



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

EXPANDED AGENDA

March 2, 2022

YouTube Link: https://youtu.be/WMXs_E1OU8I

In order to continue to implement recommended social distancing guidelines, HOC will conduct its meetings via an online platform and teleconference call until further notice.

| | | Res # |
|---------------------------|---|----------------|
| 4:05 p.m. Page 4 | I. <u>INFORMATION EXCHANGE</u> A. Community Forum B. Report of the Executive Director C. Commissioner Exchange | |
| 4:40 p.m. 10 23 | II. <u>APPROVAL OF MINUTES</u> A. Approval of Minutes of February 2, 2022 B. Approval of Minutes of February 2, 2022 Closed Session C. Approval of Minutes of February 7, 2022 Special Session D. Approval of Minutes of February 7, 2022 Closed Special Session | |
| 5:00 p.m. | III. <u>COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION</u> | |
| Page 27 | A. Administrative and Regulatory Committee – Com. Kelleher, Chair 1. Supportive Housing: Authorization to Execute Lease Agreement for the Supportive Housing Program | 22-17 (pg. 31) |
| 5:10 p.m. Page 33 | B. Budget, Finance and Audit Committee – Com. Nelson, Chair 1. Budget to Actual Statements: Acceptance of the Second Quarter FY’22 Budget to Actual Statements | 22-18 (pg. 42) |
| 5:20 p.m. Page 49 | 2. Uncollectable Tenant Accounts Receivable: Authorization to Write-off Uncollectable Tenant Accounts Receivable (October 1, 2021 – December 31, 2021) | 22-19 (pg. 54) |
| 5:30 p.m. Page 56 | C. Development and Finance Committee – Com. Simon, Chair 1. Hillandale Gateway: Design and Development Update; Approval of a Preliminary Development Plan for the Age-Restricted Building; Approval to Select CBG Building | 22-20 (pg. 83) |

| | | |
|-----------------------|---|----------------|
| 5:40 p.m. Page 85 | Company as General Contractor; and Approval to Select Lambis Rank for Construction Management Services 2. Mortgage Finance: Approval of Firm Selected to Serve the Commission as Bond Counsel for a New Contract Term in Accordance with Request for Proposal (RFP) #2288 | 22-21 (pg. 93) |
| 5:50 p.m. | <u>RECESS</u> | |
| 5:50 p.m. | <u>DEVELOPMENT CORPORATION MEETINGS</u> | |
| Page 103 | <u>Paddington Square Development Corporation</u> <ul style="list-style-type: none"> Approval of Minutes of February 2, 2022 Paddington Square Development Corporation | |
| 5:55 p.m. | <u>ADJOURN</u> | |
| 6:00 p.m. Page 109 | <u>The Metropolitan Development Corporation</u> <ul style="list-style-type: none"> Approval of Minutes of February 2, 2022 Metropolitan Development Corporation | |
| | <u>ADJOURN</u> | |
| 6:10 p.m. | <u>RECONVENE HOC MEETING</u> | |
| 6:15 p.m. Page 114 | <u>CLOSING STATEMENT</u> <ul style="list-style-type: none"> Vote to close meeting | |
| | <u>ADJOURN</u> | |
| 6:20 p.m. | <u>CLOSED SESSION</u> The closed session will be called to order pursuant to Section 3-305(b)(9) 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) 627-9425 or email commissioners@hocmc.org.

Information Exchange

Resident Services Team Supports Residents and Promotes Housing Stability

The Service Coordination Unit provides assessment, counseling, information, referrals and program services to HOC customers. During the month of February 2022, staff continued to provide services primarily virtually due to the continued closure of HOC offices, resulting from COVID-19 pandemic. During the month of February, customers were referred to our partners and received 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 to the COVID Rent Program and the Housing Stabilization Program.

During the month of February HOC customers also continued to receive referrals to unemployment assistance, TCA, SNAP, MEAP, EARP and other benefit programs as usual. Housing Stabilization staff continued to process a vast number of applications for rental assistance. Though resident counselors continued working remotely, staff continues to come into the office as needed for emergencies and to assist with food distribution, vaccination clinics and other activities. Resident Counselors have also attended the Housing Resources Division's virtual briefings for new voucher recipients to provide information about the services offered by Resident Services. Additionally, the Resource Services team continues to provide services to persons with disabilities to meet their specific service needs.

Highlights for February activities of resident counselors include the following:

- Facilitated the Fundamentals of Housing workshops on February 16 and 17, 2022;
- Assisted with the coordination and facilitation of vaccination booster clinic at Cider Mill on February 6, 2022 and at Tanglewood on February 19, 2022;
- Facilitated resource sharing workshops on February 22 and 24, 2022;
- Distributed Valentine's Day gift bags to seniors and persons with disabilities at Tanglewood, Manchester Manor and Spring Garden;
- Partnered with Clinton AME Zion Church of Rockville to distribute food to customers at Tanglewood, Manchester Manor and Spring Garden;
- Facilitated the Senior Fitness Exercise Program and community bingo at Forest Oak Towers;
- Facilitated the Senior Brown Bag food distribution at Elizabeth House;
- Facilitated the Paint with Pierce-Art Enrichment Program at Rockville Town Center; and,
- Attended RAD conversion meetings and assisted customers with relocations and other needs Rockville Town Center, Stewartown, Shady Grove and Willow Manor.

The Resident Services Division continued to provide food resources and other supports with the help of Manna Food Center, Emmanuel Brinklow Seventh Day Adventist Church, Montgomery County Senior Nutrition Lunch Program, and the Capital Area Food Bank's Senior Brown Bag and My Groceries To Go programs. In February 2022, 500 HOC customers were provided food. Resident Services staff also continued to facilitate the Senior Nutrition Program.

In addition to food distributions, Resident Services staff distributed 875 face masks and COVID-19 Rapid Antigen Tests Kits to HOC seniors. These resources were provided by Montgomery County Government, aimed at ensuring equitable distribution. The target properties for distribution were Arcola Towers, Bauer Park Apartments, Elizabeth House, Forest Oak Towers, Town Center, Waverly House, Tanglewood Apartments, Manchester Manor Apartments, Spring Garden Apartments, Chelsey Towers, and the Seneca Ridge HUB.

The Resident Services staff will continue its collaboration with Senior Planet Montgomery. Resident Services staff is working with Senior Planet Montgomery to offer a 10-week iPad class for seniors beginning in February. iPads will be distributed to all participants. The classes will focus on gaining skills, including taking photos, checking emails, etc.

Resident Services – HOC Academy Promotes Youths and Adults

Youth Enrichment

The Afterschool STEAM enrichment for elementary aged youth 3rd – 5th grade continued during the month of February. The program currently has 22 participants. HOC Academy staff continued to recruit for HOC's College Success Program. There are 10 high school seniors enrolled to date and 24 youth who have completed the interest form and requires additional outreach. Approximately 50% of participants have received early admission acceptance letters from several colleges and universities including Montgomery College, Hood College, Morgan State University, and Towson University. Students are participating in monthly webinars and/or one-on-one phone contact with their coach. So far, students have completed six (6) workshops.

