also moved from FY’23 to FY’24 based on the expected achievement of certain milestones. The fees that were not received this fiscal year have now been incorporated into the FY’24 Adopted budget. In addition, the receipt of a portion of the Development Fees for Residences on the Lane and Stewartown Homes that were expected to be received before June 30, 2023, did not occur. These additional fees will now be received in FY’24 as well. Finally, there were also lower draws from the Opportunity Housing Reserve Fund (“OHRF”) for Real Estate personnel and predevelopment costs. The lower income was partially offset by the receipt of Federal Emergency Management Agency (“FEMA”) reimbursements of approximately $680 thousand for COVID-19 related expenses. A portion of the FEMA income has been transferred to the properties that incurred reimbursable expenses.

The positive expense variance was primarily the result of lapse in salary and benefits coupled with savings in professional services, computer software, utilities, maintenance contracts, COVID-19 expense and savings in capital projects, which resulted in lower transfers from the operating budget to cover the cost of the projects.

The **Multifamily Bond Fund** and **Single Family Bond Fund** are budgeted to balance each year.

The Multifamily Bond Fund draw for FY’23 was reduced by the cumulative $210,064 of savings left in the fund at FY’22 year-end. As a result of savings in salary and benefit lapse coupled with savings in financial services and legal expense, the fund ended the year with a positive expense variance of $112,930. After using the previous savings in the fund, this savings in expenses results in a year-end surplus of $112,930. Staff is recommending that the surplus of $112,930 be used to reduce the budgeted draw for FY’24 for the Multifamily Bond Fund.

The Single Family Bond Fund draw for FY’23 was reduced by the $190,831 of savings left in the fund at FY’22 year-end. As a result of savings in salary and benefit lapse coupled with savings in financial services and legal expense, the fund ended the year with a positive expense variance of $185,028. After using the previous savings in the fund, this savings in expenses results in a year-end surplus of $185,028. Staff is recommending that the surplus of $185,028 be used to reduce the budgeted draw for FY’24 for the Single Family Bond Fund.

The Opportunity Housing Fund

Attachment B is a chart of the Net Cash Flow for the Development Corporation properties. This chart divides the properties into two groups.

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency’s FY’23 Operating Budget. This group ended the year with cash flow of $5,058,011 or $1,226,601 less than projected.

- **Alexander House Dev Corp** ended the year with a deficit of ($740,236), which resulted in a negative cash flow variance of $454,789 when compared to the projected deficit of ($285,447) primarily from greater than anticipated maintenance, utility, bad debt, and security expenses coupled with higher vacancy loss and lower gross rents partially offset by lower concessions and savings in administrative costs. **The Barclay Dev Corp** negative cash flow was $11,213 more than anticipated due to overages in utilities, maintenance, and administrative expenses partially offset by slightly higher gross rents and parking income coupled with lower concessions and bad debt expense. **Glenmont Crossing Dev Corp** experienced a negative cash flow variance of $129,465 resulting from higher bad debt, utility and maintenance expenses coupled with higher vacancy loss partially offset by savings in administrative expense. **Glenmont Westerly Dev Corp** experienced a negative cash flow variance of $8,958 resulting from slightly lower gross rents and higher vacancy loss coupled with higher maintenance, utility, and security expenses that were partially offset by lower bad debt and administrative expense. Cash flow for **Magruder's Discovery Dev Corp** was $252,276 lower than budget at year-end primarily based on higher vacancy loss coupled with overages in maintenance expenses and slightly higher utility and bad debt expense partially offset by savings in administrative costs. The **Metropolitan Dev Corp** ended the year with a negative cash flow variance of $628,872 primarily based on a delay in the renovations which resulted in the continuation of debt service payments and reserve contributions. In addition, the property experienced lower retail space income as well as overages in administrative expense partially offset by higher parking income and lower vacancy loss coupled with savings in utility and bad debt expenses and the receipt of a settlement payment from a previous retail tenant for vacating early. **Metropolitan Affordable** also experienced a negative cash flow variance of $171,220 based on the delay in renovations which resulted in the continuation of debt service payments and reserve contributions coupled with higher vacancy loss and overages in administrative and maintenance expenses that were partially offset by higher gross rents coupled with savings in utility costs. Cash flow at **Montgomery Arms Dev Corp** was $119,271 lower than anticipated primarily due to lower gross rents and higher concessions coupled with higher utility, maintenance, and security expenses, which were partially offset by savings in administrative and bad debt expenses and slightly lower vacancy loss. **MPDU 59 Dev Corp** experienced a negative cash flow variance of $108,758 due to higher vacancy loss coupled with greater than anticipated bad debt and administrative expenses partially offset by savings in maintenance costs. **Paddington Square** ended the year with a negative cash flow variance of $28,485 as a result of overages in maintenance and administrative expenses coupled with lower gross rents that were partially offset by savings in utilities and bad debt expense coupled with lower vacancy loss. Cash flow for **Pooks Hill High-Rise** was $41,985 less than budget primarily due to overages in maintenance, bad debt, utility, and security expenses coupled with higher vacancy loss that were partially offset by savings in administrative costs coupled with higher gross rents and the FEMA reimbursement for COVID-19 expenses. **Scattered Site One Dev Corp** ended the year with a positive cash flow variance of $128,553 largely due to the reduction in bad debt expense based on the receipt of rental assistance for rent arrearages coupled with slightly lower vacancy loss that more than offset the overages in maintenance and administrative costs and lower gross tenant rents. **Scattered Site Two Dev Corp** ended the year with a positive cash flow variance of $72,087 largely due to savings in maintenance expense coupled with the application of County funding to offset Housing Association ("HOA") Fees that was partially offset by overages in administrative and utility costs coupled with slightly lower gross rents and higher vacancy loss. **VPC One** experienced greater than anticipated vacancy loss coupled with higher bad debt, maintenance, administrative, and tax expenses that were partially offset by lower debt service expense coupled lower concessions at the property. The negative variance was offset by a reduction of $275,523 in the contribution to the Debt Service Reserve. **VPC Two** experienced a positive cash flow variance of $475,105 based on higher gross rents and lower vacancy loss coupled with savings in maintenance, debt service, administrative, and utility expenses partially offset by overages in bad debt expense.

The second group consists of properties whose cash flow will not be used for the Agency's FY'23 Operating Budget. Cash flow from this group of Development Corporation properties was $450,201 less than budgeted through June 30, 2023.

- **MetroPointe** experienced a positive cash flow variance of 147,034 resulting from higher gross rents and lower vacancy loss coupled with small savings in maintenance and administrative costs that were partially offset by small overages in utility and security expenses. Cash flow at the **Oaks at Four Corners Dev Corp** was $74,167 higher than anticipated due to savings throughout most expense categories coupled with lower vacancy loss that were partially offset by overages in maintenance cost. The **RAD 6 Dev Corp** properties ended the year with a shortfall of ($723,362), which resulted in a negative cash flow variance of $671,402 when compared to the projected shortfall of ($51,960). Collectively, this resulted from lower gross rents and higher vacancy loss coupled with overages in maintenance, utility and bad debt expenses partially offset by savings in administrative expenses.

Attachment C is a chart of the Net Cash Flow for the Opportunity Housing Properties. This chart divides the properties into two groups.

The first group includes properties that were budgeted to provide unrestricted net cash flow toward the Agency's FY'23 Operating Budget. This group ended the year with cash flow of $2,013,368 or $1,187,494 less than projected.

- Cash flow at **MPDU I (64)** was $161,675 lower than anticipated because of overages in bad debt, maintenance, and utility expenses coupled with higher vacancy loss and lower gross rents partially offset by savings in administrative expenses. **Avondale Apartments** reported a negative cash flow variance of $176,478 ($97,527 + $78,951) based on higher maintenance, utility, tax and debt service expense, due to increased rates on the PNC Real Estate Line of Credit ("RELOC"), coupled with higher vacancy loss partially offset by higher gross rents and lower bad debt and administrative expenses. A portion of the cash flow related to the newly acquired units is restricted for payment on the County loan. **Barclay Affordable** experienced a positive cash flow variance of $68,011 resulting from savings in utility expenses and lower bad debt expense coupled with higher gross rents partially offset by overages in maintenance and administrative costs. **Bradley Crossing** ended the year with a negative variance of $567,479 as a result of lower gross rents and higher vacancy loss coupled with overages in bad debt, utility costs and debt expenses, due to increased rates on the PNC Real Estate Line of Credit ("RELOC"), that were partially offset by savings in administrative and maintenance expenses. **Camp Hill Square** experienced a negative cash flow variance of $151,957 because of higher vacancy loss coupled with higher maintenance expenses that were partially offset by higher gross rents and lower bad debt, administrative, and utility expenses. **Elizabeth House Interim RAD** ended the year with a negative cash flow variance of $131,299 primarily as a result of the delay in vacating the building coupled with hotel expenses incurred to house residents temporarily displaced from a fire at the property. Cash flow for **Fairfax Court** was $17,109 more than budget because of lower bad debt and utility costs coupled with the property experiencing 100% occupancy for the year that was partially offset by higher administrative, maintenance and debt service expenses, due to increased rates on the PNC Real Estate Line of Credit ("RELOC"), as well as slightly lower gross rents. **Georgian Court Affordable** and **Shady Grove Apartments,** which were resyndicated as Low Income Housing Tax Credit ("LIHTC") properties in December 2021, incurred audit expenses related to the CY'21 audit. Cash flow for **Holiday Park** was $17,521 less than budgeted as a result of lower gross rents and higher vacancy loss coupled with overages in bad debt and maintenance expenses that were partially offset by savings in utility, tax and administrative expenses. The former **Holly Hall** property received a settlement payment for utility bills paid during operations. **Jubilee Hermitage** experienced a negative cash flow variance of $8,210 due to overages in maintenance costs coupled with unanticipated vacancy loss. **Manchester Manor** reported a negative cash flow variance of 107,642 due to overages in most expense categories coupled with slightly lower gross rents and higher vacancy loss. Cash flow for **McHome** was $49,907 lower than budget based on higher vacancy loss and slightly lower gross rents coupled with overages in maintenance, bad debt, and utility expenses partially offset by savings in administrative costs. Cash flow for **MHLP VII** was $146,901 lower than projected because of higher vacancy loss coupled with overages in bad debt, utility, and administrative expenses partially offset by savings in maintenance cost. **MHLP VIII** ended the year with a positive cash flow variance of $31,204 based on lower vacancy loss and slightly higher gross rents coupled with savings in administrative and utility expenses partially offset by overages in maintenance and bad debt expense. Cash flow for **MHLP IX – Pond Ridge** was $72,933 more than budget as a result of lower vacancy loss coupled with savings in bad debt and administrative expenses that were partially offset by overages in maintenance, tax and utility costs. **Scattered Sites MHLP IX Scattered Sites** experienced a negative cash flow variance of $9,495 mainly due to overages maintenance and utility expenses countered by slightly higher gross rents and lower vacancy loss coupled with lower bad debt expense. Cash flow for **MHLP X** was $52,835 more than budget as a result of lower bad debt and administrative expenses coupled with lower vacancy loss that was partially offset by lower gross rents and overages in maintenance costs. **Pooks Hill Mid-Rise** experienced a negative cash flow variance of $103,347 primarily as a result of higher security expense, resulting from a fire watch at the property due to a faulty fire panel that has since been replaced, and overages in maintenance, utility, and administrative costs coupled with higher vacancy loss partially offset by higher gross rents and lower concessions. The shortfall for **Strathmore Court Affordable** was $18,980 more than anticipated as a result of overages in maintenance, security, bad debt, debt service, and utility expenses coupled with higher concessions that were partially offset by higher gross rents and lower vacancy loss coupled with savings in administrative costs. **TPP LLC Pomander Court** experienced a positive cash flow variance of

$31,350 primarily because of savings throughout most expense categories partially offset by slightly lower gross rents. Cash flow for **TPP LLC Timberlawn** was $61,732 more than budget because of the receipt of an insurance claim related to expenses in the prior year, FEMA reimbursements for COVID-19 related expenses, higher gross rents and lower concessions coupled with savings in COVID-19 and tenant services expenses partially offset by overages in maintenance and administrative costs. **Westwood Towers** experienced a positive cash flow variance of $51,744 because of lower vacancy loss and higher parking income coupled with savings in debt service payments, tenant services and utility costs that were partially offset by higher administrative, maintenance, bad debt, and security expenses coupled with higher concessions. Cash flow at **The Willows** was $116,803 lower than anticipated due to overages in maintenance and utility expenses that were partially offset by higher gross rents and lower vacancy loss coupled with savings in administrative expenses. Finally, a few properties (shaded blue on Attachment C) that converted to the LIHTC portfolio received FEMA reimbursements for COVID-19 expenses incurred when they were part of the unrestricted property portfolio.

The second group consists of properties whose cash flow will not be used for the Agency's FY'23 Operating Budget. Some of these properties have legal restrictions on the use of cash flow; others may have needs for the cash flow. Cash flow for this group of properties was $1,626,879 less than budgeted.

- The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of $62,551 driven by interest paid on the outstanding debt on the PNC RELOC. There are sufficient reserves at the property to cover the costs. **Battery Lane**, which was acquired on May 25, 2022 ended the year with a negative cash flow variance of $305,840 largely due to lower gross rents and higher vacancy loss coupled with higher debt service expenses, due to increased rates on the PNC Real Estate Line of Credit ("RELOC"), and bad debt expenses that were partially offset by savings in administrative, tenant services, and utility expenses. **Brooke Park** experienced a negative cash flow variance of $169,224, mainly resulting from a delay in occupying the units post renovation coupled with small overages in most expense categories. **Brookside Glen** reported a negative cash flow of ($9,072) at year end resulting in a negative variance of $58,021 due to higher maintenance, utility, and security expenses coupled with lower gross rents that were partially offset by savings in administrative costs and lower vacancy loss. The shortfall will be covered by existing property cash. **Cider Mill** reported a negative cash flow variance of $836,000 due to higher vacancy loss coupled with overages in most expense categories. **Diamond Square** ended the year with a negative cash flow variance of $46,602 primarily resulting from higher vacancy loss and slightly lower gross rents coupled with small overages in utility, maintenance, and administrative costs that were partially offset by savings in bad debt expenses. **Southbridge** experienced a positive cash flow variance of $40,801 due to higher gross rents and lower vacancy loss coupled with savings in maintenance and administrative expenses that were partially offset by overage in utility and security costs. **State Rental Combined** experienced a negative cash flow variance of $111,962 because of higher vacancy loss coupled with overages in utility expenses that was countered by savings in maintenance and administrative expenses.

The Public Fund (Attachment D)

- The Housing Choice Voucher Program ("HCVP") ended the year with a surplus of $868,486. The surplus was comprised of an administrative surplus of $941,802 countered by Housing Assistance Payment ("HAP") payments that exceeded HAP revenue by $73,316. The HAP shortfall will be covered by a draw from the HCVP reserve known as the Net Restricted Position ("NRP"), which includes funds received in prior years that were recognized but not used. The administrative surplus was the result of higher than anticipated administrative fee income that was partially offset by overages in administrative expenses due increased professional services expenses and a change in the management fee calculation. The higher administrative fee income was primarily the result of a higher proration factor that was changed from 88% to 89.2% coupled with the increased utilization rate and fees received to support the Emergency Housing vouchers.

