

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Development and Finance Committee Minutes

October 27, 2023

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Development and Finance Committee was conducted via a hybrid platform (a combination of in-person and online platform/teleconference) on October 27, 2023 with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:10 a.m. There was a livestream of the meeting held on YouTube, available for viewing [here](#). Those in attendance were:

Present

Jeffrey Merkowitz - Chair
Richard Y. Nelson, Jr. - Commissioner
Robin Salomon - Commissioner

Also Attending

Chelsea Andrews, <small>President/ Executive Director</small>	Kayrine Brown, <small>Senior Executive Vice President</small>
Aisha Memon, <small>SVP Legal Affairs</small>	John Wilhoit
Monte Stanford	Zachary Marks
Alex Laurens	Victoria Dixon
Paulette Dudley	Richard Congo
Kathryn Hollister	Morgan Tucker

Via Zoom

Jay Shepherd	Timothy Goetzinger
Kai Hsieh	Claudia Wilson
John Broullire	Terri Fowler
Ellen Goff	Paul Vinciguerra
Alex Torton	Contessa Webster
Matt Husman	

IT Support

Aries Cruz, IT Support

Commission Support

Alicia Black, Temp Assistant – Executive

APPROVAL OF MINUTES

The minutes of the September 22, 2023 Development and Finance Committee meeting were approved upon a motion by Commissioner Nelson and seconded by Commissioners Salomon. Affirmative votes were cast by Commissioners Salomon, Merkowitz, and Nelson.

DISCUSSION/ACTION ITEMS

- 1. Hillandale: Approval of the Financing Plan, Feasibility and Public Purpose; Authorization to Issue Loans to Hillandale Gateway, LLC, HOC at Hillandale AR, LLC and HOC at Hillandale NAR, LLC for Acquisition and Construction Financing; Authorization to Issue a Commitment for Permanent Financing; and Authorization for the Borrows to Accept Loans in Accordance with the Finance Plan.**

Chelsea Andrews, Executive Director, provided an overview and introduced Monte Stanford, Director of Mortgage Finance, and he introduced Senior Multifamily Underwriter, Victoria Dixon, who provided the presentation. Staff recommended the Development and Finance Committee join in recommending that the Commission take the following actions for the non-age restricted (NAR) building:

1) Approval of the Financing Plan for the Hillandale NAR building totaling approximately \$211.6 million.

2) Approval of the feasibility and public purpose of the NAR building for the allocation of up to \$30,000,000 in volume cap for the transaction, as subject to available volume cap.

3) Approval of a Bond Authorizing Resolution for the issuance and delivery of short-term and long-term, tax-exempt, fixed and variable, indebtedness equal to: (a) up to \$30,000,000 of 2023 Series B Bonds under the 1996 Indenture and (b) up to \$30,000,000 of taxable indebtedness to fund the taxable portion of the Citi NAR Construction Loans, and (c) up to \$120,000,000 to fund the tax-exempt governmental portion of the Citi NAR Construction Loans).

4) Approval for HOC to enter into a guaranty of completion, up to 25% repayment, debt service and carry, and standard carveouts for environmental issues, fraud, misrepresentation, and bankruptcy.

5) Authorization for HOC to issue Financing Commitments for the NAR Risk Share Permanent Loan, which proceeds will repay the Citi NAR Construction Loans, with balloon payment at or before year 25, in an amount up to \$30,000,000 to HOC at Hillandale NAR, LLC and \$105,000,000 to Hillandale Gateway, LLC, to be funded from proceeds of the 2023 Series B Bonds and future issuance of variable rate NAR Governmental Bonds.

6) Approval for HOC to provide credit enhancement for the NAR Risk Share Permanent Loan via FHA Risk Share Mortgage Insurance, pursuant to the Risk Sharing Agreement between HOC and HUD, and for HOC and HUD to assume, respectively, 50% and 50% of the risk for the transaction.

7) Approval for the Executive Director to enter into one or more interest rate hedges with qualified counter parties on and immediate and/or forward starting basis to manage interest rate risk of the Citi NAR Construction Loans, Bridge Loan, and NAR Governmental Bonds.

8) Approval to increase the HOC proceeds of the Opportunity Housing Reserve Fund to the borrower(s) from \$6 million up to \$9.2 million, which may be partially repaid upon receipt of energy efficiency rebates/grants and other loans.

9) Approval to negotiate and for HOC at Hillandale NAR, LLC to accept a subordinate loan from the County Green Bank.

10) Approval for the NAR Borrower and HOC, as appropriate to negotiate, make, and accept conduit loans made from the proceeds of the Citi NAR Construction Loans, the NAR Risk Share Permanent Loan, Bridge Loan, HOC Loans and various other subordinate loans as described herein.

Staff recommended the Development and Finance Committee join in recommending that the Commission take the following actions for the age-restricted (AR) building:

1) Approval of the Financing Plan for the Hillandale AR building totaling approximately \$109.3 million.

2) Approval of the feasibility and public purpose for the AR Building with the allocation of up to \$47,000,000 in volume cap for the transaction, as subject to available volume cap.

3) Approval of a Bond Authorizing Resolution for the issuance and delivery of the Citi AR Funding Loan in an amount not to exceed \$47,000,000, to fund the Citi AR Borrower Loan.

4) Approval for the AR Borrower and HOC, as appropriate, to negotiate and accept the Wells AR Construction Loans in an amount up to \$47,000,000, with HOC acting as conduit lender.

5) Approval for HOC to enter into a guaranty of completion, up to 25% repayment, loan balancing, and standard carveouts for environmental issues, fraud, misrepresentation, and bankruptcy.