HOC Academy staff hosted an SAT/ACT Information Session on February 16, 2022, which included presenters from First Generation College Bound and Montgomery College. There were seven (7) participants.

Adult Education and Workforce Development

In February, the Small Business Strategy course launched its first cohort of the year on February 7, 2022. There are 11 participants. HOC Academy staff also hosted a DBE/MBE webinar that provided an overview of the benefits of this business status and more. There were 11 participants in the webinar. The next webinar is scheduled on March 16, 2022 and will be titled "How to Start a Non-Profit."

In addition to the monthly webinar series, HOC Academy is facilitated a follow-up DBE/MBE Application Course on Saturday, February 26, 2022. This one-day course assisted business owners with completing the Disenfranchised or Minority Owned Business Enterprise application with Maryland Department of Transportation. There are 13 customers enrolled in the course.

HOC Academy continues to process requests for tuition assistance, for admission to Montgomery College. In February, five (5) applications requests for tuition assistance were processed. HOC Academy currently has a Social Work Intern who is currently working with customers to review their goals and action steps, and complete barrier and employment assessments as needed.

Customer highlights for January include:

1. Latonya Garey (DDS Complete Care LLC),
2. Satisa Kornegay (Marvelously Made Prints, LLC),

3. Cynethia Williams (Bacons Revolt LLC),
4. Thagine Hibbert (Hiburst Collections LLC), and
5. Melonie Dunston (Melogravity and Family Customs LLC) legalized their businesses.

Resident Services –Financial Literacy Helping to Create a Bridge from Misery to Hope

The Financial Literacy Coach continued to work with HOC customers and individuals on the HousingPath waitlist on creating a financial foundation. During the month of February, the Financial Literacy Coach provided one-on-one financial literacy coaching to three (3) HOC customers and 12 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. During the month of February, the Financial Literacy Coach facilitated financial literacy workshops. A total of to eight (8) HOC customers and 14 individuals attended the workshops.

Resident Services – Supportive Housing Program

The Supportive Housing Program to provide housing assistance and case management services to 239 participants who are formerly homeless and have disabilities. The program services some of the most vulnerable residents of the county. In February 2022, program staff continued to have home visits with program participants. Program staff continue to wear the appropriate personal protective equipment and maintaining distancing. Program staff also continued to assist Emergency Voucher recipients. Program staff is also providing services that include assistance with application fees, housing location, security deposits, moving assistance and household items.

Also during the month of February, program staff continued to implement the Rent Supplement Program (RSP), which is 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. The program serves up to 300 families.

Resident Services – Fatherhood Initiative

The Fatherhood Initiative is a national program funded by the U.S. Department of Health and Human Services. HOC is the first and only housing agency to be awarded a grand under the Fatherhood Initiative. HOC completed its first five-year grant as a best practice model. HOC was awarded a second five-year grant and is currently in year two of the five-year grant period. The program provides parenting education, case management services, financial assistance for educational classes and training, and participation incentives. In February 2022, 42 new fathers were enrolled in the program. Additionally, 36 fathers are set to graduate in February.

HOC’s Fatherhood Initiative also continued its participation in the Strengthening the Implementation of Responsible Fatherhood Programs (SIRF) Study. The study works closely with the program to identify and overcome the challenges the program may face along the lines of case management. The study also identifies challenges, helps to implement possible solutions, examine those effects on the program, and make adjustments when needed. The SIRF study will produce usable, broadly applicable lessons to inform emerging best practices in recruiting, engaging, and retaining fatherhood participants, as well as methods for implementing rapid cycle evaluations within Responsible Fatherhood programs. During the month of February Fatherhood Initiative staff worked to continue the facilitation of the SIRF.

Housing Resources – Family Self Sufficiency Program Supports Financial Education

In partnership with HOC, the Emmanuel Brinklow Seventh Day Adventist Church conducted a virtual Financial Literacy workshop for HOC customers on February 15, 2022. Seventeen customers/FSS participants attended the session on "Student Loan: How to Move Forward". The presenter provided a brief overview on obtaining financial aid through the FAFSA process before discussing the different types of Federal Student Aid-Grants, Loans, Work-Study programs available to fund and continue funding tertiary education. With a strong focus on student loans, the presented examined the borrowing process, rates, postponing payments, avoiding defaults, deferment and forbearance reasons, and the consequences of dealing with debt. Participants departed with tools and resources to review their loans in the portal, explore their options to make payments since there is currently no interest being accrued due to the COVID-19 pandemic, apply for loan forgiveness, and/or consolidate their loans.

Housing Resources – Increasing Voucher Utilization and Getting People Housed

Monthly, HOC selects applicants from the Housing Path Waitlist to achieve a 95% program utilization rate. The program baseline is 7,659, with a current utilization rate of 94%. HOC housed 103 new applicants during the month of January 2022. However, 44 customers ended program participation, resulting in a net increase of 59 families. Currently, 216 families with issued vouchers are searching for suitable units to rent and 150 families were selected from the HCV wait list last month.

HOC has received 126 referrals from the Department of Health and Human Services (“HHS”) for the Emergency Housing Voucher (“EHV”) Program. Our program allocation is 118 EHV’s. To date, 110 families have been determined eligible for program participation of which 29 families have successfully leased units. Twelve families are ineligible to receive EHV’s. HOC received four referrals from HHS this month and await the receipt of the remaining four (4) referrals.

HOC Engages with the Cider Mill Community

HOC participated in a “Community Cool Down Meeting,” which was organized and facilitated by Luis Cardona, Administrator for Positive youth Development at Montgomery County Department of Health and Human Services. The session brought together stakeholders in and around the Cider Mill community to focus on the recent spike in violence and public safety issues in the community and schools. Participants were heavily represented from Montgomery County Government, including Greg Wims Director Up-County Regional Service Center; Montgomery County Public Schools; Action in Montgomery County; Identity-Youth, for Latino youth and other historically underserved youth; and Montgomery County Police.

The conversation was relevant in light of the recent vigil, which was held at the Cider Mill soccer field for the murdered T-Mobile employee at the Lakeforest Mall, who was confirmed to be a former Cider Mill resident. Beyond that, the conversation was informative and provided an opening for stakeholders to reengage and access available community resources to impact positive change.