Tax Credit Partnerships

The Tax Credit Partnerships have a calendar year end.

Budget Impact – FY'23

- As explained in this memo, the Agency ended the year with a shortfall of $1,129,032 primarily because of lower unrestricted cash flow in some of the unrestricted Opportunity Housing properties as a result of property performance coupled with lower income in the General Fund that was offset by savings in various expense categories in the fund. The shortfall was $141,094 more than the anticipated shortfall of $987,938 that was to be funded by a draw from the GFOR.

- Staff recommends that a draw from the GFOR of $1,129,032 be made to balance the FY'23 year-end performance.

- Based on the decreasing balance in the GFOR, which delays the Agency's ability to grow the reserve to 10% of our modified operating budget, coupled with the impending increase in operating and debt service costs associated with the New Headquarters, staff is proposing that the following actions be taken to add funds to the GFOR.

    - Transfer a portion of the balance in the Debt Service Reserve to the GFOR. The funds referenced were deposited by properties that had temporary debt instruments at lower rates and equated to the difference between a fully amortizing loan at 6.5% and the actual debt costs. The properties have now converted or will shortly convert to permanent financing. The contributions, which were voluntary to bolster the Agency's rating review, reduced unrestricted cash flow in the respective years that would have been used to balance the budget or build reserves. A transfer of $4,270,000 was made in FY'22. Staff is proposing that $5,080,000, which equates to approximately 50% of the balance in the reserve, be transferred to the GFOR.

- Transfer the balance of in the Other Post Employee Benefit ("OPEB") Reserve established in FY'10 to assist with the growing annual OPEB contributions in prior years. This reserve was funded through budgeted contributions or year-end Agency surpluses that reduced unrestricted cash flow in the respective years that would have been used to balance the budget or build reserves. The annual contribution to prefund the obligation has decreased over the years from a high of $2.9 million in FY'14 to $96,000 for FY'24 and $18,000 FY'25, which eliminates the need for the reserve. The balance in the fund at June 30, 2023 was $765,257.64 and the final amount of the transfer will depend on interest posted to the reserve prior to the transfer.

- Transfer $400,000 of the Vehicle Reserve that was regularly used to purchase replacement vehicles prior to the Agency's current policy to lease vehicles. The balance in the fund at June 30, 2023 was $475,920.42. The remaining balance of approximately $75,000 plus any funds received when older vehicles are sold at auction is sufficient to cover the infrequent purchase of larger vehicles that are not available for lease.

- Staff further recommends that at least $4,655,000 of the total amount transferred ($5,080,000 + $765,258 + $400,000 = $6,245,258), or an amount equivalent to a one-year debt service payment, be earmarked in the GFOR to establish a one-year Headquarters Debt Service Reserve. The balance of the transfer or $1,590,258 will replenish the GFOR for the transfer required to balance FY'23 and add $461,226 to the unobligated balance. A presentation of the Financing Plan for the new HOC Headquarters building was made to the Development and Finance Committee on September 22, 2023, and approval of the plan, including establishing the Debt Service reserves will be requested of the Commission on October 4, 2023.

The Capital Budget (Attachment E)
Attachment E is a chart of the Capital Improvements Budget for FY'23. The chart is grouped in two sections – General Fund and Opportunity Housing properties. Several properties exceeded their budget due to unanticipated physical needs at the properties. For properties where sufficient reserves are available, they will be used to cover the overages. Several properties were dependent upon the Opportunity Housing Property Reserve ("OHPR") for FY'23. Total expenditures for the portfolio did not exceed the authorized amount of $480,960 allocated from the OHPR for FY'23. Capital budgets from projects with positive variances may be rolled forward as requested for projects that were planned for FY'23 but not completed.

Barclay Affordable exceeded its capital budget due to unanticipated replacements of HVAC and heat pump units. Battery Lane exceeded its capital budget due to unplanned flooring and HVAC replacements. **Bradley Crossing** overspent its capital budget due to flooring and appliance replacements. **Brookside Glen** exceeded its capital budget because of the unbudgeted replacement of the hot water heaters. **Camp Hill Square**, **Holiday Park**, **MHLP X**, and **Parkway Woods** overspent their respective capital budgets due to unplanned appliance replacements as well as plumbing work at Holiday Park. **Cider Mill Apartments** exceeded its capital budget as a result of the approved roof replacements that were not finalized for the adopted budget. **Manchester Manor** has exceeded its capital budget due to work required for the Real Estate Assessment Center ("REAC") inspection. **Metropolitan Dev Corp** and **Metropolitan Affordable** spent more than budgeted because of the delay in renovations and unanticipated replacement of the building water heater. **MHLP VIII** overspent the capital budget due to unplanned HVAC replacements. **MHLP IX – Pond Ridge** exceeded its capital budget due to HVAC, appliance and flooring replacements. **MHLP IX – Scattered Sites** exceeded its capital budget due flooring and appliance replacements. The **NCI units** overspent their combined budgets due to unanticipated HVAC, appliance, window, and flooring replacements. **Paddington Square** overspent because of unanticipated sewer line replacements and turnover costs to assist Friendly Gardens (site of the 2021 building explosion). **Pooks Hill Midrise** exceeded its capital budget due to the cost of replacing a faulty fire panel. **Sandy Spring Meadow** exceeded its capital budget as a result of HVAC replacements in two units. **Scattered Site One Dev Corp** overspent its capital budget as a result of HVAC, appliance, and flooring replacements. **Scattered Site Two Dev Corp** overspent its capital budget as a result of HVAC, appliance, kitchen cabinet and flooring replacements. **VPC One Dev Corp** overspent its capital budget as a result of appliance, kitchen and bath, flooring, and railing replacements. **Westwood Towers** exceeded its capital budget based on appliance and flooring replacements, chiller work. There were also nominal overages at **Alexander House Dev Corp**, **Barclay Dev Corp**, **Brooke Park**, **Elizabeth House RAD**, **Glenmont Crossing**, **617 Olney Sandy Spring Road**, and **The Oaks at Four Corners**.

Resolution No. 23-57 **Re: Acceptance of the Fourth 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 Fourth Quarter FY'23 Budget to Actual Statements during its October 4, 2023 meeting; and

WHEREAS, HOC ended FY'23 with an operating shortfall of $1,129,032 and it is recommended that a draw from the General Fund Operating Reserve ("GFOR") of $1,129,032 be made to balance the FY'23 year-end performance; and

WHEREAS, it is recommended that (i) $5,080,000 of the Debt Service Reserve, (ii) the greater of the balance of the Other Post Employee Benefit ("OPEB") Reserve (which is no longer needed) or $768,258, and (iii) $400,000 of the Vehicle Reserve be transferred to the GFOR; and

WHEREAS, it is further recommended that $4,655,000 of the total amount transferred, or an amount equivalent to a one-year debt service payment, be earmarked in the GFOR to establish a one-year Headquarters Debt Service Reserve.

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

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes a draw from the GFOR of $1,129,032 to balance FY'23 performance.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that it hereby authorizes (i) $5,080,000 of the Debt Service Reserve, (ii) the greater of the balance of the OPEB Reserve or $768,258, and (iii) $400,000 from the Vehicle Reserve be transferred to the GFOR, and that $4,655,000, or an amount equivalent to a one year debt service payment, be earmarked in the GFOR to establish a one-year Headquarters Debt Service Reserve.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on Wednesday, October 4, 2023.

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Chelsea J. Andrews
Executive Director

FY 2023 Fourth Quarter Operating Budget to Actual Comparison

	Unrestricted Net Cash Flow (12 Months) Budget	(12 Months) Actual	Variance
General Fund			
General Fund	($3,558,099)	($1,479,646)	$2,078,453
Administration of Multifamily and Single Family Fund			
Multifamily Fund	$0	$112,930	$112,930
Draw from / (Restrict to) Multifamily Bond Fund	$0	($112,930)	($112,930)
Single Family Fund	$0	$185,028	$185,028
Draw from / (Restrict to) Single Family Bond Fund	$0	($185,028)	($185,028)
Opportunity Housing Fund			
Opportunity Housing Properties	$3,200,862	$2,013,368	($1,187,494)
Restricted Opportunity Housing Properties with Deficits	$0	($19,682)	($19,682)
Restricted Development Corporations with Deficits	($51,960)	($723,362)	($671,402)
Unrestricted Development Corporations with Deficits	($578,741)	($919,710)	($340,969)
OHRF			
OHRF Balance	$4,463,917	$355,800	($4,108,117)
Excess Cash Flow Restricted	($4,463,917)	($355,800)	$4,108,117
Draw from existing funds	$0	$0	$0
Net -OHRF	**$0**	**$0**	**$0**
SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	**($987,938)**	**($1,129,032)**	**($141,094)**
Budgeted Draw from General Fund Operating Reserve ("GFOR") to Balance Budget	**$987,938**		
ADJUSTED SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing	$0	($1,129,032)	($141,094)

	Budget	Actual	Variance
Public Fund			
(1) Housing Choice Voucher Program HAP	($4,886,742)	($73,316)	$4,813,426
(2) Housing Choice Voucher Program Admin	($122,025)	$941,802	$1,063,827
Total -Public Fund	**($5,008,767)**	**$868,486**	**$5,877,253**
Public Fund - Reserves			
(1) Draw from / Restrict to HCV Program Cash Reserves	$4,886,742	$73,316	($4,813,426)
(2) Draw from / Restrict to HCV Program Excess Admin Fee	$122,025	($941,802)	($1,063,827)
SUBTOTAL - Public Funds	**$0**	**$0**	**$0**
TOTAL - All Funds	**$0**	**($1,129,032)**	**($141,094)**

FY 2023 Fourth Quarter Operating Budget to Actual Comparison

	(12 Months) Budget	Capital Expenses (12 Months) Actual	Variance
General Fund			
880 Bonifant	$50,000	$4,483	$45,517
East Deer Park	$207,000	$0	$207,000
Kensington Office	$100,000	$33,123	$66,877
Information Technology	$915,000	$336,674	$578,326
Opportunity Housing Fund	$6,321,728	$6,632,023	($310,295)
TOTAL - All Funds	**$7,593,728**	**$7,006,303**	**$541,908**

FY 2023 Fourth Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

	(12 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(12 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY21 operating budget					
Alexander House Dev Corp	($285,447)	($242,147)	($212,642)	($740,236)	($454,789)
The Barclay Dev Corp	($162,098)	$67,103	($78,316)	($173,311)	($11,213)
Glenmont Crossing Dev Corp	$376,040	($43,912)	($85,554)	$246,575	($129,465)
Glenmont Westerly Dev Corp	$155,192	($19,645)	$10,687	$146,234	($8,958)
Magruder's Discovery Dev Corp	$925,506	($120,143)	($132,133)	$673,230	($252,276)
The Metropolitan Dev Corp	$2,491,552	$216,550	($845,422)	$1,862,680	($628,872)
Metropolitan Affordable	($232,051)	$20,418	($191,638)	($403,271)	($171,220)
Montgomery Arms Dev Corp	$362,354	($70,391)	($48,880)	$243,083	($119,271)
MPDU II (59) Dev Corp	$395,682	($75,895)	($32,863)	$286,924	($108,758)
Paddington Square Dev Corp	$615,487	$23,999	($52,484)	$587,002	($28,485)
Pooks Hill High-Rise Dev Corp	$454,897	$19,463	($61,448)	$412,912	($41,985)
Scattered Site One Dev Corp	$116,146	($40,135)	$168,688	$244,699	$128,553
Scattered Site Two Dev Corp	($82,519)	$34,189	$37,898	($10,432)	$72,087
Sligo MPDU III Dev Corp	($48,677)	$2,963	$49,983	$4,269	$52,946
VPC One Dev Corp	$777,295	($89,709)	$89,709	$777,295	$0
VPC Two Dev Corp	$425,253	$168,951	$306,154	$900,358	$475,105
Subtotal	**$6,284,612**	**($148,341)**	**($1,078,261)**	**$5,058,011**	**($1,226,601)**
Properties with restricted cash flow (external and internal)					
MetroPointe Dev Corp	($243,543)	$140,625	$6,409	($96,509)	$147,034
Oaks at Four Corners Dev Corp	$7,156	$40,738	$33,429	$81,323	$74,167
RAD 6 Dev Corp Total	**($51,960)**	**($282,573)**	**($388,829)**	**($723,362)**	**($671,402)**
Ken Gar Dev Corp	$8,409	($28,383)	$1,429	($18,545)	($26,954)
Parkway Woods Dev Corp	$43,582	($29,225)	($21,861)	($7,504)	($51,086)
Sandy Spring Meadow Dev Corp	($15,079)	($23,250)	($6,895)	($45,224)	($30,145)
Seneca Ridge Dev Corp	($52,665)	($158,454)	($105,327)	($316,446)	($263,781)
Towne Centre Place Dev Corp	($58,929)	$20,979	($118,054)	($156,004)	($97,075)
Washington Square Dev Corp	$22,722	($64,240)	($138,121)	($179,639)	($202,361)
Subtotal	**($288,347)**	**($101,210)**	**($348,991)**	**($738,548)**	**($450,201)**
TOTAL ALL PROPERTIES	**$5,996,265**	**($249,551)**	**($1,427,252)**	**$4,319,463**	**($1,676,802)**