6) Approval for HOC to negotiate and accept a forward-lock agreement for the permanent Citi AR Funding Loan and the Citi AR Borrower Loan, with such permanent loan to have a balloon at or before year 25, in an amount up to \$47,000,000, with HOC acting as conduit lender.

7) Approval for the Executive Director to enter into one or more interest rate hedge agreements with qualified counter parties to manage variable interest rate risk of the Wells AR Construction Loan, Bridge Loan, Citi AR Funding Loan, and the Citi AR Borrower Loan.

8) Approval to increase the HOC Loan from proceeds of the Opportunity Housing Reserve Fund to the borrower from \$6 million to \$15 million which may be partially repaid upon receipt of energy efficiency rebates/grants and other loans. 9) Approval for the Borrower to accept the proposed Wells AR Construction Loan, Citi AR Borrower Loan, HOC Loan, and County Loans.

Staff addressed Commissioners’ questions. A motion was made by Commissioner Merkowitz to accept staff’s recommendations. Commissioner Salomon seconded the motion. Affirmative votes were cast by Commissioners Salomon, Nelson, and Merkowitz.

2. Procurement: Approval to Create an Architectural Services Pool, Pursuant to RFQ 2383.

Chelsea Andrews, Executive Director, provided an overview and introduced Paul Vinciguerra, Construction Manager, who provided the presentation. Staff requested that the Development & Finance Committee join it in recommending to the Commission approval to:

1. Select the following architectural firms to create a pool of 14 Architects and Accessibility consultants:

Firm Name	Firm Name	Firm Name
Axis Architects	Design Collective	Moya Design
Bennett Frank McCarthy Architects, Inc.	Karl Riedel Architecture, P.C.	Sorg & Associates
BKV Group	KGD Architecture	Torti Gallas and Partners
Collimore Architects	Miner Feinstein Architects, LLC	Zavos Architecture and Design, LLC
Cunningham Quill Architects	Moseley Architects	

2. Approve the ability to retain an architect from this pool for all phases of a transaction under the same terms of the pool contract to maintain continuity and provide for more timely completion of tasks.

3. Authorize the Executive Director to execute zero-dollar contracts with each member of the pool for an annual aggregate cap of \$2,500,000.

Staff addressed Commissioners’ questions. A motion was made by Commissioner Nelson and seconded by Commissioners Salomon to recommend to the full Commission to support staff’s recommendation. Affirmative votes were cast by Commissioners Merkowitz, Salomon and Nelson.

3. Procurement: Approval to Create a Development & Finance Consulting Pool.

Chelsea Andrews, Executive Director, provided an overview and introduced Alex Laurens, Housing Acquisition Manager. Staff requested that the Development & Finance Committee join in recommending to the Commission approval of the formation of a pool of development and financing consultants consisting of twenty-two (22) firms selected from the respondents to RFQ# 2386. Firms in the pool would be placed under zero-dollar contracts.

Staff addressed Commissioners' questions. A motion was made by Commissioner Salomon and seconded by Commissioner Nelson to recommend to support staff's recommendation to the full Commission. Affirmative votes were cast by Commissioners Merkowitz, Salomon, and Nelson.

4. Procurement: Approval to Select a General Contractor for Renovations on Various Scattered Site Properties. Pursuant to IFB 2424; Approval of Executive Director to enter into contract negotiations.

Chelsea Andrews, Executive Director, provided an overview and introduced Zachary Marks, Chief Real Estate Officer and Paul Vinciguerra, Construction Manager, who provided the presentation. Staff recommended that the Development and Finance Committee join its recommendation to the Commission to:

1. Select Community Investment and Remodelers Inc. as the general contractor for the renovation of ten (10) scattered site units pursuant to IFB #2424; and
2. Authorize the Executive Director to negotiate execute a contract with Community Investment and Remodelers Inc. for \$1,400,000.

Staff addressed Commissioners' questions. A motion was made by Commissioner Saloman and seconded by Commissioner Nelson, to recommend to support staff's recommendation to the full Commission. Affirmative votes were cast by Commissioners Merkowitz, Salomon, and Nelson.

5. MetroPointe: Authorization of Payment of Deferred Developer Fee for MetroPointe.

Chelsea Andrews, Executive Director, provided an overview and introduced Zachary Marks, Chief Real Estate Officer, who provided the presentation. Staff requested that the Development & Finance Committee join its recommendation to the Commission to approve funding the \$750,000 in deferred development fee due to Bozzuto per the Development Agreement from the Opportunity Housing Reserve Fund.

Staff addressed Commissioners' questions. A motion was made by Commissioner Salomon and seconded by Commissioner Nelson, to recommend to support staff's recommendation to the full Commission. Affirmative votes were cast by Commissioners Merkowitz, Salomon, and Nelson. Commissioner Nelson asked for more detailed information to be provided before the full Commission meeting.

6. MPP: Approval of New Participating Lender for Single Family Mortgage Purchase Program.

Chelsea Andrews, Executive Director, provided an overview and introduced Monte Stanford, Director of Mortgage Finance and Paulette Dudley, Program Specialist III, who provided the presentation. Staff recommends that the Development and Finance Committee join its recommendation that the Commission approve NewRez, LLC for participation in the Single Family Mortgage Purchase Program.

Staff addressed Commissioners' questions. A motion was made by Commissioner Salomon and seconded by Commissioner Nelson, to recommend to support staff's recommendation to the full Commission. Affirmative votes were cast by Commissioners Merkowitz, Salomon, and Nelson.

Based upon this report and there being no further business to come before this session of the Development and Finance Committee, the Committee adjourned the meeting at 11:51 a.m.

Respectfully submitted,

Chelsea Andrews
Secretary-Treasurer

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