Mr. Cardona will be following up in a meeting with HOC, but before that HOC’s internal staff of Property Management and Resident Services will be discussing ways to engage directly with Cider Mill’s management and its residents. Mr. Cardona will also be meeting with Action in Montgomery and Beloved

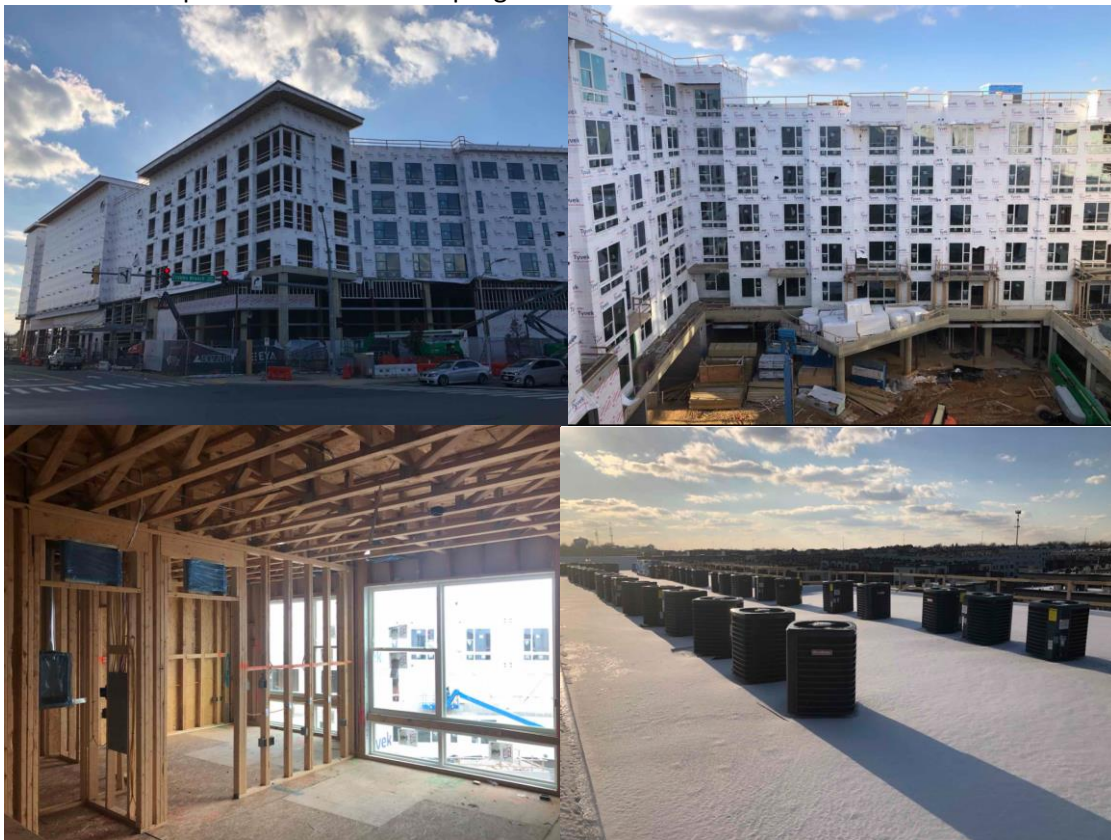
Communities, and some of the schools that serve students that live in Cider Mill. Other immediate or short-term strategies will include the following:

6. Provide training on a Safe Passage Model for stakeholders dealing with the children as they are dropped off at the bus stop.
7. Discuss the possibility of bringing back children and youth supports that were offered at Cider Mill prior to the Pandemic.
8. Continue to meet as a group on a weekly basis (for now) to keep all stakeholders informed of the climate in the community.
9. AIM and the Safe Places Association will work with HOC to explore the use of an old building to be available for community use for residents.
10. Plan activities for children, youth, and families as the spring and summer seasons approach.

On Top of Westside Shady Grove

Construction progress continues at HOC's 268-unit mixed-income & mixed-use Westside Shady Grove, which will be the future site of UpCounty Service Center. The joint venture between HOC, EYA & Bozzuto Development is currently at 55% with work-in-place including ongoing installation of exterior waterproofing, windows, interior wood & metal framing, and mechanical/plumbing equipment installation. Bozzuto Construction is currently just over 20% MBE participation and is tracking to exceed the requirement. The team recognized the efforts of the subcontractors with a Topping Out celebration on February 9, 2022. First unit deliveries are scheduled for the Fall-2022 along with delivery of the CVS corner retail unit.

Please see photos below work-in-progress.



Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

February 2, 2022

22-02

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, February 2, 2022, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:03 p.m. Those in attendance were:

Present via Teleconference

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Pamela Byrd
Linda Croom
Jeffrey Merkowitz
Jackie Simon

Also Attending via Teleconference

Kayrine Brown, Acting Executive Director
Jennifer Arrington
Nathan Bovelie
Darcel Cox
Paige Gentry
Lynn Hayes
Bonnie Hodge
Charnita Jackson
Fred Swan
Kathryn Hollister
Gio Kaviladze

Aisha Memon, General Counsel
Christina Autin
John Broullire
Marcus Ervin
Timothy Goetzinger
Ian-Terrell Hawkins
Matt Husman
Zachary Marks
Paul Vinciguerra
Leidi Reyes
Gail Willison

IT Support

Aries Cruz

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

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

I. **Information Exchange**

Community Forum

- There were no participants signed up for the Community Forum.

Executive Director's Report

- Kayrine Brown, Acting Executive Director, provided an overview of the written report, highlighting the activities of the Resident Services Division. Ms. Brown addressed questions of the Commissioners. Commissioners expressed their appreciation to staff in working hard to fill emergency housing vouchers.

Commissioner Exchange

- Chair Priest noted that the Executive Director position has been recently posted to HOC's website and deadline for applying is February 25, 2022.

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

A. Approval of Minutes of January 12, 2022

B. Approval of Minutes of January 12, 2022 Closed Session

III. **CONSENT**

A. Approval to Temporarily Amend the Bylaws of the Housing Opportunities Commission of Montgomery County

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

RESOLUTION NO.: 22 - 07

RE: Approval to Temporarily Amend the Second Amended and Restated Bylaws of the Housing Opportunities Commission of Montgomery County

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or "Commission"), a public body corporate and politic duly created, organized, and existing under the laws of the State of Maryland, is authorized pursuant to the Housing Authorities Law, organized under Division II of the Housing and Community Development Article of the Annotated Code of Maryland (the "Act"), to carry out and effectuate the purpose of providing affordable housing and is governed by the Act and its bylaws;

WHEREAS, the Commission's bylaws provide that at the Annual Meeting, a quorum must consist of four (4) Commissioners physically present;

WHEREAS, the ongoing response to COVID-19 requires the community to participate in social distancing measures, which includes participating in meetings remotely;

WHEREAS, staff recommends temporarily amending HOC's bylaws to allow HOC to continue to operate and transact business remotely;

WHEREAS, HOC's bylaws shall be temporarily amended by adding the following provision: "Article III – MEETINGS, Section 11. *State of Emergency*. Notwithstanding anything in these Second Amended and Restated Bylaws to the contrary, in the event there is a federal, state, and/or local state of emergency, or other exigent situation that the Commission determines requires remote participation, all the Commissioners may participate and vote on matters by teleconference or electronic medium at the Annual Meeting as long as (i) a quorum of the Commission participates, and (ii) all Commissioners and staff (and, for open meetings, members of the public) can communicate and view all materials clearly" (the "Temporary Amendment"); and

WHEREAS, the Temporary Amendment shall automatically terminate as of December 31, 2022.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves and adopts the Temporary Amendment, which shall automatically terminate as of December 31, 2022.