Attachment B

FY 2023 Fourth Quarter Operating Budget to Actual Comparison

For Opportunity Housing Properties - Net Cash Flow

	(12 Months) Net Cash Flow Budget	Variance Income	Variance Expense	(12 Months) Net Cash Flow Actual	Variance
Properties with unrestricted cash flow for FY22 operating budget					
MPDU I (64)	$235,276	($73,081)	($88,594)	$73,601	($161,675)
Avondale Apartments	$116,327	($18,842)	($78,685)	$18,800	($97,527)
Barclay Affordable	$67,804	$38,838	$29,173	$135,815	$68,011
Bradley Crossing	$1,198,276	($378,236)	($189,243)	$630,797	($567,479)
Camp Hill Square	$77,582	($80,881)	($71,076)	($74,375)	($151,957)
Chelsea Towers	$71,466	$51,163	($42,262)	$80,367	$8,901
Day Care at Lost Knife Road	($24,890)	$8,454	($5,362)	($21,798)	$3,092
Elizabeth House Interim RAD	$281,689	$502,069	($633,368)	$150,390	($131,299)
Fairfax Court	$61,707	$2,633	$14,476	$78,816	$17,109
Georgian Court Affordable	$0	$6,251	($7,500)	($1,249)	($1,249)
Holiday Park	$4,766	($20,565)	$3,044	($12,755)	($17,521)
Holly Hall Interim RAD	$0	$33,461	$0	$33,461	$33,461
Jubilee Falling Creek	($3,967)	($3,675)	$5,914	($1,728)	$2,239
Jubilee Hermitage	($17,333)	($5,202)	($3,008)	($25,543)	($8,210)
Jubilee Horizon Court	($1,306)	($357)	$2,162	$498	$1,804
Jubilee Woodedge	($15,870)	$29	$7,763	($8,079)	$7,791
King Farm Village	$3,242	$0	$576	$3,818	$576
Manchester Manor	($45,238)	($25,572)	($82,070)	($152,880)	($107,642)
The Manor at Cloppers Mill	$0	$16,851	$0	$16,851	$16,851
The Manor at Colesville	$0	$13,726	$0	$13,726	$13,726
The Manor at Fair Hill Farm	$0	$31,019	$0	$31,019	$31,019
McHome	$69,222	($48,345)	($1,561)	$19,315	($49,907)
McKendree	$47,813	$1,268	($5,147)	$43,934	($3,879)
MHLP VII	$51,595	($74,024)	($72,877)	($95,306)	($146,901)
MHLP VIII	$82,173	$69,147	($37,943)	$113,377	$31,204
MHLP IX Pond Ridge	($173,318)	$67,546	$5,387	($100,385)	$72,933
MHLP IX Scattered Sites	($150,926)	$32,208	($41,703)	($160,421)	($9,495)
MHLP X	($59,239)	($15,867)	$68,702	($6,404)	$52,835
MPDU 2007 Phase II	$18,479	($9,051)	$11,988	$21,416	$2,937
Olney Sandy Spring Road	($7,386)	($114)	$197	($7,303)	$83
Pooks Hill Mid-Rise	$173,624	$18,634	($121,982)	$70,277	($103,347)
Shady Grove Apts	$0	$3,133	($8,190)	($5,057)	($5,057)
Stewartown Affordable	$0	$2,036	$0	$2,036	$2,036
Strathmore Court	($42,915)	$118,742	($137,722)	($61,895)	($18,980)
TPP LLC Pomander Court	($9,083)	($6,905)	$38,255	$22,267	$31,350
TPP LLC Timberlawn	$510,346	$3,299	$58,433	$572,078	$61,732
Westwood Tower	$423,393	$144,655	($92,911)	$475,137	$51,744
The Willows	$257,553	$87,376	($204,178)	$140,750	($116,803)
Subtotal	**$3,200,862**	**$491,821**	**($1,679,312)**	**$2,013,368**	**($1,187,494)**
Properties with restricted cash flow (external and internal)					
The Ambassador	$0	$0	($62,551)	($62,551)	($62,551)
Avondale Apartments	$94,170	($15,253)	($63,698)	$15,219	($78,951)
Battery Lane	$410,506	($287,057)	($18,783)	$104,666	($305,840)
Brooke Park	$149,542	($138,975)	($30,249)	($19,682)	($169,224)
Brookside Glen (The Glen)	$48,949	($13,639)	($44,382)	($9,072)	($58,021)
CDBG Units	$0	($636)	$636	$0	$0
Cider Mill Apartments	$850,112	($292,562)	($543,438)	$14,112	($836,000)
Dale Drive	($9,861)	($103)	($3,783)	($13,748)	($3,887)
Diamond Square	$363,187	($72,654)	$26,052	$316,585	($46,602)
NCI Units	$0	($28,742)	$28,742	$0	$0
NSP Units	$0	($6,852)	$6,852	$0	$0
Paint Branch	$52,198	($28,348)	$33,705	$57,556	$5,358
Southbridge	$9,529	$21,099	$19,703	$50,330	$40,801
State Rental Combined	($251,986)	($144,884)	$32,922	($363,948)	($111,962)
Subtotal	**$1,716,346**	**($1,008,606)**	**($618,272)**	**$89,467**	**($1,626,879)**
TOTAL ALL PROPERTIES	**$4,917,208**	**($516,785)**	**($2,297,584)**	**$2,102,835**	**($2,814,373)**

Attachment C

FY 2023 Fourth Quarter Operating Budget to Actual Comparison

For HUD Funded Programs

	(12 Months) Budget	(12 Months) Actual	Variance
Housing Choice Voucher Program			
HAP revenue	$113,784,402	$118,245,713	$4,461,311
HAP payments	$118,671,144	$118,319,029	($352,115)
Net HAP	**($4,886,742)**	**($73,316)**	**$4,813,426**
Draw from HAP Reserves	$4,886,742		
Admin.fees & other inc.	$9,716,538	$11,299,711	$1,583,173
Admin. Expense	$9,838,563	$10,357,909	($519,346)
Net Administrative	**($122,025)**	**$941,802**	**$1,063,827**
Draw from Admin Reserves	$122,025		
Net Income	**$0**	**$868,486**	**$5,877,253**

Attachment D

FY 2023 Fourth Quarter Operating Budget to Actual Comparison

For Capital Improvements

	(12 Months) Budget	(12 Months) Actual	Variance
General Fund			
880 Bonifant	$50,000	$4,483	$45,517
East Deer Park	$207,000	$0	$207,000
Kensington Office	$100,000	$33,123	$66,877
Information Technology	$915,000	$336,674	$578,326
Subtotal	**$1,272,000**	**$374,280**	**$897,720**
Opportunity Housing			
Ambassador	$0	$0	$0
Alexander House Dev Corp	$42,170	$47,100	($4,930)
Avondale Apartments	$35,266	$34,265	$1,001
The Barclay Dev Corp	$128,184	$131,644	($3,460)
Barclay Affordable	$89,368	$97,360	($7,992)
Battery Lane	$56,000	$71,092	($15,092)
Bradley Crossing	$72,240	$123,300	($51,060)
Brooke Park	$0	$478	($478)
Brookside Glen (The Glen)	$81,600	$128,469	($46,869)
Camp Hill Square	$10,097	$50,060	($39,963)
CDBG Units	$5,180	$755	$4,425
Chelsea Towers	$14,800	$3,029	$11,771
Cider Mill Apartments	$1,312,992	$1,866,002	($553,010)
Dale Drive	$8,700	$3,833	$4,867
Diamond Square	$107,530	$96,291	$11,239
Elizabeth House Interim RAD	$0	$620	($620)
Fairfax Court	$40,196	$34,981	$5,215
Glenmont Crossing Dev Corp	$88,800	$91,976	($3,176)
Glenmont Westerly Dev Corp	$134,040	$82,598	$51,442
Holiday Park	$22,140	$34,587	($12,447)
Jubilee Falling Creek	$7,800	$944	$6,856
Jubilee Hermitage	$12,500	$10,209	$2,291
Jubilee Horizon Court	$10,080	$451	$9,629
Jubilee Woodedge	$6,480	$72	$6,408
Ken Gar Dev Corp	$20,770	$15,067	$5,703
King Farm Village	$240	$0	$240
Magruder's Discovery Dev Corp	$102,108	$68,031	$34,077
Manchester Manor	$40,368	$105,650	($65,282)
McHome	$44,640	$24,305	$20,335
McKendree	$25,584	$22,420	$3,164
MetroPointe Dev Corp	$99,913	$71,161	$28,752
The Metropolitan Dev Corp	$89,742	$132,900	($43,158)
Metropolitan Affordable	$6,689	$47,588	($40,899)
Montgomery Arms Dev Corp	$82,832	$73,690	$9,142
MHLP VII	$47,730	$41,093	$6,637
MHLP VIII	$48,840	$67,351	($18,511)
MHLP IX - Pond Ridge	$63,900	$90,388	($26,488)
MHLP IX - Scattered Sites	$90,192	$102,292	($12,100)
MHLP X	$98,160	$115,057	($16,897)
MPDU 2007 Phase II	$7,155	$475	$6,680
617 Olney Sandy Spring Road	$0	$72	($72)
MPDU I (64)	$59,760	$64,526	($4,766)
MPDU II (59) Dev Corp	$77,400	$62,636	$14,764
Oaks at Four Corners Dev Corp	$169,737	$173,424	($3,687)
NCI Units	$600	$17,832	($17,232)
NSP Units	$15,388	$7,368	$8,020
Paddington Square Dev Corp	$115,500	$196,618	($81,118)
Paint Branch	$16,396	$10,464	$5,932
Parkway Woods Dev Corp	$4,000	$12,034	($8,034)
Pooks Hill High-Rise Dev Corp	$363,436	$177,334	$186,102
Pooks Hill Mid-Rise	$47,020	$62,218	($15,198)
Sandy Spring Meadow Dev Corp	$14,201	$26,353	($12,152)
Scattered Site One Dev Corp	$180,240	$305,242	($125,002)
Scattered Site Two Dev Corp	$45,000	$51,915	($6,915)
Seneca Ridge Dev Corp	$38,800	$30,751	$8,049
Sligo MPDU III Dev Corp	$28,176	$26,684	$1,492
Southbridge	$22,896	$5,871	$17,025
State Rental Combined	$236,640	$206,351	$30,289
Strathmore Court	$508,303	$346,211	$162,092
Towne Centre Place Dev Corp	$30,563	$11,993	$18,570
TPP LLC Pomander Court	$21,948	$7,984	$13,964
TPP LLC Timberlawn	$172,250	$70,546	$101,704
VPC One Dev Corp	$222,100	$242,617	($20,517)
VPC Two Dev Corp	$184,152	$141,191	$42,961
Washington Square Dev Corp	$55,300	$51,426	$3,874
Westwood Tower	$296,000	$317,437	($21,437)
The Willows	$240,896	$117,341	$123,555
Subtotal	**$6,321,728**	**$6,632,023**	**($310,295)**
TOTAL	**$7,593,728**	**$7,006,303**	**$587,425**

UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE: AUTHORIZATION TO WRITE-OFF UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE (APRIL 1, 2023 – JUNE 30, 2023)

October 4, 2023

- HOC's current policy is to provide for an allowance for any tenant accounts receivable balance in excess of 90 days.

- Additionally, HOC periodically proposes the write-off of uncollected former resident balances.

- The proposed write-off for the fourth quarter of Fiscal Year 2023 totaled $73,335, a decrease of $2,902 compared to the previous quarter.

- The primary reasons for the write-offs across the properties include tenants who passed away, left due to a job transfer, needed more space, no longer qualify, moved to a nursing home, obtained a HCV voucher, purchased a home, skipped, abandoned/vacated their units and voluntarily vacated their units.

- The next anticipated write-off of former tenants' uncollectible accounts receivable balance will be for the first quarter of FY'24, which will cover the period from July 1, 2023 to September 30, 2023.

- The Budget Finance and Audit Committee reviewed this request at its meeting on September 20, 2023 and joins staff in its recommendation to approve the proposed write-off of uncollectible former residents' balances for the fourth quarter of FY'23, which totaled $73,335.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Chelsea Andrews Executive Director

FROM: Staff: Timothy Goetzinger, Acting Chief Financial Officer
Eugenia Pascual, Controller
Gary Hall, Acting Accounting Manager
Ali Ozair, Director of Property Management

RE: **Uncollectible Tenant Accounts Receivable**: Authorization to Write-off Uncollectible Tenant Accounts Receivable (April 1, 2023 – June 30, 2023)

DATE: October 4, 2023

BACKGROUND:

HOC's current policy is to provide for an allowance for any tenant accounts receivable balance, which are older than 90 days. HOC records all proposed write-offs of former tenant accounts receivable balances in HOC's Uncollectible Accounts Receivable Database as well as in the various individuals' Equifax Credit Bureau files. This process updates the financial records to reflect accurately the receivables and provides greater potential for outstanding receivable collection.

The last approved write-off of former tenant accounts receivable balances was on June 14, 2023, was for $76,237, which covered the three-month period from January 1, 2023 through March 31, 2023 (the third quarter of fiscal year 2023).

The proposed write-off of former tenant accounts receivable balances for the fourth quarter of fiscal year 2023, covering April 1, 2023 through June 30, 2023 is $73,335.

The $73,335 fourth quarter write-off is attributable to former tenants within HOC's Opportunity Housing properties, Supportive Housing properties and LITHC/RAD properties. The primary reasons for the write-offs across the properties include tenants who passed away ($993), left due to a job transfer ($4,195), needed more space ($1,236), no longer qualify ($2,139), moved to a nursing home ($1,054), obtained a HCV voucher ($4,000), purchased a home ($1,007), skipped ($18,639), abandoned/vacated their unit ($14,055) and voluntarily vacated their units ($26,017).

The following table shows the write-offs by fund/program.

Property Type	Current Write-offs 04/01/23 - 06/30/23	Prior Write-offs 01/01/23 - 03/31/23	$ Change 04/01/23 - 06/30/23	% Change 04/01/23 - 06/30/23	Fiscal Year 2023 Year-to-Date 07/01/22 - 06/30/23	Fiscal Year 2022 Year-to-Date 07/01/21 - 06/30/22
Opportunity Housing	66,636	53,546	13,090	24.45%	147,505	275,258
Supportive Housing	4,055	11,393	(7,338)	-64.41%	45,790	35,766
RAD Properties	2,644	11,298	(8,654)	-76.60%	14,046	35,302
236 Properties	-	-	-	0.00%	4,141	2,762
	$ 73,335	$ 76,237	$ (2,902)	-3.81%	$ 211,482	$ 349,088

The following tables show the write-offs by fund and property.

Opportunity Housing Fund

	Current Write-offs 04/01/23 - 06/30/23	Prior Write-offs 01/01/23 - 03/31/23	$ Change 04/01/23 - 06/30/23	% Change 04/01/23 - 06/30/23	Fiscal Year 2023 Year-to-Date 07/01/22 - 06/30/23	Fiscal Year 2022 Year-to-Date 07/01/21 - 06/30/22
Opportunity Housing (OH) Fund						
617 Olney Sandy Spring Rd	$ -	$ -	$ -	0.00%	$ -	$ 879
Avondale	1,400	1,359	41	3.02%	2,759	7,338
HOC at Avondale	4,195	-	4,195	0.00%	4,195	-
Brooke Park Apts	-	-	-	0.00%	-	1,318
Camp Hill Square	-	1,826	(1,826)	-100.00%	1,826	-
Jubilee - Hermitage	-	-	-	0.00%	-	346
Magruders Discovery	21	-	21	0.00%	9,581	-
McHome	-	-	-	0.00%	-	24,062
MHLP IX - MPDU	-	1,209	(1,209)	-100.00%	1,209	3,204
MHLP IX - Pondridge	-	-	-	0.00%	-	2,069
MHLP VII	21,827	-	21,827	0.00%	21,827	4,869
MHLP VIII	-	-	-	0.00%	-	37
MHLP X	-	-	-	0.00%	-	15,134
MPDU I/64	-	-	-	0.00%	800	41,084
NCI-1 - 13304 Lydia St	-	-	-	0.00%	-	524
NCI-1 - 60 Catoctin Court	1,162	-	1,162	0.00%	1,162	-
Paintbranch	-	-	-	0.00%	153	-
Scattered Site One Dev Corp	-	7,313	(7,313)	-100.00%	18,153	73,404
Scattered Site Two Dev Corp	-	3,810	(3,810)	-100.00%	3,810	858
State Rental Partnership	-	2,966	(2,966)	-100.00%	3,600	6,685
TPM Dev Corp - MPDU II (59)	-	-	-	0.00%	769	4,035
VPC One Corp	36,848	26,623	10,225	38.41%	67,811	82,767
VPC Two Corp	1,183	8,440	(7,257)	-85.98%	9,850	6,645
Total OH Fund	**$ 66,636**	**$ 53,546**	**$ 13,090**	**24.45%**	**$ 147,505**	**$ 275,258**

Within the Opportunity Housing portfolio, the $66,636 write-off amount was attributable to Avondale, HOC at Avondale, Magruders Discovery, MHLP VII, NCI-1, VPC One Corporation and VPC Two Corporation. The write-offs were due to one tenant who left due to a job transfer ($4,195), two tenants who needed more space ($1,236), one tenant who no longer qualifies ($2,139), one tenant who purchased a home ($1,007), one tenant who skipped ($18,639), one tenant where the unit was abandoned/vacated ($14,055), and ten tenants who voluntarily vacated their units ($25,365).