B. Approval to Extend the Closing Date for the Sales of 4527 Avondale Street to the National Center for Children and Families ("NCCF")

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

RESOLUTION NO.: 22-08

RE: Approval to Extend the Closing Date for the Sale of 4527 Avondale Street to the National Center for Children and Families

WHEREAS, the Housing Opportunities Commission of Montgomery County ("HOC" or the "Commission") is the owner of 4527 Avondale Street, Bethesda, MD ("4527 Avondale"); and

WHEREAS, on October 6, 2021, the Commission authorized the Acting Executive Director to enter into a non-binding letter of intent ("LOI") for the sale of 4527 Avondale to the National Center for Children and Families ("NCCF"); and

WHEREAS, on November 3, 2021, the Commission authorized the Acting Executive Director to negotiate and execute a Purchase and Sale Agreement ("PSA") for the disposition of 4527 Avondale to NCCF, pursuant to the LOI, and complete the sale of the Property to NCCF; and

WHEREAS, both the LOI and PSA with NCCF stated that the closing date for 4527 Avondale shall occur on or before the day NCCF closes on its acquisition of 4531 Avondale Street, Bethesda, MD ("4531 Avondale"), a neighboring property directly to the west of 4527 Avondale; the LOI and PSA also included an outside closing date of February 12, 2022; and

WHEREAS, NCCF is obtaining funding from Montgomery County's Department of Housing and Community Affairs ("DHCA") for its acquisition of 4527 Avondale and 4531 Avondale; and

WHEREAS, DHCA has approved funding for 4531 Avondale and the acquisition is scheduled to close on January 28, 2022; however, DHCA has notified HOC that it will take approximately 60-75 additional days to close on its funding for 4527 Avondale in order to complete administrative procedure required to comply with the funding source to be used for the acquisition the property; and

WHEREAS, on January 27, 2022, the Acting Executive Director executed a PSA amendment (“Amendment”) to extend the closing date for 4527 Avondale to April 29, 2022, contingent upon Commission approval, in order to provide NCCF additional time to obtain funding from DHCA; and

WHEREAS, pursuant to the Amendment, if the Commission does not wish to extend the closing date, HOC can unilaterally terminate the PSA.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby approves the Amendment to extend the closing date for 4527 Avondale to April 29, 2022.

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

IV. **COMMITTEE REPORTS and RECOMMENDATIONS FOR ACTION**

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

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

Jennifer Arrington, Acting Director of Mortgage Finance, was the presenter.

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

RESOLUTION NO.: 22-09

**RE: Affirmation of Resolution No.: 21-001^{PS},
Approval of Dwight Capital LLC, as
Successor Lender to Love Funding
Corporation, and Approval to Amend the
Bylaws of the Paddington Square
Development Corporation**

WHEREAS, the Paddington Square Development Corporation (the “Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”);

WHEREAS, the Corporation owns the property known as “Paddington Square,” a community consisting of 165 units in Silver Spring, Maryland, FHA Project No. 000-11323 (the “Project”), which was acquired by the Corporation on February 4, 2004;

WHEREAS, on November 5, 2014, the Board of Directors of the Corporation approved, and on December 18, 2014, closed on a permanent loan in the amount of \$20,741,700 from Love Funding Corporation (“Original Senior Lender”) insured under Section 207 pursuant to Section 223(f) of the National Housing Act, as amended (the “223(f) Loan”), assumed an existing loan from the Montgomery County’s Housing Initiative Fund (“HIF”) of approximately \$5.1 million (the “HIF Loan”), and contributed equity of \$738,000, which combined with loan proceeds were used to retire existing debt and pay closing costs;

WHEREAS, on April 7, 2021, the Board of Directors of the Corporation approved Resolution 21-001PS, which approved, among other actions, (a) the refinancing of the Corporation’s 223(f) Loan pursuant to the terms of a Firm Commitment for FHA Mortgage Insurance under Section 207 pursuant to Section 223(a)(7) of the National Housing Act, as amended, for a new loan in the approximate amount of \$18,800,000 from Original Senior Lender to the Corporation (the “New Loan”), (b) re-subordinating the HIF Loan, and (c) using existing cash held in the existing replacement reserve and renovation escrow accounts to fund a new initial replacement reserve of approximately \$4,600 per unit pursuant to the terms of the New Loan (collectively, the “Refinancing Plan”);

WHEREAS, Dwight Capital LLC, a Delaware limited liability company and an approved FHA Multifamily Accelerated Processing Lender (“Senior Lender”), acquired the Original Senior Lender and the Original Senior Lender can no longer conduct new FHA business, the Senior Lender will provide the New Loan in the amount of \$18,665,800.00, as successor to Original Senior Lender, pursuant to that certain Firm Commitment for FHA Mortgage Insurance under Section 207 pursuant to Section 223(a)(7) of the National Housing Act, as amended, dated November 23, 2021, as amended (the “Firm Commitment”);

WHEREAS, Article VII.2 of the Bylaws of the Corporation (the “Bylaws”) states that the Board of Directors of the Corporation shall obtain the approval of the Commission not more than sixty (60) days in advance of the issue of any bonds, notes or other obligations of the Corporation;

WHEREAS, as required under Article VII.2 of the Bylaws, this Resolution shall serve as an affirmation of the Corporation’s Resolution 21-001PS and as the Commission’s approval of the Refinancing Plan (this affirmation and approval is made no more than sixty (60) days in advance of the Corporation entering into the Refinancing Plan);

WHEREAS, Article VI of the Bylaws of the Corporation states that any amendment of the Bylaws is subject to the approval of the Commission;

WHEREAS, in connection with obtaining the New Loan from the Senior Lender, the Corporation’s Bylaws need to be amended to add certain FHA-required provisions that will automatically terminate when the New Loan is no longer insured or held by the U.S. Department of Housing and Urban Development (“HUD”);

WHEREAS, in order to expedite future actions of the Corporation, the last sentence of Article VII.2 of the Bylaws should be deleted in its entirety, such that Article VII.2 reads as follows:

2. “The Board of Directors shall not enter into any loan, mortgage bond,

promissory note or contract to purchase real property without obtaining the approval of the Housing Opportunities Commission of Montgomery County.”

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County hereby:

1. Affirms the Corporation’s Resolution 21-001PS, approves the Refinancing Plan with Dwight Capital LLC, as Senior Lender under the Firm Commitment, and approves the Refinancing Plan no more than sixty (60) days in advance of entering into the Refinancing Plan.
2. Approves the amendment to the Bylaws to (a) insert the FHA-required language that will terminate when the New Loan is no longer insured or held by HUD and (b) replace the final sentence of Article VII.2, as stated herein, to permit the Commission to approve certain actions at anytime before such actions are taken by the Corporation.

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2. **Willow Manor Properties:** Approval to Increase DHCA’s Share of Construction Period Interim Cash Flow to Repay its HIF Loan to HOC at Willow Manor, LLC, a Condition for DHCA to Close the Transaction

Kathryn Hollister, Senior Financial Analyst, was the presenter.

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

RESOLUTION NO.: 22-10

RE: Approval to Increase DHCA’s Share of Construction Period Interim Cash Flow to Repay its HIF Loan to HOC at Willow Manor, LLC, a Condition for DHCA to Close the Transaction

WHEREAS, in 2018, Montgomery County’s Department of Housing and Community Affairs (“DHCA”) entered into contracts to purchase three existing age-restricted (62+) Low Income Housing Tax Credit (“LIHTC”) rental communities in Montgomery County, MD: Willow Manor at Clopper’s Mill, located at 18003 Mateny Rd in Germantown, MD; Willow Manor at Fair Hill Farm, located at 18301 Georgia Ave in Olney, MD; and Willow Manor at Colesville, located at 601 E Randolph Rd in Silver Spring, MD (together, the “Willow Manor Properties” or “Properties”), under Article 53A of the Montgomery County Code, the Right of First Refusal Ordinance; and

WHEREAS, DHCA assigned the contracts to three single purpose entities wholly owned and controlled by the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”): The Manor at Cloppers Mill, LLC, The Manor at Fair Hill Farm, LLC and The Manor at Colesville, LLC (together, “Willow Manor Single-Purpose Entities”), at closing and provided subordinate financing for the acquisition (“Acquisition Loan”); and

WHEREAS, on December 17, 2021, the Willow Manor Single-Purpose Entities sold the Willow Manor Properties to a new tax credit owner entity (“HOC at Willow Manor, LLC”), of which HOC is the managing member (“HOC MM Willow Manor, LLC”) and PNC Bank and Columbia Housing SLP Corporation (an affiliate of PNC Bank) are the investor and special investor (“SM”), respectively; and

WHEREAS, sources for the transaction included an FHA Risk Share mortgage in the amount of \$49,550,000, LIHTC Equity in the amount of \$30,394,400, a County Housing Initiative Fund (“HIF”) Loan in the amount of \$12,972,776 (“HIF Loan”), a HOC seller note (“Seller Note”) in the amount of \$7,670,962 and HOC equity in the amount of \$100; and

WHEREAS, HOC’s initial analysis of the transaction projected a \$10,000,000 repayment of the Acquisition Loan at closing; however, due to a number of factors, HOC’s repayment of the Acquisition Loan was reduced to \$8,147,774, which was \$1,852,226 less than originally projected; and

WHEREAS, as a condition to providing additional HIF funds to the transaction, DHCA requested that the HIF Loan be amended so that construction period interim income (“Retained Cash Flow”) is distributed 75% to repay the HIF Loan and 25% to repay the Seller Note; all other subsequent cash flow distributions would be split 50%/50%; and

WHEREAS, HOC will need to obtain SM consent to revise the HIF Loan, pursuant to the HOC at Willow Manor, LLC operating agreement; and

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery, acting on behalf of itself and on behalf of HOC MM Willow Manor, LLC (as its sole member), and HOC at Willow Manor, LLC (as the sole member of its managing member), authorizes to amend the HIF Loan, subject to SM approval, so that Retained Cash Flow is distributed 75% to repay the HIF Loan and 25% to repay the Seller Note.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission Montgomery County, acting on behalf of itself and on behalf of HOC MM Willow Manor, LLC (as its sole member), and HOC at Willow Manor, LLC (as the sole member of its managing member), authorizes the Acting Executive Director or HOC, or her authorized designee, without any further action on their respective parts, to take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein.

3. **Westside Shady Grove:** Approval to Amend the Development Budget (to Allocate Net Financing Proceeds from initial Construction Closing)

Marcus Ervin, Director of Real Estate, was the presenter.

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

RESOLUTION NO.: 22-11

Re: Westside Shady Grove: Approval to Amend the

**Development Budget to Allocate Net Financing
Proceeds from Initial Construction Closing**

WHEREAS, Westside Shady Grove Building D (the “Property”) is currently under construction and will be a 268-unit mixed use apartment building with 21,000 square feet of retail space and serve as the Housing Opportunities Commission of Montgomery County’s (the “Commission” or “HOC”) Up-County Customer Service Center in the Westside Shady Grove area of Rockville, MD;

WHEREAS, the Property is owned by HOC at Westside Shady Grove, LLC (“Owner”), which is ultimately controlled by the Commission;

WHEREAS, on December 9, 2020, the Commission passed Resolution 20-86 and Resolution 20-87, which approved the Final Development Plan and Financing Plan, respectively, for the Property, including Owner’s acceptance of an approximately \$15 million loan from the Montgomery County Housing Initiative Fund (“HIF Loan”);

WHEREAS, on January 28, 2021, the Commission closed on the permanent financing debt in an amount of \$99.25 million for the construction of the Property, which resulted in excess funds of \$2,578,683 (the “Permanent Financing Excess Proceeds”);

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

WHEREAS, the HIF Loan was accepted with the intention of substituting a loan from the Housing Production Fund in an equal amount when funds from the Housing Production fund became available;

WHEREAS, on December 22, 2021, the subordinate loan from the Housing Production Fund (“HPF Loan”) closed and the HIF Loan was subsequently repaid; and

WHEREAS, staff recommends an amendment to the Property’s development budget to allocate the Permanent Financing Excess Proceeds to be used to repay interest on the HIF Loan, fund a capitalized interest account for payments on the HPF Loan, and set aside the remaining funds of approximately \$564K for a soft cost contingency.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, on its behalf and on behalf of the Owner, as the sole member of its ultimate managing member, that it approves an amendment to the Property’s development budget to allocate the Permanent Financing Excess Proceeds to be used to repay interest on the HIF Loan, fund a capitalized interest account for payments on the HPF Loan, and set aside the remaining funds of approximately \$564k for a soft cost contingency.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on its behalf and on behalf of the Owner, as the sole member of its ultimate managing member, that the Acting Executive Director of HOC, or a duly appointed designee of the Acting Executive Director of HOC, is hereby authorized, without any further action on their respective parts, to execute such other documents and to take any and all other actions, in each case as necessary and proper, in the Acting Executive Director’s judgment, to carry out the transaction and actions contemplated herein.

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

Christina Autin, Director of Legislative and Public Affairs, was the presenter.