Supportive Housing

	Current Write-offs 04/01/23 - 06/30/23	Prior Write-offs 01/01/23 - 03/31/23	$ Change 04/01/23 - 06/30/23	% Change 04/01/23 - 06/30/23	Fiscal Year 2023 Year-to-Date 07/01/22 - 06/30/23	Fiscal Year 2022 Year-to-Date 07/01/21 - 06/30/22
Supportive Housing						
McKinney X - HUD	$ 4,000	$ 2,474	$ 1,526	61.68%	$ 22,095	$ 35,766
McKinney XIV - HUD	55	8,919	(8,864)	-99.38%	23,695	-
Total Supportive Housing	**$ 4,055**	**$ 11,393**	**$ (7,338)**	**-64.41%**	**$ 45,790**	**$ 35,766**

Within the Supportive Housing program, there was one tenant who passed away ($55) and one tenant who obtained HCV voucher ($4,000).

LIHTC/RAD Properties

	Current Write-offs 04/01/23 - 06/30/23	Prior Write-offs 01/01/23 - 03/31/23	$ Change 04/01/23 - 06/30/23	% Change 04/01/23 - 06/30/23	Fiscal Year 2023 Year-to-Date 07/01/22 - 06/30/23	Fiscal Year 2022 Year-to-Date 07/01/21 - 06/30/22
LIHTC/RAD Properties						
Arcola Towers LP	$ -	$ 4,741	$ (4,741)	-100.00%	$ 4,741	$ 3,409
Elizabeth House - Interim RAD	-	-	-	0.00%	-	1,324
Holly Hall RAD	-	-	-	0.00%	-	1,862
RAD 6 - Sandy Spring	-	-	-	0.00%	-	46
RAD 6 - Seneca Ridge	-	-	-	0.00%	-	25,786
RAD 6 - Towne Centre Place	-	-	-	0.00%	-	2,691
RAD 6 - Washington Square	-	3,033	(3,033)	-100.00%	3,033	-
Waverly House LP	2,644	3,524	(880)	-24.97%	6,272	184
Total RAD Properties	**$ 2,644**	**$ 11,298**	**$ (8,654)**	**-76.60%**	**$ 14,046**	**$ 35,302**

Within the LITHC/RAD properties, there were three tenants who passed away ($938), four tenants that moved to a nursing home ($1,054), and one tenant who voluntarily left their unit ($652).

HUD Section 236 Properties

	Current Write-offs 04/01/23 - 06/30/23	Prior Write-offs 01/01/23 - 03/31/23	$ Change 04/01/23 - 06/30/23	% Change 04/01/23 - 06/30/23	Fiscal Year 2023 Year-to-Date 07/01/22 - 06/30/23	Fiscal Year 2022 Year-to-Date 07/01/21 - 06/30/22
236 Properties						
Town Center Apts	$ -	$ -	$ -	0.00%	$ 4,141	$ 2,762
Total 236 Properties	**$ -**	**$ -**	**$ -**	**0.00%**	**$ 4,141**	**$ 2,762**

Within the 236 properties, there were no write-offs to report in the fourth quarter of FY ’23.

These write-offs will be reported to Assurant Global Housing, HOC’s collection company as per the procedures listed below.

Finance Write-Off and Recovery Procedures

1. After a tenant vacates, Resident Accounting ("RA") receives clearance from HOC Property Management ("PM") to post the deposit accounting in Yardi.
2. If a balance is owed, RA prepares a letter to the resident with the balance owed. PM signs and mails the letter to the resident.
3. If a resident purchased a surety bond, PM submits a claim to the bond company to collect the balance owed up to the amount of the bond. Payments made by the bond company are posted to the resident's ledger.
4. If a balance is still owed (at the time of write-off review), it is submitted for consideration to be written-off. Once approved, the write-off is posted in Yardi.
5. PM informs Compliance of the write-off and reports outstanding balances to a collection Company.

The next anticipated write-off will be for the first quarter of FY'24 covering July 1, 2023 through September 30, 2023. Upon approval, the write-offs will be processed through Yardi's write-off function with the tenant detail placed into the uncollectible accounts receivable database.

ISSUES FOR CONSIDERATION:

Does the Commission wish to accept staff's recommendation, which is supported by the Budget, Finance and Audit Committee, to authorize the write-off of uncollectible tenant accounts receivable for the fourth quarter of fiscal year 2023, totaling $73,335?

BUDGET IMPACT:

The recommended write-off of the tenant accounts receivable balances does not affect the net income or cash flow of the individual properties or the Agency as a whole. The write-off expense was recorded when the initial allowance was established because of the receivable balance being 90 days past due. The recommended write-off is to adjust the balance sheet and remove the aged receivable balances.

TIME FRAME:

For formal action at the October 4, 2023 Commission meeting.

The Budget, Finance and Audit Committee informally discussed the Uncollectible Tenant Accounts Receivable at its on September 20, 2023 and supports staff's recommendation.

STAFF RECOMMENDATION:

Staff requests that the Commission authorize the write-off of uncollectible tenant accounts receivable of $73,335 for the period covering April 1, 2023 to June 30, 2023.

RESOLUTION NO. 23-58 **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 April 1, 2023 – June 30, 2023 is $73,335, and is all attributable to former tenants within HOC's Opportunity Housing properties, Supportive Housing properties, and RAD 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 $73,335 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.

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on October 4, 2023.

____
Chelsea J. Andrews
Executive Director

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Development & Finance Committee

HOC HEADQUARTERS: APPROVAL TO NEGOTIATE AND EXECUTE A GUARANTEED MAXIMUM PRICE CONTRACT WITH PARADIGM CONTRACTORS, LLC

PURPOSE-BUILT HEADQUARTERS

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

ZACHARY MARKS, CHIEF REAL ESTATE OFFICER
JAY SHEPHERD, HOUSING ACQUISITIONS MANAGER

October 4, 2023

Table of Contents

Executive Summary

The Housing Opportunities Commission of Montgomery County ("HOC" or the “Commission"), a public body subject to the statutory provisions for mandatory referral review under Sections 20-301, et. of the Land Use Article of the Maryland Code (2012, as amended), is planning to construct its new headquarters office building ("Building" or "HOC HQ“ or “Property”) at the southeast corner of the intersection of Second Avenue and Fenwick Lane in Downtown Silver Spring.

The proposed nine (9) story building is designed with the top floor as a +/- 3,500 square feet amenity floor for all building occupants. The main entrance to the lobby is at the corner of Fenwick Lane & Second Avenue. Overall building height is set to be approximately 132 feet. On April 3, 2019, HOC authorized the Executive Director to execute a Development Agreement and Ground Lease[1] with Promark[2] for the joint development of the Property, engaged Design Collective, Inc. for architectural services to design and entitle, and administer construction for the HOC HQ, and subsequently on May 6, 2020, approved pursuing site development approval for the New HQ under Mandatory Referral.

On August 7, 2020, the first application of the two-step Mandatory Referral process, the Location Review Application, was submitted to Montgomery County Planning Board, and on November 12, 2020, it was unanimously approved. Subsequently, the Mandatory Referral Site Design and Architecture Application was approved on April 15, 2021, and the Administrative Subdivision Plan was approved on May 17, 2021.

On May 4, 2022, the Commission approved a revised total predevelopment budget of $5,020,756 for the design and entitlement of the New HQ and the Approval of the Construction Manager to negotiate and enter into a contract with JLL for construction management services. On April 21, 2023, the Commission approved the selection of Paradigm Contractors, LLC as the general contractor and authorized the Executive Director to execute an Early Start Agreement with Paradigm Contractors, LLC for an amount not to exceed $837,000 (which includes **$770,881** for early start work plus a $66,119 contingency), and to provide a Limited Notice to Proceed for the Early Start work. Additionally, on July 12, 2023, the Commission approved the Final Development Plan and budget, totaling approximately $74 million.

1. Beginning in Year 16, HOC would have a right to purchase the land covered by the ground lease at a price of $6,729,106; which is the annual ground lease payment for the 16th year capitalized at a 6.00% rate. The purchase option remains in place thereafter using the same formula for any given year.
2. As part of ground lease with Promark, the Commission engaged Promark for turnkey assistance with development and construction management of HOC’s new headquarters on the strength of Promark's reputation as a developer, County location, and lengthy experience in commercial office design, entitlement, and construction.

Executive Summary

Guaranteed Maximum Price ("GMP") Contract

The design team completed Construction Development documents and submitted them for Building Permits, which are expected in November 2023. The Design Team has subsequently completed the final design set known as Issued For Construction ("IFC") and Paradigm has been allowed the chance to provide final pricing based on the IFC Set.

The GMP Contract budget, as of September 15, 2023 ("September 2023 GMP Budget"), totals $50,109,878, or $609 per square foot based on an 82,220 square foot building. After the reduction of the early start phase of the work from the overall budget, the Vertical Construction budget amount is approximately $49,338,998. Contingency for the Early Start will not be needed and shall be added back to project contingency budgets. Overall total development costs for the opportunity decreased with the final projection estimated to be under $73M despite the July approval of $74M by the Commission.

Resolution Required: Approval to negotiate and execute a Guaranteed Maximum Price contract with Paradigm Contractors, LLC as the General Contractor ("GC") in an amount up to but not to exceed $50,109,878 and issue Notice to Proceed.

Development Plan | Construction Budget

On April 21, 2023, the Commission approved a two-phase contract with the HOC Headquarters' ("HQ") general contractor ("GC"), Paradigm Contractors, LLC ("Paradigm"), for the construction of its HQ. The first phase (the "Early Start" phase) allows for a limited scope of work consisting of releasing subcontractors to produce shop drawings for and buying out several trades with critical paths and long lead times. The Early Start construction phase is underway currently and is anticipated to be completed on or under its approved budget of $770,881. The additional contingency for the Early Start phase will not be used and shall be returned to the project hard cost contingency in the amount of $66,119.

The final GMP Contract budget is **$50,109,878**. This is an increase of $115,470 over the April 2023 budget due pricing more detailed drawings. The second phase (the "Vertical Construction" phase) would establish the Guaranteed Maximum Price ("GMP") of the GC contract through a GMP Contract and authorize a notice to proceed for the remainder of the project's construction. The GMP Contract reflects the total construction contract cost of the project, including the Early Start and Vertical Construction phases of construction.

Since the Commission last saw this in early July 2023, pricing was received based on the Issued For Construction ("IFC") set which resulted in a slight increase to total construction hard costs and is detailed in Table 1. The increase is attributable to HOC directed revisions to the plan that included the design for a Gender Neutral restroom on the first floor and consolidation of its mailroom within the building, to comply with the County mandate for public buildings.

The GMP Contract would be executed based on the total price. The early start agreement will be superseded by the GMP Contract when signed and is therefore embedded in the second phase of the work from the overall budget. Therefore, the GMP Contract amount is $50,109,878.

Staff recommends that the Commission authorize the Executive Director to negotiate and execute a GMP Contract in an amount up to but not to exceed $50,109,878 to be executed at closing of financing prior to construction commencement.

BUDGET PRICE PROPOSAL

Project Name HOC Headquarters

CSI DIVISION SUMMARY

CSI DIVISION	GMP	IFC Set	TOTAL
Division 1 - General Requirements/Conditions	$3,037,525	$6,205	**$3,043,730**
Division 2 - Existing Conditions	$55,000	$0	**$55,000**
Division 3 - Concrete	$5,128,500	$0	**$5,128,500**
Division 4 - Masonry	$451,500	$0	**$451,500**
Division 5 - Metals	$1,073,196	$0	**$1,073,196**
Division 6 - Wood, Plastic & Composites	$1,841,000	$18,100	**$1,859,100**
Division 7 - Thermal & Moisture Protection	$5,667,790	($480)	**$5,667,310**
Division 8 - Openings	$3,541,135	$6,363	**$3,547,498**
Division 9 - Finishes	$4,890,000	$3,885	**$4,893,885**
Division 10 - Specialties	$1,514,825	$5,428	**$1,520,253**
Division 11 - Equipment	$194,335	$0	**$194,335**
Division 12 - Furnishings	$1,127,507	$0	**$1,127,507**
Division 13 - Special Construction	$0	$0	**$0**
Division 14 - Conveying Equipment	$851,400	$0	**$851,400**
Division 21 - Fire Suppression	$521,500	$0	**$521,500**
Division 22 - Plumbing	$6,184,900	$58,499	**$6,243,399**
Division 23 - HVAC	$0	$0	**$0**
Division 26 - Electrical	$6,513,789	$9,941	**$6,523,730**
Division 27 - Communications	$1,173,000	$0	**$1,173,000**
Division 28 - Electronic Safety & Security	$588,200	$0	**$588,200**
Division 31 - Earthwork	$550,360	$0	**$550,360**
Division 32 - Exterior Improvements	$998,735	$0	**$998,735**
Division 33 - Utilities	$770,300	$0	**$770,300**
Division 34 Traffic Material Signals Proc	$30,000	$0	**$30,000**
Division 41 - Material Processing and Handling Equipment	$190,000	$0	**$190,000**
SUBTOTAL COSTS	**$46,894,497**	**$107,941**	**$47,002,438**
SUBTOTAL INDIRECT COSTS	**$3,099,911**	**$7,529**	**$3,107,440**
TOTAL CONSTRUCTION HARD COSTS	**$49,994,408**	**$115,470**	**$50,109,878**

Table 1: HQ GMP Budget with IFC Set. Date: 09/15/2023.

Development Plan | Construction Schedule

Early Start Development Milestones

- Early Start Approval - April 2023
- Early Start Contract Execution - June 2023
- Early Start Construction Mobilization - July 2023
- Financing Plan & GMP Approvals - October 2023
- Construction Closing – November 2023

Construction Timeline

Record Plat Approved – November 2023

Building Permits Approved–November 2023

Site Construction Start – December 2023

Substantial Completion – August, 2025

Final Completion – October, 2025

Overview

This project involves the construction of the HOC Headquarters in Silver Spring, Maryland. Paradigm Contractors, LLC was selected as the General Contractor (“Contractor”) where the basis of payment is a **Cost of the Work plus a fee with a Guaranteed Maximum Price (“GMP”)**. The Architect for the Project is Design Collective, Inc. (“Architect”).

Typical Contract Terms

Scope of Work

The Contract requires Paradigm to include in its GMP all work necessary, which could have reasonably been contemplated at the time of bidding, to complete the Project.