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

RESOLUTION NO.: 22-12

**RE: Approval of the Naming and Branding of
HOC at the Upton in Accordance with HOC
Naming Guidelines**

WHEREAS, the HOC at the Upton or “Upton II” in Rockville, Maryland (the “Property”), requires selection of a permanent name to support ongoing marketing and leasing efforts and to create a unique brand for the Property; and

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole managing member of HOC MM Upton II, LLC (the “Managing Member”), which in turn is the managing member of HOC at The Upton II, LLC (“Owner”), the owner of the Property; and

WHEREAS, HOC staff, in alignment with the Guidelines for Naming of HOC Properties and Facilities (the “Guidelines”), developed a permanent name recommendation; and

WHEREAS, the recommended permanent name aligns with the general principles set forth in the Guidelines, including: having a strong positive image that withstands the test of time; having appropriate regard for the Property’s location and history; and commemorating places and people that are of continued importance to the town and region.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of the Owner, as its ultimate managing member, approves “Residences on The Lane” as the permanent name for the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, on behalf of itself and on behalf of the Owner, as its ultimate managing member, that the Acting Executive Director of HOC, or her designee, is authorized and directed, without further action on their respective parts, to take any and all other actions necessary and proper to carry out the activities contemplated herein.

5. **The Metropolitan:** Emergency Procurement to Select Smislova, Kehnemui & Associates, P.A. (SK&A) as Structural Engineers to Prepare a Plan for Repair and Evaluation of Waterproofing Services Contractor for the Green Roof at Metropolitan Apartment

Zachary Marks, Chief Real Estate Officer, was the presenter.

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

RESOLUTION NO.: 22-13

RE: Emergency Procurement to Select Smislova, Kehnemui & Associates, P.A as Structural Engineers to Complete a Plan for Repair and Evaluation of a Waterproofing Services Contractor for the Green Roof at Metropolitan Apartments

WHEREAS, The Metropolitan Apartments (“the “Property”) was constructed in 1997 as a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda and currently consists of 216 market rate units and 92 affordable units; and

WHEREAS, the Property is owned by The Metropolitan of Bethesda Limited Partnership (the “Metropolitan LP”), which is wholly owned by the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”), and The Metropolitan Development Corporation (the “Metropolitan Corporation”), which is wholly controlled by HOC; and

WHEREAS, on January 13, 2021, the Commission approved the selection of Miner Feinstein Architects (“MFA”) as the architect for the upcoming renovations at the Property; and

WHEREAS, MFA engaged Smislova, Kehnemui & Associates, P.A (“SK&A”) as structural engineers to be a part of the design team for the renovations; and

WHEREAS, the Property has a green roof plaza and staff has recently learned that the structural slabs are exhibiting moisture intrusion, which is likely causing corrosion of steel reinforcements within the concrete structural slabs, beams, and foundation walls; and

WHEREAS, testing has revealed ineffective drainage beneath the paved area of the plaza, which needs to be remediated immediately in order to prevent more extensive and expensive damage to the Property; and

WHEREAS, staff recommends entering into a Non-Competitive procurement, pursuant to the Commission’s Procurement Policy, to select SK&A as structural engineers to (i) complete a plan for the necessary repairs, (ii) to evaluate proposals for the selection of a waterproofing services contractor, and (iii) to perform construction management services, in an amount of \$160,000 (the “Structural Engineer Services”); and

WHEREAS, staff estimates an additional \$83,000 in costs to obtain permits, including a contingency of \$23,300 (the “HOC Costs”); and

WHEREAS, the Structural Engineer Services and HOC Costs will be funded by the Metropolitan Corporation operating account.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself on behalf of the Metropolitan LP, as its general partner, approves entering into

a Non-Competitive procurement, pursuant to HOC's Procurement Policy, to select SK&A to perform the Structural Engineer Services, and negotiating and executing any necessary contracts.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County, acting on behalf of itself on behalf of the Metropolitan LP, as its general partner, authorizes and directs the Acting Executive Director, or her designee, without further action on their respective parts, 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.

V. ELECTION OF OFFICERS

Acting Executive Director Brown opened the floor for nomination of the Officers (Chair, Vice Chair, and Chair Pro Tem) to the Housing Opportunities Commission Board. Motion was made by Commissioner Kelleher to re-elect Roy Priest to Chair, Commissioner Byrd motioned to re-elect Frances Kelleher to Vice Chair, and Commissioner Croom motioned to re-elect Richard Y. Nelson, Jr., to Chair Pro Tem. The motions were unanimously approved.

Acting Executive Director Brown called for the vote to elect Roy Pries as Chair, Frances Kelleher as Vice Chair and Richard Y. Nelson, Jr., as Chair Pro Tem. The vote was unanimous.

Commissioner Simon expressed her gratitude to the leadership. Chair Priest on behalf of the Chair expressed appreciation.

The meeting went into recess at 4:59 p.m. and reconvened at 5:02 p.m.

Chair Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Vice Chair Kelleher seconded the motion, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, Merkowitz, and Simon 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 5:04 p.m. and reconvened in closed session at 5:09 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 February 2, 2022 at approximately 5:08 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(1), 3-305(b)(3), and 3-305(b)(13) to discuss two topics. The first topic was the employment, performance, and compensation of a specific individual employee (pursuant to Section 3-305(b)(1)). The second topic was the acquisition/purchase of (a) the fee simple interest (via a purchase and sale agreement) of three multifamily properties located in Bethesda, Maryland, and (b) three separate multifamily properties (via a purchase and sale agreement or ground lease) also located in Bethesda, Maryland (pursuant to Sections 3-305(b)(3)), including the confidential commercial and financial terms of financing the above referenced acquisitions (pursuant to Section 3-305(b)(13)).

The meeting was closed and the closing statement dated February 2, 2022 was adopted on a motion made by Roy Priest, seconded by Frances Kelleher, with Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkwowitz, and Jackie Simon voting in favor of the motion. The following persons were present: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkwowitz, Jackie Simon, Kayrine Brown, Aisha Memon, Gio Kaviladze, Charnita Jackson, Christina Autin, Ellen Goff, Gail Willison, Jennifer Arrington, John Broullire, Kathryn Hollister, Marcus Ervin, Nathan Bovel, Paige Gentry, Timothy Goetzinger, Zachary Marks, Ian-Terrell Hawkins, and Patrice Birdsong.

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

1. **Topic:** The employment, performance, and compensation of a specific individual employee (pursuant to Section 3-305(b)(1)).
 - a. **Action Taken:** The Board received an update from Chair Priest regarding an individual employee over whom HOC has jurisdiction concerning the additional compensation previously approved by the Commission due to their increased responsibilities. No formal action and/or vote was taken.
2. **Topic:** The acquisition/purchase of the fee simple interest (via a purchase and sale agreement) of three multifamily properties located in Bethesda, Maryland (pursuant to Section 3-305(b)(3)). [NOTE: Section 3-305(b)(13) was not ultimately needed for this topic.]
 - a. **Action Taken:** With a quorum present, Commissioners Priest, Kelleher, Nelson, Croom, Merkwowitz, and Simon approved Resolution 22-14AS, which approved (i) completing the acquisition, (ii) the use of various funding sources to complete the acquisition, (iii) assigning the purchase and sale agreement and transferring the properties to a special-purpose entity, (iv) restricting/not restricting cash flow from the properties (depending on the property), and (v) selecting a property management company.
3. **Topic:** The acquisition/purchase of three multifamily properties (via a purchase and sale agreement or ground lease) located in Bethesda, Maryland, including the confidential commercial and financial terms of the acquisition (pursuant to Section 3-305(b)(3) and Section 3-305(b)(13)).
 - a. **Action Taken:** With a quorum present, Commissioners Priest, Kelleher, Merkwowitz, and Simon approved Resolution 22-15AS, which authorized (i) the execution of a purchase contract for the properties, (ii) the creation of special-purpose entities for the ownership and management of the properties, (iii) a draw on HOC's Opportunities Housing Reserve Fund to fund a portion of the acquisition, (iv) accepting a senior loan from a third-party bank, (v) a draw on the PNC Bank N.A. Real Estate Line of Credit to fund a portion of the acquisition, (vi) selecting a property management company, and (vii) a draw from the HOC Real Estate Working Capital Fund to fund due diligence costs. Commissioners Nelson and Croom opposed. Commissioner Byrd abstained.
 - b. **Action Taken:** With a quorum present, Commissioners Priest, Kelleher, Merkwowitz, and Simon approved Resolution 22-16AS, which authorized a draw on the PNC Bank