Baseline Schedule

Establishes a schedule of milestones, or Baseline Schedule, of which Substantial Completion is defined and projected to be achieved. If Contractor delays the Substantial Completion date of Project, there are typically liquidated damages to compensate the Owner for the delay.

GMP and Cost Savings

The Contractor has an incentive to keep costs below the GMP through the Cost Savings provision which provides, “If at the time of Final Payment, the actual Cost of the Work and the Contractor’s Fee is less than the GMP, as such GMP may be adjusted pursuant to the Contract Documents (“Savings”), typically fifty percent (50%) of the Savings shall accrue to the Owner and fifty percent (50%) of the Savings shall accrue to the Contractor.”[1]

Dispute Resolution

The parties usually agree that mediation shall be a condition precedent to Arbitration.

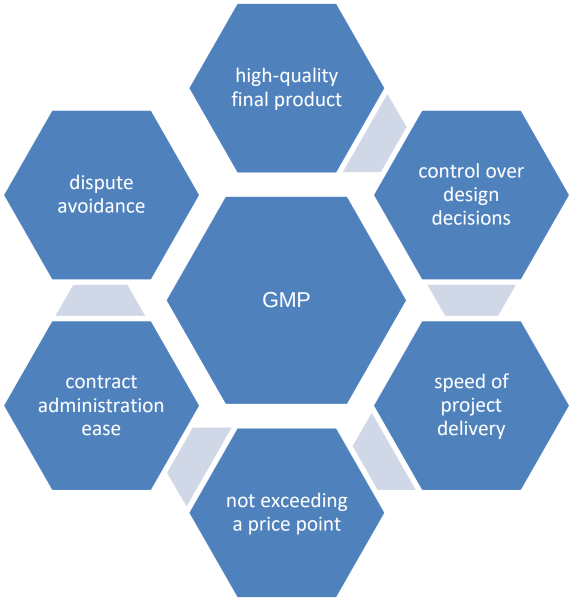
Defective Work

If the Contractor fails to carry out work per the contract documents, the Owner may issue a notice to stop work.

1 This cost savings arrangement is customary for other HOC projects though can vary by project, as conditions merit.

Benefits of Using a Cost-Plus GMP

Goals of the Project that are achieved during construction and benefitted by use of a Cost-Plus Fee with Guaranteed Max Price contract are:



COST-PLUS GMP AGREEMENTS: THE BASICS

Cost-Plus GMP Contract Agreements are “cost reimbursement” contracts. In a Cost-Plus price arrangement, there is no set or Fixed Fee. In other words, the contractor is paid for the Cost of the Work it incurs to complete the project, plus a Fee, not-to-exceed the GMP (absent scope changes or extenuating circumstances). The contractor is reimbursed for the Cost of the Work, up to the GMP.

The Cost of the Work, which the contractor is paid, is a ceiling and may never add up to the full dollar amount of the GMP. It is a limit on what HOC, as owner, might have to spend (absent scope changes or extenuating circumstances) to complete the project. The contractor typically bears the risk if the Cost of the Work exceeds the GMP.

For change orders:

- On a Cost-Plus GMP project, when the owner grants a change order to increase the GMP, the contractor *will not* necessarily be paid the increased GMP. It is possible, of course. But only if the Cost of the Work, due to the change which led to the change order, actually increases the price of the contractor’s performance.
- Change orders are very different on Fixed Fee projects.
- Cost-Plus GMP projects therefore benefit owners in that the Cost of the Work might not at up to the dollar amount of the GMP, and these lower actual project execution costs may result in construction cost “savings” under the GMP.

Prior Commission Actions Related to HOC HQ

RESOLUTION No. 18-69AS – On September 5, 2018, the Commission approved the Predevelopment Budget in the amount of $2,116,000 for the Design and Entitlement of Fenwick & Second; and the Approval to Draw on the $60 million PNC Bank, N.A. Line of Credit (the "PNC $60MM LOC") to Fund the First Installment of Predevelopment Funding in the amount of $264,500.

RESOLUTION No. 19-45AS$_1$ – On April 3, 2019, the Commission approved entering into a Ground Lease with Fenwick Silver Spring, LLC, and a Development Services Agreement with Promark Development, LLC for the Development and Ownership of HOC's New Headquarters Building and Approval of the Architect Selected to Complete Design and Construction Management for the Development. The resolution also authorizes the Executive Director to negotiate and enter into a contract with Design Collective, Inc. for architectural services in an amount not to exceed $1,100,000 from the $60MM PNC Bank, N.A. Line of Credit.

RESOLUTION No. 20-37A – On May 6, 2020, the Commission approved the submission of a Mandatory Referral Application for the New HOC HQ, revised the FY21 predevelopment budget for the New HOC HQ to $2,650,150, and approved the expenditures for CY20 under the second installment of Predevelopment Funding for $793,800.

RESOLUTION No. 21-19 (A & B) – On February 3, 2021, the Commission approved a revised total predevelopment budget of $2,908,300 for the design and entitlement of the New HQ and the use of the PNC Bank, N.A. Line of Credit as the source to fund the final installment of $750,000.

RESOLUTION No. 22-33 (A & B) – On May 4, 2022, the Commission approved a revised total predevelopment budget of $5,020,756 for the design and entitlement of the New HQ and the use of the PNC Bank, N.A. Line of Credit as the source to fund the final installment of $2,112,456; and Approval of the Construction Manager Selected to Complete Construction Management for the Development. The resolution also authorized the Executive Director to negotiate and enter into a contract with JLL for construction management services that obligates HOC only for the pre-construction phase.

RESOLUTION No. 23-28 – In Special Session on April 21, 2023, the Commission approved the selection of the General Contractor, authorized the Executive Director to execute an Early Start Agreement with the General Contractor, approved the reallocation of savings to the existing predevelopment budget to fund the Early Start, and approved the budget and selection of the Third-party Testing Contractor.

RESOLUTION No. 23-45 – On July 12, 2023, the Commission authorized the Executive Director to execute an amendment to the Ground Lease and the Memorandum of Ground Lease that changes the initial base term from 60 years to 99 years to ensure the property qualifies for the real property tax exemption under Maryland State Code Tax-Prop. Article 6-102(d) and approved the Final Development Plan for the New HQ.

Summary & Recommendations

ISSUES FOR CONSIDERATION

Will the Commission accept the staff's recommendation, which is supported by the Development & Finance Committee to grant its approval for the Executive Director to negotiate and execute a Guaranteed Maximum Price contract for the amount of $50,109,878 with Paradigm Contractors, LLC as the General Contractor for the HOC HQ and issue Notice to Proceed?

BUDGET/FISCAL IMPACT

There is no adverse impact on the Commission's FY2024 Operating Budget. The general contract will be funded from financing proceeds after closing of the bond issuance.

TIME FRAME

For formal action at the regular meeting of the Commission on October 4, 2023.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission approve the Executive Director to negotiate and execute a Guaranteed Maximum Price contract for the amount of $50,109,878 with Paradigm Contractors, LLC as the General Contractor for the HOC HQ and issue Notice to Proceed.

RESOLUTION No. 23-59 **RE: Approval to Negotiate and Execute a Guaranteed Maximum Price Contract with Paradigm Contractors, LLC**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"), has secured three lots located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910 (the "Property"), as the site of a new headquarters building (the "New HQ"); and

WHEREAS, on April 21, 2022, the Commission approved the selection of Paradigm Contractors, LLC ("Paradigm") as the general contractor ("GC") for the New HQ and authorized execution of an early start phase of the construction allowing the GC to perform a limited scope of construction work ("Early Start Work") under a limited notice to proceed in an amount not to exceed $837,000 which includes an owner contingency of $66,119; and

WHEREAS, the Commission desires to authorize the Executive Director to negotiate and execute a guaranteed maximum price contract ("GMP Contract"), which will establish the total construction contract cost for the project, including the Early Start Work and vertical phase of construction, in an amount not to exceed $50,109,878.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it authorizes the Executive Director, or her authorized designee, to negotiate and execute a GMP Contract with Paradigm as the general contractor for the New HQ in an amount not to exceed $50,109,878 and to issue a notice to proceed.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or her designee, is hereby authorized, without any further action on its part, 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 thereto.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County at an open meeting conducted on October 4, 2023.

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Chelsea J. Andrews
Executive Director

HOC HEADQUARTERS: APPROVAL OF THE FINANCING PLAN FOR CONSTRUCTION AND PERMANENT FINANCING; AND APPROVAL OF BOND AUTHORIZING RESOLUTION

1328 FENWICK LANE, SILVER SPRING, MD

CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR

MONTE STANFORD, DIRECTOR OF MORTGAGE FINANCE
VICTORIA DIXON, SR. MULTIFAMILY UNDERWRITER

October 4, 2023

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission"), exercising the statutory provisions for mandatory referral review under Sections 20-301, et. of the Land Use Article of the Maryland Code (2012, as amended), plans to construct a new headquarters office building ("Building" or "HOC HQ") at the southeast corner of the intersection of Second Avenue and Fenwick Lane in Downtown Silver Spring on land subject to a 99-year Ground Lease with a subsidiary of Promark Partners.

The proposed nine (9) story building is designed to consolidate operations and service centers from existing scattered offices of HOC into one central easily accessible location to improve operational efficiencies and convenience for HOC customers. HOC has entered into a Development Agreement and Ground Lease with Fenwick Silver Spring, LLC for the joint development of the Property. On May 4, 2022, the Commission approved a revised total predevelopment budget of $5,020,756 for final design and entitlement of the HOC HQ and on April 21, 2023, approved the selection of Paradigm Contractors, LLC, as the General Contractor ("GC") with an Early Start Agreement to be funded using the reallocation of savings from the existing predevelopment budget.

On July 12, 2023, the Commission approved a Final Development Plan of approximately $74,000,000, utilizing proceeds of tax-exempt governmental bonds to be issued by HOC and backed by the general obligation pledge of the Commission. Additionally, the Commission has been asked to earmark at least $4,655,000 in the General Fund Operating Reserve ("GFOR"), or the equivalent of one year of debt service payments, to establish a debt service reserve for this transaction, and to approve the final Guaranteed Maximum Price ("GMP") amount of the GC Contract, with the goal of finalizing permitting and starting construction in the fourth quarter of calendar year 2023.

HOC is expected to begin to take occupancy with the relocation of staff from the 10400 Detrick office. Subsequent relocations of staff from the East Deer Park and Silver Spring Service Center ("880 Bonifant") are expected to occur in 2026 resulting in offsetting cost savings to HOC's operating budget.

In order to execute the Development Plan, staff proposes the issuance of governmental bonds, backed by the general obligation pledge of the Commission, under the 2002 Multiple Purpose Indenture (the "2002 Indenture" or "Indenture") to reimburse predevelopment costs, and fund construction and equipping of the building for commencing operations, and repay sources for pre-development and early start expenses. Closing is expected to occur in November 2023 with completion by December 2025.

EXECUTIVE SUMMARY

Recommended Actions

Staff has completed its underwriting and with the support of the Development and Finance Committee, recommends the following actions of the Commission:

1) Approval of the HOC HQ Financing Plan and budget totaling approximately $76.9 million, funded by the following sources: (a) tax-exempt proceeds from the issuance of governmental bonds backed by the general obligation pledge of the Commission, to reimburse pre-development expenses and fund the construction and equipping of the Property, and (b) HOC Equity to fund a debt service reserve.
2) Approval of a Bond Authorizing Resolution for the issuance and delivery of long-term tax-exempt governmental bonds, backed by the general obligation pledge of the Commission, with a term of up to 43 years, under the 2002 Multiple Purpose Indenture in an amount up to $75 million, which proceeds will be funded into a subaccount of the Multiple Purpose Indenture Program Fund and invested in a guaranteed investment contract or other eligible investment until such proceeds are drawn by the Commission to pay costs of the development and may be used for other eligible costs of the Commission; selection of Bank of America, among the Commission's bond underwriters, as the Senior Manager of the bond issuance with PNC Bank N.A. as Co-Senior Manager; and authorization of Kutak Rock as bond counsel.
3) Authorize the Executive Director or her designee, to negotiate and execute all related transactional documents to effectuate closing, including any and all related tax documents.

FINANCING SCHEDULE

Oct 2023
- **Commission Approves the Financing Plan, Negotiation and Execution of GC Contract**

Nov 2023
- **Close on Bond Financing**

Dec 2023
- **Begin Construction (24 months)**

Nov 2025
- **Construction Complete**

Jan 2026
- ***Permanent Conversion***

TRANSACTION HIGHLIGHTS

Public Purpose	Development of this new headquarters is determined to meet an essential need of the Commission by providing office space from which to deliver affordable housing and supportive services through a new comprehensive Customer Service Center to residents of Montgomery County. Consolidation of HOC's offices and Customer Service Center from scattered locations nearing the end of their effective lives with correspondingly increasing capital requirements into the new building that meets new LEED Gold or Platinum sustainability levels, will generate operational cost savings and the opportunity for other efficiencies. In addition, the new location at a multi-modal hub of the Silver Spring Central Business District provides for greater accessibility for customers.
County Interest	None.
Volume Cap Allocation	Not Applicable.
Bond Financing	Up to $75 million of governmental bonds, backed by the general obligation pledge of the Commission, will be issued under the 2002 Multiple Purpose Indenture. Proceeds from the bonds will fund the construction and permanent debt phases of the Property with a term of up to 43 years. After the interest only period, the bonds will begin amortizing over the remaining 40-year term and will be repaid from HOC's general operating funds (see Slide 12).
Credit Enhancement	N/A - As a direct debt of HOC (Moody's "A2"), the bonds will be backed by HOC's General Obligation. Moody's is in process of rating this issuance.
Construction Bridge Loan	Not Applicable.
HOC Equity	HOC will contribute approximately $4.6 million from cash sources available to HOC to establish a reserve to cover one year's worth of permanent debt service and pay development costs (See Slide 12).
Developer Fee	The developer fee of approximately $3.2 million is payable to Promark for development services provided.
Development Team	**Owner:** Housing Opportunities Commission of Montgomery County, MD **Development Consultant:** Promark Development, LLC **General Contractor:** Paradigm Contractors, LLC **Architect:** Design Collective, Inc. **Property Management:** Housing Opportunities Commission of Montgomery County, MD **Construction Management:** Jones Lang LaSalle Incorporated