N.A. Real Estate Line of Credit to fund the acquisition. Commissioners Nelson and Croom opposed. Commissioner Byrd abstained.

The closed session was adjourned at 6:28 p.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer

/pmb

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Special Session Minutes

February 7, 2022

A Special Session of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Monday, February 7, 2022, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 6:06 p.m. Those in attendance were:

Via Online/Teleconference

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Chair Pro Tem
Pamela Byrd
Jeffrey Merkwowitz

Absent

Linda Croom
Jackie Simon

Also Attending via Online/Teleconference

Kayrine Brown, Acting Executive Director
Patrick Mattingly
Gail Willison
Timothy Goetzinger

Aisha Memon, General Counsel
Hiwote Yohannes
Terri Fowler

IT Support

Aries Cruz

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

Chair Priest opened the meeting welcoming all to the Special Session of the Housing Opportunities Commission. The sole item on the agenda was to conduct a vote to meet in closed session pursuant to Section 3-305(b)(9) of the General Provisions Article of the Annotated Code of Maryland.

Chair Priest read the Written Closing Statement and made a motion to adopt the statement and close the meeting. Vice Chair Kelleher seconded the motion, with Commissioners Priest, Kelleher, Nelson, Byrd, and Merkwowitz voted unanimously in approval. Commissioners Croom and Simon 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 6:08 p.m., and reconvened in closed session at 6:10 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 February 7, 2022 at approximately 6:10 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Section 3-305(b)(9) to discuss the status of the ongoing collective bargaining negotiations with the union, including telework and wages.

The meeting was closed and the closing statement dated February 7, 2022 was adopted on a motion made by Chair Priest, seconded by Vice Chair Kelleher, with Commissioners Priest, Kelleher, Nelson, Byrd, and Merkowitz voting in favor of the motion. Commissioners Croom and Simon were necessarily absent and did not participate in the vote. The following persons were present during the closed session: Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkowitz, Kayrine Brown, Aisha Memon, Terri Fowler, Patrick Mattingly, Timothy Goetzinger, Gail Willison, Hiwote Yohannes, Craig Ballew, and Patrice Birdsong. Commissioner Simon joined the meeting late.

In closed session, the Commission discussed the below topic and took the following action:

1. **Topic:** The status of ongoing negotiations with the union, including telework and wages (pursuant to Section 3-305(b)(9)).
 - a. **Action Taken:** The Commission requested that staff return with another update once they have more information. No formal action/vote was taken.

The closed session was adjourned at 8:04 p.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer

/pmb

Committee Reports and Recommendations for Action

Administrative and Regulatory Committee

AUTHORIZATION FOR THE ACTING EXECUTIVE DIRECTOR TO ENTER INTO LEASE AGREEMENTS FOR THE SUPPORTIVE HOUSING PROGRAM

March 2, 2022

- The Supportive Housing Program is a HUD funded permanent supportive housing initiative that provides housing subsidies and case management services to persons with disabilities that are formerly homeless.
- The Resident Services Division of HOC administers the Supportive Housing Program on behalf of Montgomery County under the Homeless Services Continuum
- HUD requires that all HUD funded Supportive Housing Programs operate under one of two designated program structures. These structures include Rental Assistance and Leasing.
- Staff is proposing to operate the Supportive Housing Program under the Leasing structure.
- In order to operate the Supportive Housing Program under the Leasing structure, HOC needs to enter into lease agreements with landlords for units that will house program participants.
- Staff recommends that the Commission authorize the Acting Executive Director, or her designee, to enter into lease agreements under the Supportive Housing Program.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Fred Swan Division: Resident Services Ext. 9732

RE: Authorization to Execute Lease Agreements for the Supportive Housing Program

DATE: March 2, 2022

STATUS: **Committee Report** **Deliberation** **X**

OVERALL GOAL & OBJECTIVE:

To authorize the Acting Executive Director, or her designee, to execute lease and agreements for the Supportive Housing Program.

BACKGROUND:

The Supportive Housing Program (the “Program”) is a HUD-funded permanent supportive housing initiative that provides housing subsidies, intensive case management services, and other supports to ensure housing stabilization to persons with disabilities who are formerly homeless. HOC administers the program through McKinney grants for the Montgomery County Homeless Continuum of Care. To be eligible for the program individuals must be a person with disabilities that is homeless and be referred to HOC by the Montgomery County Department of Health and Human Services. HOC currently serves 239 program participants. The Program serves some of the most vulnerable residents of the County.

Per the HUD mandate, each jurisdiction must administer the Program under one of two program structures. These structures are Rental Assistance and Leasing. Under the **Rental Assistance** structure, program participants execute lease agreements with their landlords and pay their portion of the monthly rent directly to the landlords. The administering agency, through HUD funding, pays the balance of the monthly rent to program participants landlords. Under the **Leasing** structure, the administering agency executes lease agreements with landlords and executes occupancy agreements with program participants. The administering agency, through HUD funding, pays the full amount of the monthly rent to landlords and the program participants pay their portion of the monthly rent to the administering agency.

As the administering agency, HOC must operate under one of the two program structures. The Resident Services Division, which administers the Supportive Housing Program on behalf of HOC, proposes the Leasing structure for operation of the Program. There are clear disadvantages of the Rental Assistance structure and clear benefits of the Leasing structure, which are discussed in the paragraphs that follow.

Rental Assistance – Disadvantages

The Rental Assistance structure limits program flexibility and program income. Program participants often have challenges that sometimes impact their ability to comply fully with a lease, and are subject to landlord eviction action under the Rental Assistance structure. Although the program attempts to move participants to another unit after an eviction has occurred, this is often difficult due to the negative impact evictions have on participant's tenant/credit rating. As a result, some program participant's struggle to find alternative housing. Additionally, under the Rental Assistance structure, the program would not be able to generate income as all rent payments from participants and HUD go directly to landlords.