PRIOR COMMISSION ACTIONS

Date	Res.	Description of Commission Resolutions
September 5, 2018	18-69AS	Approval of a Predevelopment Budget in the amount of $2,116,000 for the Design and Entitlement of Fenwick & Second; and the Approval to Draw on the $60 million PNC Bank, N.A. Line of Credit (the “PNC $60MM LOC”) to Fund the First Installment of Predevelopment Funding in the amount of $264,500.
April 3, 2019	19-45AS$_1$ 19-45AS$_2$	Approval to enter into a Ground Lease with Fenwick Silver Spring, LLC, and a Development Services Agreement with Promark Development, LLC for the Development and Ownership of HOC’s New Headquarters Building and Approval of Design Collective, Inc. as the Architect selected to Complete Design and Construction Management for the Development. The resolution also authorized the Executive Director to negotiate and enter into a contract with for the architectural services in an amount not to exceed $1,100,000 from the $60MM PNC Bank, N.A. Line of Credit.
May 6, 2020	21-37A 21-37B	Approval to submit a Mandatory Referral Application for the New HOC HQ, revise the FY21 predevelopment budget for the New HOC HQ to $2,650,150, and approved payment of expenditures for CY20 under the second installment of Predevelopment Funding for $793,800.
February 3, 2021	21-19A 21-19B	Approval of a revised total predevelopment budget of $2,908,300 for the design and entitlement of the New HQ and the use of the $60MM PNC Bank, N.A. Line of Credit as the source to fund the latest installment of $750,000.
May 4, 2022	22-33A 22-33B	Approval of a revised total predevelopment budget of $5,020,756 for the design and entitlement of the New HQ and the use of the $60MM PNC Bank, N.A. Line of Credit as the source to fund the final installment of $2,112,456; selection of JLL as the Construction Manager Selected to Complete Construction Management for the Development. The resolution also authorized the Executive Director to negotiate and enter into a contract for construction management services that obligates HOC only for the pre-construction phase.
April 21, 2023	23-28	In a Special Session, the Commission approved the selection of Paradigm Contractors, LLC as General Contractor, authorized the Executive Director to execute an Early Start Agreement with the General Contractor, approved the reallocation of up to $837,000 in savings from the existing predevelopment budget to fund the Early Start, and approved the budget and selection of ECS Mid-Atlantic, LLC as the Third-party Testing Contractor with a cost up to $344,920.
July 12, 2023	23-45	Approved the Final Development Plan with a budget of approximately $74 million for the proposed construction of the headquarters building, utilizing proceeds of issuing tax-exempt general obligation bonds; and revision to the Ground Lease Agreement and the recorded Memo of Ground Lease, changing the initial base term to 99 years to ensure the property qualifies for the real property tax exemption under Maryland State Code Tax-Prop. Article 6-102(d);

PROPERTY OVERVIEW

Property Name	**HOC Headquarters**
Location	1328 Fenwick Lane, MD 20855
Property Manager	HOC
Total SF	82,193
Rentable SF	74,267

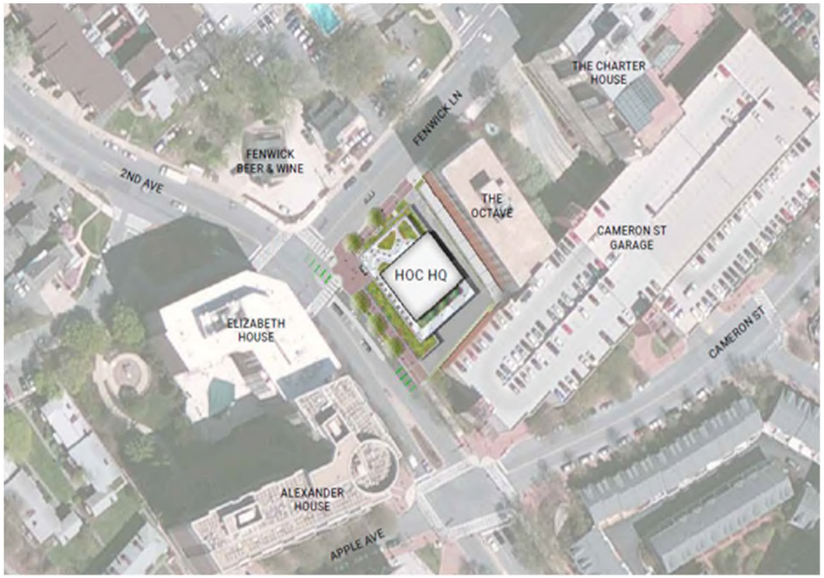
Amenities Building amenities for HOC customers include a new comprehensive Customer Service Center with a children play area, self-service kiosks and briefing rooms. Amenities for occupants include bike storage, shower facilities, multiple open dining spaces, a new state of the art Commission hearing room, and open/flexible employee seating. Neighborhood amenities include various retailers, services, and restaurants, with the new South County Regional Recreational and Aquatic Center and Silver Spring Metro Station (Red Line) two blocks away.

Planned Construction The proposed nine (9) story headquarters building is designed with the top floor as a +/- 3,500 square foot (SF) amenity floor for all building occupants. The main entrance to the lobby is at the corner of Fenwick Lane & Second Avenue. Demonstrating a strong commitment to sustainable building practices the building is expected to achieve LEED v4 BD+C Gold level certification and may reach LEED Platinum. An added benefit of the building's design is the ability to convert to residential in the future.

The project includes several sustainability features such as plumbing fixtures with 40% reduced potable water use, metering capabilities for water and energy sub-systems, and façade design optimization for energy use.

Additionally, the project incorporates a high-performance HVAC system and a building automation system for remote monitoring and energy management routines.

To incentivize alternative transportation options for staff and clients, on-site parking is excluded, however a major County parking facility is available next door.



Housing Opportunities Commission of Montgomery County

FINANCIAL OPERATING PROJECTIONS

	CURRENT OPERATIONS				PROJECTED OPERATIONS			
FY24 Budget	*10400*	*880*	*EDP (Pre)*	*TOTAL*	*HQ*	*EDP (Post)*	*TOTAL*	*Difference*
Admin	$569,910	$5,484	$468,503	**$1,043,897**	$661,554	$139,487	$801,041	**($242,856)**
Utilities	$146,256	$27,412	$64,020	**$237,688**	$113,050	$64,020	$177,070	**($60,618)**
Maintenance	$553,608	$105,276	$526,352	**$1,185,236**	$763,096	$526,352	$1,289,448	**$104,212**
Security	$67,008	$62,004	$67,104	**$196,116**	$79,884	$67,104	$146,988	**($49,128)**
Insurance	$34,480	$7,390	$10,860	**$52,730**	$109,365	$10,860	$120,225	**$67,495**
Taxes	$0	$0	$9,289	**$9,289**	$6,080	$9,289	$15,369	**$6,080**
	$1,371,262	**$207,566**	**$1,146,128**	**$2,724,956**	**$1,733,029**	**$817,112**	**$2,550,141**	**($174,815)**
CapEx Res.	$100,000	$0	$50,000	**$150,000**	$100,000	$50,000	$150,000	**$0**
	$100,000	**$0**	**$50,000**	**$150,000**	**$100,000**	**$50,000**	**$150,000**	**$0**
Base OpEx				**$2,874,956**	**$1,833,029**	**$867,112**	**$2,700,141**	**($174,815)**
Parking Passes	0	0	0	**$0**	$132,840	0	$132,840	**$132,840**
Metro Cards	0	0	0	**$0**	$4,500	0	$4,500	**$4,500**
Other	0	0	0	**$0**	$5,000	0	$5,000	**$5,000**
	$0	**$0**	**$0**	**$0**	**$142,340**	**$0**	**$142,340**	**$142,340**
Ground Lease	$0	$0	$0	**$0**	$197,539	$0	$197,539	**$197,539**
	$0	**$0**	**$0**	**$0**	**$197,539**	**$0**	**$197,539**	**$197,539**
Adjusted OpEx				**$2,874,956**	**$2,172,908**	**$867,112**	**$3,040,020**	**$165,064**
Debt Service	$0	$96,000	$0	**$96,000**	$4,630,936	$0	**$4,630,936**	**$4,534,936**
Annual Cost				**$2,970,956**	**$6,803,844**	**$867,112**	**$7,670,956**	**$4,700,000**

Despite increasing administrative and customer service space by more than 30%, the new headquarters is projected to operate at a savings to current base operations*. Base operations are those functions specifically related to the administrative and customer service space.

Staff continues to pursue reduction in utility costs via discounted participation in future County-provided solar on the neighboring Cameron Parking Garage. Staff is also in talks with the County to secure a discounted rate for parking at the Cameron Parking Garage.

While not an explicit savings, the $150,000 in annual capital expense reserves will now go much further with the replacement of significantly older facilities by new, purpose-built space.

The cost of parking and ongoing ground rent increase total operational costs of the new headquarters above current costs by a net 5.7% (assuming no further savings can be secured). However, the net increase in annual cost to HOC comes predominately from the debt service related to the construction of the new headquarters. As shown above, the $4,630,936 in debt service assumes sizing of the governmental bond issuance based upon a current estimated rate of 5.62%, including a 50 basis-point cushion, and amortizing over the remaining 40-year term.

*Base operations does not include cost of parking and the ground rent at the new headquarters building.

FINANCIAL OPERATING PROJECTIONS

HQ Net Cost Offset	
Vacancy Loss Reduction (Unrestricted Portfolio)	$1,700,000
Bad Debt Reduction (Historical)	$1,500,000
Expense Reduction (4%, Unrestricted Portfolio)	$1,000,000
Workers Comp. Insurance Correction	$500,000
TOTAL	**$4,700,000**

- *Debt service payments during construction are capitalized in the development budget*
- *Current operating budget ($2.97MM) will be allocated towards offsetting future operating expenses*
- *New net operating expenditures and debt service of ($4.70MM) will be absorbed into HOC's annual budget*

HOC's operating budget has grown over $67MM since 2019 ($31MM, excluding the Housing Choice Voucher ("HCV") program). The operating expenses and servicing of the debt associated with the new headquarters are projected to increase HOC's current operating expenditures by $4.7MM, representing net new costs of only 1.4% of growth over the $332MM FY24 budget (2.4%, excluding the HCV program). Staff has worked to identify a simple path to achieving full offset of the net additional cost of the new headquarters with a high degree of certainty, shown in the table above.

Identification and vetting of these sources was a collaborative effort among the Executive Office, Budget Office, Property Management, Maintenance, Risk Management, Asset Management and Real Estate Development divisions. While staff is confident that the performance of HOC's operations and assets can be achieved well beyond the above recommendations, the offset of the net new costs from the new headquarters requires only modest, fundamental improvements to property operations. HOC has two years to achieve these savings as the project budget is carrying capitalized interest expense during the construction of the new headquarters. Staff believes bond proceeds will be generated to fund more than two years of interest expense before cashflow from operating improvements will be utilized.

Implementation of these improvements to operations applied to the restricted properties within HOC's portfolio will also invariably produce increased net cash flow to HOC despite prohibitions against distributions. For those restricted properties where HOC is having to offset shortfalls, those shortfalls would be reduced or eliminated. HOC also has other payables, notes, and loans to these properties the repayment of which would allow for a dollar-for-dollar benefit to HOC. Notably the offset of the net new headquarters costs is achieved based on neither annual rent growth nor increased development and financing fee income.

Still, should the Commission wish to reduce the increased annual cost burden to the agency, HOC could draw on the OHRF as a source of project funding. This would lower the amount of the bond issuance and associated annual debt service expense. For every 2.5% in OHRF invested as an equity source, the annual debt service drops by approximately $114,000. It is also important to note that increments of 50 basis points of rate movement adds approximately $260,000-$320,000 in annual debt service.

FINANCIAL PLAN SUMMARY

Borrower	Housing Opportunities Commission of Montgomery County, MD
Public Purpose	Consolidate existing scattered offices and Customer Service Centers of HOC into one central location to increase operational efficiency in furtherance of its mission.
Tax-Exempt Bond Issuance (up to)	$75,000,000 Long-term tax-exempt governmental bonds, backed by the general obligation pledge of the Commission, under the 2002 Multiple Purpose Indenture
Permanent Mortgage Interest Rate (estimated)	5.62% (50 basis points ("bps") cushion)
Credit Enhancement / Collateral	HOC General Obligation
Permanent Loan Amortization / Term (up to)	40 Years / 43 Years
County Participation	100% Real Estate Tax Exemption

FINANCING PLAN

Sources	Amount	Per GSF
Tax-Exempt Bonds *	$72,282,106	$ 879
HOC Equity	$ 4,630,936	$ 56
Total Sources	**$76,913,042**	**$ 935**

Uses	Amount	Per GSF
Construction Costs	$ 58,355,552	$ 710
Fees Related to Construction	$ 4,958,641	$ 60
Financing & Legal Costs	$ 1,025,109	$ 12
Construction Interest	$ 4,517,094	$ 55
Development Fee **	$ 3,175,710	$ 39
Initial Debt Service Reserve	$ 4,630,936	$ 56
Initial Replacement Reserve	$ 250,000	$ 3
Total	**$ 76,913,042**	**$ 935**

Tax-Exempt Bonds

The transaction contemplates a) Issuance of up to $75 million of tax-exempt Governmental Bonds, b) HOC Equity; as sources to pay for: i) funding the costs to construct and equip the building and relocate staff, ii) reimbursement of development costs funded to date from the PNC LOC, and iii) establishing a debt service reserve. Any unallocated proceeds above costs of the transaction may be used to fund eligible expenses of the Commission.

HOC Equity

By way of separate Commission approval, the HOC Equity represents Commission resources in the General Fund Operating Reserve that will establish a one-year debt service reserve for the transaction of approximately $4.6 million.

The stabilized proforma heretofore discussed, illustrates that the Commission will generate sufficient net cashflow to pay increased operating expenses and debt service for the new building.

Furthermore, the total sources of funds are sufficient to meet all the projected uses of the Financing Plan; therefore, the transaction is determined to be feasible.

* Subject to interest rate movements, the supportable bond amount may increase to the requested $75 million.

** The developer fee is payable to Promark for services rendered, to be earned and payable as a percentage of completion during the development period.

ISSUES FOR CONSIDERATION

Will the Commission accept staff's recommendation, which is supported by the Development and Finance Committee, to approve of the following actions:

1) Approval of the HOC HQ Financing Plan and budget totaling approximately $76.9 million, funded by the following sources: (a) tax-exempt proceeds from the issuance of governmental bonds backed by the general obligation pledge of the Commission, to reimburse pre-development expenses and fund the construction and equipping of the Property, and (b) HOC Equity to fund a debt service reserve; and
2) Approval of a Bond Authorizing Resolution for the issuance and delivery of long-term tax-exempt governmental bonds, backed by the general obligation pledge of the Commission, with a term of up to 43 years, under the 2002 Multiple Purpose Indenture in an amount up to $75 million which proceeds will be funded into a subaccount of the Multiple Purpose Indenture Program Fund and invested in a guaranteed investment contract or other eligible investment until such proceeds are drawn by the Commission to pay costs of the development and may be used for other eligible costs of the Commission; selection of Bank of America, among the Commission's bond underwriters, as the Senior Manager of the bond issuance with PNC Bank N.A. as Co-Senior Manager; and authorization of Kutak Rock as bond counsel; and
3) Authorize the Executive Director or her designee, to negotiate and execute all related transactional documents to effectuate closing, including any and all related tax documents?

TIME FRAME

For formal action at the October 4, 2023 monthly meeting of the Commission.

BUDGET/FISCAL IMPACT

- Closing of the subject transaction is expected to occur in November 2023 with no impact to FY2024 fiscal budget.
- There is no expected impact to HOC's General Obligation borrowing capacity.
- Upon issuance of the bonds, HOC's initial cash position will increase as well as quick and current ratios, which will decline during the FY2024 as funds are drawn.
- Costs of issuance are expected to be approximately $875,000 and will be paid from bond proceeds.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED

Staff with support of the Development and Finance Committee, recommends the Commission approve of the following actions:

1) Approval of the HOC HQ Financing Plan and budget totaling approximately $76.9 million, funded by the following sources: (a) tax-exempt proceeds from the issuance of governmental bonds backed by the general obligation pledge of the Commission, to reimburse pre-development expenses and fund the construction and equipping of the Property, and (b) HOC Equity to fund a debt service reserve.
2) Approval of a Bond Authorizing Resolution for the issuance and delivery of long-term tax-exempt governmental bonds, backed by the general obligation pledge of the Commission, with a term of up to 43 years, under the 2002 Multiple Purpose Indenture in an amount up to $75 million which proceeds will be funded into a subaccount of the Multiple Purpose Indenture Program Fund and invested in a guaranteed investment contract or other eligible investment until such proceeds are drawn by the Commission to pay costs of the development and may be used for other eligible costs of the Commission; selection of Bank of America, among the Commission's bond underwriters, as the Senior Manager of the bond issuance with PNC Bank N.A. as Co-Senior Manager; and authorization of Kutak Rock as bond counsel.
3) Authorize the Executive Director or her designee, to negotiate and execute all related transactional documents to effectuate closing, including any and all related tax documents.

RESOLUTION No: 23-60A

RE: Approval of the Financing Plan for the Headquarters for the Housing Opportunities Commission of Montgomery County

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized thereby to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the Commission has determined to consolidate its administrative operations to a centralized headquarters location, and in accordance with the mandatory referral review under Section 20-301 of the Land Use Article of the Maryland Code, as amended, to construct a new headquarters office building at the southeast corner of the intersection of Second Avenue and Fenwick Lane in downtown Silver Spring, Maryland (the "Property" or "New HQ"); and

WHEREAS, the Commission has determined that the development of the New HQ will enhance the Commission's provision of supportive and efficient services to County residents in furtherance of the Commission's mission to provide decent, safe and sanitary dwelling accommodations available to rent, which "persons of eligible income" (within the meaning of the Act) can afford, all in accordance with the Act; and

WHEREAS, on April 3, 2019, the Commission authorized the Executive Director to execute a Development Agreement and Ground Lease with Promark Development, LLC for the joint development of the Property, engaged Design Collective, Inc. for architectural services and to administer construction for the New HQ, and subsequently on May 6, 2020, approved pursuing site development approval; and

WHEREAS, between September 5, 2018 and May 4, 2022, the Commission approved an aggregate total predevelopment budget of $5,020,756, funded by way of the $60 Million Line of Credit with PNC Bank, N.A.; and

WHEREAS, on April 21, 2023, the Commission selected Paradigm as general contractor for the New HQ, authorized the Executive Director to negotiate and enter into an Early Start Agreement for up to $837,000 and to negotiate a Guaranteed Maximum Price ("GMP") construction contract with Paradigm ("GC"), authorized a limited notice to proceed for the Early Start Work, and engaged ECS Mid-Atlantic, LLC as third-party inspector with a contract not to exceed $299,930; and

WHEREAS, on July 12, 2023, the Commission approved a Final Development Plan of approximately $74 million for the proposed construction of the headquarters building, utilizing proceeds of issuing tax-exempt general obligation bonds; and amendment of the Ground Lease to a base term of 99 years to ensure the property qualifies for the real property tax exemption under Maryland State Code Tax-Prop. Article 6-102(d); and

WHEREAS, contemporaneously, on October 4, 2023, the Commission has been requested to i) approve negotiation and execution of the GMP with the GC in an amount up to $50,109,000, ii) issue the notice to proceed, and iii) earmark $4,655,000 of the General Fund Operating Reserve (“GFOR”) as a debt service reserve for the New HQ.

WHEREAS, the Financing Plan of approximately $76.9 million has been developed for the acquisition, construction, and equipping the New HQ or such other eligible costs of the Commission; to include a) funds of the Commission earmarked in the GFOR, and b) issuing tax-exempt governmental bonds (“Bonds”) under the Multiple Purpose Indenture (“2002 Indenture”), backed by a pledge of the Commission’s general obligation, to be invested in a guaranteed investment contract (“GIC”) or other permitted investments until drawn, to 1) pay acquisition, construction, and equipping costs of the New HQ or such other eligible costs of the Commission, 2) reimburse predevelopment expenditures, and 3) pay financing costs of issuing the Bonds (the “Financing Plan”).

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves and accepts the Financing Plan with a maximum Bond issuance amount of $75,000,000 with a term of up to 43 years.

BE IT FURTHER 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 other actions necessary and proper to carry out the transactions contemplated herein including, but not limited to, the execution of any and all documents related thereto.

I HEREBY CERTIFY that the foregoing Resolution was adopted by Housing Opportunities Commission of Montgomery County at an open meeting on October 4, 2023.

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Chelsea J. Andrews
Executive Director

RESOLUTION: 2023-60B

Re: Authorization of the Issuance of the Commission's Multiple Purpose Bonds to Finance the Commission's New Headquarters

A RESOLUTION OF THE HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF TAX-EXEMPT AND/OR TAXABLE MULTIPLE PURPOSE BONDS 2023 SERIES C, IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $75,000,000 (THE "BONDS"); AUTHORIZING THE PREPARATION, EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, CERTAIN TAX-RELATED DOCUMENTS, A DISCLOSURE AGREEMENT, A GUARANTEED INVESTMENT CONTRACT OR OTHER ELIGIBLE INVESTMENT SECURITIES, AND ANY AND ALL OTHER RELATED DOCUMENTS; APPROVING THE PREPARATION, EXECUTION AND DISTRIBUTION OF PRELIMINARY AND FINAL OFFERING DOCUMENTS RELATING TO THE BONDS; AUTHORIZING THE EXECUTION OF ANY OTHER DOCUMENTS NECESSARY FOR THE ISSUANCE OF THE BONDS AND THE ACCOMPLISHMENT OF THE FINANCING PLAN DESCRIBED HEREIN; AUTHORIZING THE CHAIRMAN, VICE CHAIRMAN OR CHAIRMAN PRO TEM AND EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO PROCEED WITH THE SALE OF THE BONDS TO BOFA SECURITIES INC., AS SENIOR MANAGING UNDERWRITER, AND/OR TO ANY OTHER UNDERWRITERS OR TO ANY OTHER INITIAL PURCHASERS AND TO EXECUTE AND DELIVER A CONTRACT OF PURCHASE IN CONNECTION WITH SUCH SALE; AUTHORIZING THE EXECUTIVE DIRECTOR OR OTHER AUTHORIZED REPRESENTATIVE TO ESTABLISH THE TERMS OF THE BONDS AND TO MAKE ONGOING DETERMINATIONS RELATING THERETO; APPOINTING THE FINANCIAL ADVISOR AND BOND COUNSEL FOR THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Housing Opportunities Commission of Montgomery County (the "Commission") is a public body corporate and politic duly organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, known as the Housing Authorities Law (the "Act"), and authorized thereby to issue its notes and bonds from time to time to fulfill any of its corporate purposes; and

WHEREAS, the Commission has determined to consolidate its administrative operations to a centralized headquarters location, and in accordance with the mandatory referral review under Section 20-301 of the Land Use Article of the Maryland Code, as amended, to construct a new headquarters office building at the southeast corner of the intersection of Second Avenue and Fenwick Lane in downtown Silver Spring, Maryland (the "New Headquarters"); and

WHEREAS, the Commission has determined that the development of the New Headquarters will enhance the Commission's provision of supportive and efficient services to County residents in furtherance of the Commission's mission to provide decent, safe and sanitary dwelling accommodations available to rent, which "persons of eligible income" (within the meaning of the Act) can afford, all in accordance with the Act; and

WHEREAS, pursuant to the Act and to finance certain programs and corporate purposes of the Commission, the Commission has authorized the issuance of Multiple Purpose Bonds pursuant to the Multiple Purpose Indenture of Trust (the "Multiple Purpose Indenture"), dated as of April 1, 2002, by and between the Commission and The Bank of New York Trust Company, N.A. (formerly, SunTrust Bank), as trustee (the "Trustee") and one or more supplemental indentures (each, a "Supplemental Indenture," and collectively with the Multiple Purpose Indenture, the "Indenture"); and

WHEREAS, the Commission desires to issue its Multiple Purpose Bonds 2023 Series C (the "Bonds"), in one or more tax-exempt or taxable series, for the purpose of financing (a) a portion of the costs of the acquisition, construction and equipping of the New Headquarters or such other eligible costs of the Commission, including, without limitation, reimbursement of predevelopment expenditures incurred by the Commission in connection with the acquisition and construction of the New Headquarters and (b) certain costs of issuing the Bonds (collectively, the "Financing Plan"); and

WHEREAS, the Commission has determined to invest the proceeds of the Bonds in a guaranteed investment contract (the "GIC") or other eligible Investment Securities (as defined in the Multiple Purpose Indenture) and to requisition the Bond proceeds from time to time as construction costs are incurred and in accordance with the budget and draw schedule for the New Headquarters; and

WHEREAS, the Commission has determined to pledge as security for the Bonds the full faith and credit of the Commission, payable from any of the Commission's revenues, assets or moneys, subject only to agreements made with holders of indebtedness of the Commission for the payment thereof or as may be restricted by applicable federal laws; and

WHEREAS, the Commission has determined that the issuance and sale of the Bonds and the application of the proceeds as described above will facilitate the financing of the New Headquarters and will accomplish a valid public purpose of the Commission; and

WHEREAS, in connection with the issuance of the Bonds and the accomplishment of the Financing Plan, the Commission anticipates entering into various documents, including, but not limited to, one or more Supplemental Indentures, preliminary and final Offering Documents, a Disclosure Agreement, a Contract of Purchase, the Tax-Related Documents (as defined herein), the GIC and certain other documents relating to the Bonds and the Financing Plan (each such capitalized term not heretofore defined shall have the meaning as hereinafter set forth).

NOW, THEREFORE BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, as follows:

1. ***Bonds***. The Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed $75,000,000 to finance the acquisition, construction and equipping of the New Headquarters. Subject to the following sentence, the Bonds shall be separately designated "2023 Series C." Notwithstanding the foregoing, the Executive Director is hereby authorized to approve, in consultation with the Financial Advisor and Bond Counsel to the Commission, such greater number of series of Bonds to be issued in connection with the Financing Plan and to determine the designations therefor. The Bonds are to be issued pursuant to the terms of the Indenture. The Bonds shall be general obligations of the Commission for which its full faith and credit are pledged, payable from any of the Commission's revenues, assets or moneys, subject only to agreements made with holders of indebtedness of the Commission for the payment thereof or as may be restricted by applicable federal laws. The Bonds shall be issued as obligations the interest on which is excludable from gross income for federal income tax purposes (the "Tax Exempt Bonds") and/or as obligations the interest on which is includable in gross income for federal income tax purposes, subject to the approval of the Executive Director, in consultation with the Financial Advisor and Bond Counsel to the Commission.

2. ***Approval of Financing Plan.*** The Commission hereby approves the Financing Plan as described above pursuant to the terms and conditions set forth in the Indenture and such other documents approved hereby.

3. ***Supplemental Indenture***. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission, or any authorized designee of the Executive Director, is hereby authorized and directed to execute and deliver the Supplemental Indenture in such form as shall be approved by such officer, the execution of such Supplemental Indenture being conclusive evidence of such approval and of the approval of the Commission, and the Secretary-Treasurer of the Commission, or any other authorized officer of the Commission (each, an "Authorized Officer"), is hereby authorized and directed to affix the seal of the Commission to the Supplemental Indenture and to attest the same.

4. ***Tax-Related Documents***. The Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission is hereby authorized and directed to execute and deliver a Tax Regulatory Agreement and No Arbitrage Certificate and other documents relating to the Tax-Exempt Bonds (collectively, the "Tax-Related Documents") restricting the application of the proceeds of the Tax-Exempt Bonds in such forms as shall be prepared by Bond Counsel and approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director, their execution of the Tax-Related Documents constituting conclusive evidence of such approval and of the approval of the Commission.

5. ***Disclosure Agreement***. The Commission hereby authorizes and approves the execution and delivery of a continuing disclosure agreement (the "Disclosure Agreement") related to the Bonds, in such form as may be approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission, the execution and delivery of the Disclosure Agreement constituting conclusive evidence of such approval of the Disclosure Agreement and of the approval of the Commission.

6. ***GIC and Other Eligible Investment Securities***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is authorized to bid, negotiate and enter into a GIC or other eligible Investment Securities in connection with the investment of proceeds of the Bonds and in consultation with the Financial Advisor and Bond Counsel.

7. ***Offering Documents***. The Commission hereby authorizes and approves the preparation and distribution of one or more preliminary offering documents of the Commission and the preparation, execution and distribution of one or more final offering documents (collectively, the "Offering Documents"), each relating to the Bonds, in such forms as may be approved by the Chairman, the Vice Chairman, the Chairman Pro Tem or the Executive Director of the Commission, the execution and delivery of the Offering Documents constituting conclusive evidence of such approval of the Offering Documents and of the approval of the Commission.

8. ***Sale of Bonds***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is authorized to proceed with the sale of the Bonds to BofA Securities Inc., as senior managing underwriter, and/or such other underwriters as may be designated by the Commission, or to any other entity as shall be in the best interest of the Commission as determined by the Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission.

9. ***Contract of Purchase***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is authorized to execute a contract of purchase and/or any other form of purchase agreement (the "Contract of Purchase") in connection with the issuance, purchase and sale of the Bonds.

10. ***Terms; Ongoing Determinations***. The Executive Director or other Authorized Officer of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners to establish the dates, maturities, interest payment dates, denominations, terms of redemption, registration privileges, security and other terms, and to approve the interest rates on the Bonds, all of the foregoing to be specified in the related Supplemental Indenture. The Executive Director or other Authorized Officer of the Commission, as the case may be, is hereby authorized, without further action of or authority from the Board of Commissioners, to perform any act, to execute any documents, is hereby authorized, from time to time during the period the Bonds are outstanding, to make ongoing determinations, as may be required by the terms of the related Supplemental Indenture and any other financing documents relating to the Bonds, including, but not limited to, the giving and withholding of consents, the selection of certain providers and the refunding and redemption of the Bonds, and the Executive Director or other Authorized Officer of the Commission, as the case may be, is further authorized to execute any and all documents evidencing such determinations as may be deemed necessary and proper.

11. ***Other Action***. The Chairman, the Vice Chairman, the Chairman Pro Tem, the Executive Director or other Authorized Officer of the Commission is hereby authorized and directed to execute and deliver any and all additional documents and instruments necessary or proper to be executed and delivered and cause to be done any and all acts and things necessary

or proper for carrying out the transactions contemplated by this Resolution relating to the issuance and sale of the Bonds and the accomplishment of the Financing Plan.

12. ***Appointment of Financial Advisor and Bond Counsel***. Caine Mitter & Associates Incorporated is hereby appointed as Financial Advisor to the Commission, and Kutak Rock LLP, Washington, D.C., is hereby appointed as Bond Counsel in connection with the issuance of the Bonds.

13. ***No Personal Liability***. No stipulation, obligation or agreement herein contained or contained in the Bonds, the Supplemental Indenture, the Contract of Purchase, the Tax-Related Documents, the Offering Documents, the Disclosure Agreement, the Real Estate Documents or in any other agreement or document executed on behalf of the Commission shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of the Commission in his or her individual capacity, and no such Commissioner, officer, agent or employee shall be personally liable on the Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

14. ***Action Approved and Confirmed***. The Commission hereby approves and confirms (a) all acts and doings of the officers of the Commission which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance of the Bonds and the accomplishment of the Financing Plan are hereby approved, and (b) the execution, delivery and performance of the documents and agreements authorized hereby are in all respects.

15. ***Severability***. If any provision of this Resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision hereof or cause any other provision hereof to be invalid, inoperative or unenforceable to any extent whatsoever.

16. ***Effective Date***. This Resolution shall take effect immediately.

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I HEREBY CERTIFY that the foregoing Resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on October ___, 2023.

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Chelsea J. Andrews
Secretary-Treasurer and Executive Director

MetroPointe: Approval to Acquire Limited Partner Interest in Wheaton Metro Limited Partnership

Year 15 LP Buyout

Chelsea Andrews, Executive Director

John Wilhoit, Director of Asset Management
Zachary Marks, Chief Real Estate Officer

October 4, 2023

Executive Summary - Overview

WELLS FARGO

Wheaton Metro LP

MetroPointe is 173 units in the heart of Wheaton, Maryland, offering stylish modern apartments and a vibrant neighborhood with every convenience, including a Safeway across the street. Built within air rights for the Wheaton Metro station’s Kiss & Ride conferred by the Washington Metropolitan Area Transit Authority (“WMATA”), MetroPointe is right on the Red Line. MetroPointe offers a fitness center, clubroom, and landscaped courtyard terraces.

MetroPointe was constructed in 2008, and financed with an HOC first mortgage, Low Income Housing Tax Credit (“LIHTC”) equity proceeds, and subordinate state, county, and HOC support. A limited partnership, Wheaton Metro LP, was formed to receive the equity investment. The Housing Opportunities Commission of Montgomery County (“HOC”) is the general partner in that partnership, and an affiliate of Wells Fargo (“Wells”) is the limited partner.

The tax credits associated with the LIHTC equity investment were delivered over the first 10 years after MetroPointe opened. The initial compliance period of 15 years elapsed in 2023. On July 11, 2023, HOC received a proposal from Wells to sell its interests to HOC in Wheaton Metro LP for $100 plus legal fees and any exit taxes. HOC’s consultant, Novogradac, has determined that there are no exit taxes payable.

Post acquisition of the limited partner’s interest, MetroPointe is in the pipeline for renovation via LIHTC re-syndication by the HOC Real Estate Development (“RED”) team in FY 2025. Renovation will include interior and exterior upgrades to enhance the asset’s marketability, reinforcement of structural components, and reinvestment in building systems.

No renovation and recapitalization can occur until HOC acquires the limited partnership interest in Wheaton Metro LP. Acquisition of the limited partnership interest does not materially affect HOC’s ongoing risk exposure to the property.

Wheaton MetroPointe

MetroPointe's 173 units are owned in two condominiums, each with a different owner. Wheaton Metro LP owns the 53 affordable units originally funded with the 9% LIHTC equity. The 120 unrestricted units are owned by HOC via the Wheaton Metro Development Corporation.

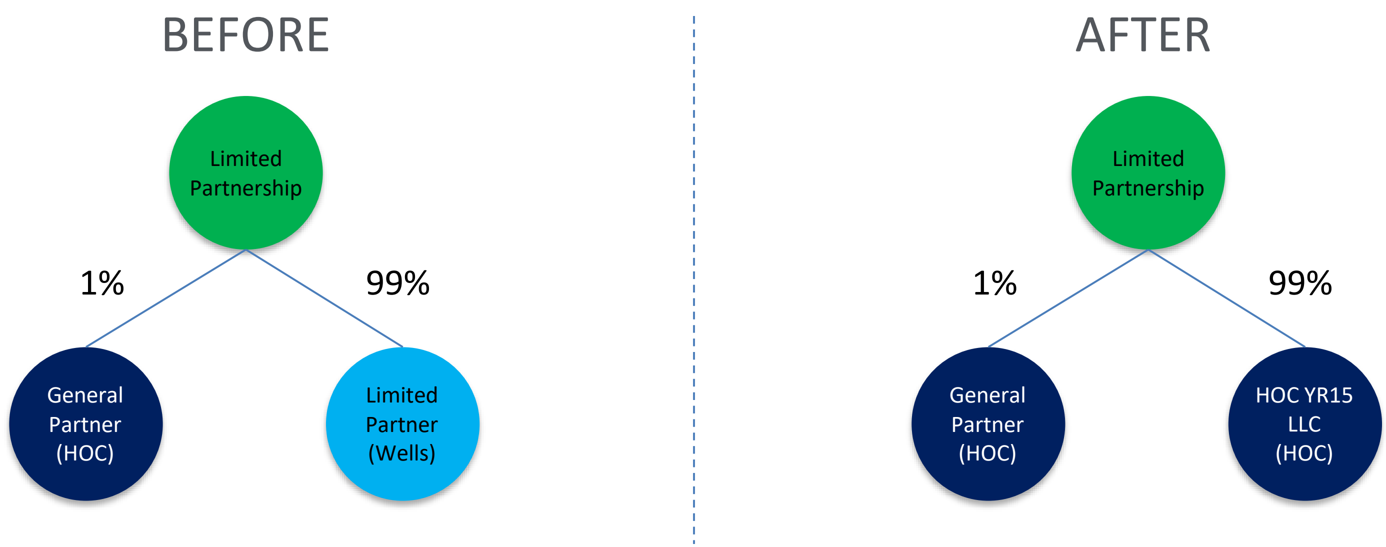
Delivered in 2008, just before the Global Financial Crisis, MetroPointe has consistently struggled to maintain positive net operating income, but this is prevalent for the Development Corporation owner. HOC provides annual funding to the property to address operating shortfalls during its budget process. A major focus of the prospective re-syndication of the property will be eliminating these annual shortfalls and putting MetroPointe onto a sound financial path.

However, unlike many of HOC's other re-syndications, there is substantial existing debt on the property. Coupled with higher interest rates and inflated construction pricing, the existing debt will make raising adequate funding sources challenging. The Real Estate Development division will be presenting the Commission with a Preliminary Development Plan in late 2023 or early 2024, outlining the likely scope and financing for the renovation project.

Notes payable excluded from this analysis is approximately $27 million first mortgage that is outstanding for the Development Corp units.

Uses	
Acquisition Cost	$100
Year 15 Consultant Fees	$5,000
Total	$5,100
Cash on Hand	
Cash and Cash Equivalent (2016 Bal.)	$496,771
Total	$496,771
Net Operating Income	
Total Operating Revenue	$809,621
Operating Expenses	($458,241)
Net Operating Income	$351,380
Debt Service (ex. County & HOC Loans)	$208,656
Debt Service Coverage Ratio	1.7x
Existing Debt Obligations	
Taxable First Mortgage	$2,557,837
County Loans	$1,147,221
State Loans	$1,530,000
HOC Advances	$524,315
Total	$5,759,373
Debt Service Coverage - w/ County Loan	
Net Operating Income	$351,390
Debt Service (ex. County & HOC Loans)	$208,656
Debt Service Coverage Ratio	1.7x

Acquisition Logistics



HOC YR15 LLC is an existing entity that was created to temporarily hold limited partner interests when an LIHTC investor exits.

Summary and Recommendations

ISSUES FOR CONSIDERATION

Does the Commission wish to accept staff's recommendation, which is supported by the Development & Finance Committee and:

1. Approve the acquisition of the limited partner interest from Wells Fargo for Wheaton Metro LP for $100 plus legal fees?
2. Approve the assignment of the limited partner interest for Wheaton Metro LP to HOC YR15 LLC, of which HOC is the sole member?
3. Authorize the Executive Director to take any and all actions necessary and proper to carry out the acquisition of the limited partner interest for Wheaton Metro LP?
4. Approve a loan of up to $6,000 from the Opportunity Housing Reserve Fund for the acquisition and related costs?

BUDGET IMPACT

The acquisition of the Wheaton Metro LP interest is scheduled to close in October 2023; therefore, this will cause an increase in the Agency's FY2024 operating budget by seven (7) months of operating performance for MetroPointe. A budget amendment will be presented to the Budget Finance & Audit Committee in December for approval by the Commission in January 2024. Additionally, this acquisition will increase assets in the Opportunity Housing Fund by the value of the acquisition of MetroPointe.

TIME FRAME

For formal action in an open session of the Commission on October 4, 2023.

STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff recommends that the Commission:

1. Approve the acquisition of the limited partner interest from Wells Fargo for Wheaton Metro LP for $100 plus legal fees.
2. Approve the assignment of the limited partner interest for Wheaton Metro LP to HOC YR15 LLC, of which HOC is the sole member.
3. Authorize the Executive Director to take any and all actions necessary and proper to carry out the acquisition of the limited partner interest for Wheaton Metro LP.
4. Approve a draw of up to $6,000 from the Opportunity Housing Reserve Fund for the acquisition related costs.

RESOLUTION No. 23-61 **RE: Approval to Acquire the Limited Partner Interests in Wheaton Metro Limited Partnership for $100**

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") is the general partner in a number of limited partnerships ("LIHTC Partnerships") that own and operate affordable properties financed by Low Income Housing Tax Credit ("LIHTC") equity;

WHEREAS, when the initial 15-year compliance period associated with the LIHTC financing for these properties have expired, HOC acquires full ownership in the LIHTC Partnerships so it may reinvest in and preserve the inventory of affordable housing at these locations; and

WHEREAS, HOC is the general partner in Wheaton Metro Limited Partnership ("MetroPointe"), and Wells Fargo ("Wells"), as successor in interest to Wachovia Affordable Housing Community Development Corporation, is the limited partner/LIHTC investor; and

WHEREAS, HOC is the sole member of HOC YR15 LLC, which is an existing entity that was created to temporarily hold limited partner interests when a LIHTC investor wants to exit a partnership; and

WHEREAS, on July 11, 2023, HOC received an unsolicited offer from Wells to sell its limited partner interests in MetroPointe to HOC; and

WHEREAS, HOC and Wells have agreed on a negotiated price of $100 at which Wells will sell its interests in MetroPointe to HOC; and

WHEREAS, HOC has agreed to pay for Wells' closing fees estimated at $6,000, and staff proposes a draw on the Opportunity Housing Reserve Fund ("OHRF") to fund the closing costs; and

WHEREAS, HOC and Wells have also agreed to modify the existing limited partnership agreement to amend the distribution of profits and losses for the property for the 2023 calendar year, such that HOC receives 99% of those profits and losses, and Wells receives 1% of those profits and losses.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of MetroPointe, as its general partner, that it approves the acquisition of the limited partner interests in MetroPointe by HOC YR15 LLC for a total price of $100.

BE IT FURTHER RESOLVED, by the Housing Opportunities Commission of Montgomery County, on behalf of HOC YR15 LLC as its sole member, that it approves acquiring the limited partner interests in MetroPointe.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director is hereby authorized to draw $6,000 from the OHRF for closing costs related to this transaction.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of MetroPointe, as its general partner, that it authorizes the amendment of the existing limited partnership agreement for MetroPointe to reflect that for the 2023 calendar year HOC shall receive 99% of the profit and losses, and Wells shall receive 1% of the profit and losses.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of MetroPointe and HOC YR15 LLC, that the Executive Director of HOC is hereby authorized and directed to take any and all other actions necessary and proper to carry out the transaction contemplated herein, including executing any related documents.

I HEREBY CERTIFY that the foregoing resolution was approved by the Housing Opportunities Commission of Montgomery County in an open meeting conducted on October 4, 2023.

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Chelesa J. Andrews
Executive Director

Items Requiring Deliberation and/or Action

HOC 5-YEAR STRATEGIC PLAN

Update on Process for Developing Final Plan

October 4, 2023

Housing Opportunities Commission
OF MONTGOMERY COUNTY

Housing Opportunities Commission
OF MONTGOMERY COUNTY

Project Timeline

- **Project Planning & Kickoff** — May-June
- **Stakeholder Engagement** — June-July
- **Develop Draft Strategic Plan** — August-September
- **Commission Review & Approval** — **Fall 2023**
- **Phase II - Implementation Plan**

Project Timeline

Develop Draft Strategic Plan

Late October - Early November

Commission worksession(s) to discuss and approve key elements of Strategic Plan

Early November

Public Works develops draft Plan based on framework approved by the Commission

Commission Review & Approval of Final Strategic Plan

Mid November

Phase II - Implementation Plan

Closing Statement

Written Statement for Closing a Meeting ("**Closing Statement**")
Date: October 4, 2023

A. Pursuant to Section 3-305(b) and (d) of the General Provisions Article of the Annotated Code of Maryland, I move to adjourn this open session to a closed session only:

1. _**X**_ "To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; any other personnel matter that affects one or more specific individuals";
7. _**X**__ "To consult with counsel to obtain legal advice";
8. _**X**__ "To consult with staff, consultants, or other individuals about pending or potential litigation";
9. _**X**__ "To conduct collective bargaining negotiations or consider matters that relate to the negotiations"; and
13. _**X**__ "To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter."

B. For each provision checked above, the topic to be discussed and the reason for discussing that topic in closed session is provided below.

Statutory Citation	**Topic**	**Reason for closed-session discussion**
§3-305(b)(1)	The discussion of personnel matters that impact individual employees.	The meeting must be closed to the public because it involves individual employees over whom HOC has jurisdiction, and the discussion will include personal information about those employees, including their performance.
§3-305(b)(7)	Obtaining legal advice from legal counsel about potential litigation.	The meeting must be closed to the public in order to protect HOC's attorney-client privilege.
§3-305(b)(8)	Discussing with staff a matter that could result in potential litigation.	The meeting must be closed to protect HOC's interests in potential litigation.
§3-305(b)(9)	Updates on the ongoing union negotiations.	This meeting must be closed to the public to protect the confidentiality of the negotiations.
§3-305(b)(13)	Discussing information that is subject to attorney-client privilege.	Section 4-301(a)(1) of the Maryland Public Information Act prevents disclosure of information if, by law, the information is privileged or confidential. The meeting must be closed to protect HOC's attorney-client privilege.

C. This statement is made by Roy Priest, Chair.

D. Recorded vote to close the meeting:

- Date: October 4, 2023 Time: _________________
- Location: HOC's Kensington Office (10400 Detrick Avenue, Kensington, MD 20895), Zoom, & Livestream (YouTube).
- Motion to close meeting made by: ____

- Motion seconded by: ____
- Commissioners in favor: ____
- Commissioners opposed: ____
- Commissioners abstaining: ____
- Commissioners absent: ____

Officer's Signature: _____________________________________

Adjourn

Closed Session