Leasing Structure - Benefits

The Leasing structure allows the most program flexibility and generates the highest program revenue. Under the Leasing structure, program participants would execute occupancy agreements with HOC as opposed to lease agreements with landlords. As mentioned above, program participants face evictions under the Rental Assistance structure. This negatively impacts participant's tenant/credit rating. Under the Leasing structure, program participants would be shielded from this as HOC would work more liberally with program participants and be able to freely move them to other units that would be leased by HOC. Additionally, the program would generate income from the program participant's payment of their portion of the rent directly to HOC. This is due to HUD paying 100% of the participant's rent through the grants. As a result, this revenue will be available to serve more people and provide additional supportive services.

The program is currently operated as a hybrid between both structures. Program participants currently execute leases with their landlords but pay their portion of the rent to HOC. The revenue generated from these rents has enabled the Resident Services Division to add 15 additional participants to the program. The costs associated with these additional participants are paid directly through the revenue generated by participant's rent payments to HOC. This revenue also covers the costs associated with utility payments and other supports that promote housing stabilization. However, due to the HUD mandate, HOC must move from the current hybrid structure to fully operating under one of the two aforementioned structures. Based on the advantages of the Leasing structure, staff is proposing to move to the Leasing structure. In order to facilitate this change, HOC will be required to enter into lease agreements with landlords.

ISSUES FOR CONSIDERATION:

Does the Housing Opportunities Commission of Montgomery County wish to accept staff's recommendation to authorize the Acting Executive Director, or designee, to execute lease agreements with landlords on behalf of participants in the Supportive Housing Program?

PRINCIPALS:

Resident Services Division

BUDGET IMPACT:

The Supportive Housing Program is funded 100% from HUD and program generated revenue. Therefore, it does not impact the HOC budget. Operating as a leasing program will result in continued program generated revenue, which can be utilized to serve additional participants and provide additional supportive services.

TIME FRAME:

The Administrative and Regulatory Committee reviewed this item at its meeting held on February 25, 2022. For Commission action on March 2, 2022.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Housing Opportunities Commission of Montgomery County accept the staff's recommendation to authorize the Acting Executive Director, or designee, to execute lease agreements with landlords on behalf of participants in the Supportive Housing Program.

RESOLUTION NO.: 22-17

**RE: Authorization to Execute Lease Agreements
for the Supportive Housing Program**

WHEREAS, the Supportive Housing Program is a U.S. Department of Housing and Urban Development (“HUD”) funded initiative that is administered by the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) on behalf of the Montgomery County Homeless Continuum of Care;

WHEREAS, HUD mandates that all administering agencies of the Supportive Housing Program (the “Program”) operate under one of two designated structures;

WHEREAS, the two HUD designated program structures for the Program are the Rental Assistance structure and the Leasing structure;

WHEREAS, HOC has chosen to operate the Program under the Leasing structure; and

WHEREAS, accordingly, for each Program participant, HOC must enter into a lease agreement with the landlord and an occupancy agreement with the participant.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the Acting Executive Director, or her designee, to (A) operate the Program via the Leasing structure; and (B) to execute all necessary lease agreements with landlords and execute all necessary occupancy agreements with the participants in accordance with the Program.

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on March 2, 2022.

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**Patrice M. Birdsong
Special Assistant to the Commission**

Budget, Finance & Audit Committee

FISCAL YEAR 2022 (FY'22) SECOND QUARTER BUDGET TO ACTUAL STATEMENTS: COMMISSION ACCEPTANCE OF THE SECOND QUARTER FISCAL YEAR 2022 BUDGET TO ACTUAL STATEMENTS

March 2, 2022

- The Agency ended the quarter with a net cash flow surplus of \$1,779,225, which resulted in a second quarter budget to actual positive variance of \$1,758,871.
- The General Fund experienced a positive expense variance resulting primarily from savings in expenses, offset by lower draws on the Opportunity Housing Reserve Fund (“OHRF”) and the delayed receipt of anticipated Commitment Fee Income.
- At the end of the second quarter, several of the unrestricted properties in the Opportunity Housing Fund underperformed budget expectations as a result of overages in various expense categories coupled with lower tenant income.
- The Public Housing Program ended the quarter with a shortfall of \$75,659 resulting primarily from additional Rental Assistance Demonstration (“RAD”) vacant unit subsidies received last fiscal year that were subsequently transferred to the Elizabeth House RAD property in the first quarter of FY'22 and a small amount of continued expenses at Emory Grove. The shortfall will be covered by existing cash in the fund.
- The Housing Choice Voucher (“HCV”) Program experienced a higher administrative surplus through December 31, 2021 as a result of higher than anticipated administrative fee income countered by a negative variance in administrative expenses.
- The Budget, Finance and Audit Committee reviewed this request at its meeting on February 24, 2022 and joins staff’s recommendation that the Commission accept the first quarter of fiscal year 2022 budget to actual statements.

M E M O R A N D U M

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Timothy Goetzinger Division: Finance Ext. 4836
 Terri Fowler Ext. 9507
 Tomi Adebo Ext. 9472

RE: **Fiscal Year 2022 (FY'22) Second Quarter Budget to Actual Statements:** Commission Acceptance of the Second Quarter Fiscal Year 2022 Budget to Actual Statements

DATE: March 2, 2022

OVERALL GOAL & OBJECTIVE:

Commission acceptance of the Second Quarter FY'22 Budget to Actual Statements.

BACKGROUND:

The Acting Executive Director presented the quarterly budget to actual statements to the Budget, Finance & Audit Committee for informal 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 ("Agency") for the second quarter of FY'22 against the budget for the same period.

BUDGET IMPACT:

None for FY'22.

TIME FRAME:

For formal action at the March 2, 2022 meeting of the Commission.

The Budget, Finance and Audit Committee informally discussed the FY'22 Second Quarter Budget to Actuals at the February 24, 2022 meeting and supports staff's recommendation.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission formally accept the Second Quarter FY'22 Budget to Actual Statements.

DISCUSSION – SECOND QUARTER BUDGET TO ACTUAL STATEMENTS

This review of the Budget to Actual Statements for the Agency through the second quarter of FY'22 consists of an overall summary and additional detail on the Opportunity Housing properties, the Development Corporation properties, the Public Housing and Housing Choice Voucher (“HCV”) Programs and all Capital Improvements Budgets.

HOC Overall (see Attachment A)

Please note the Agency’s Audited Financial Statements are presented on the 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'22 Second 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'22 Second Quarter Budget to Actual Comparison for Capital Expenses.

The Agency ended the quarter with a net cash flow surplus of \$1,779,225. This surplus resulted in a second quarter budget to actual positive variance of \$1,758,871 when compared to the anticipated second quarter net cash flow deficit of \$20,354. The primary causes were savings in various expense categories in the General Fund (see General Fund) countered by lower unrestricted cash flow in some of the unrestricted Opportunity Housing Properties as a result of property performance (see Opportunity Housing Fund).

Explanations of Major Variances by Fund

The **General Fund** consists of the basic overhead costs for the Agency. This fund ended the quarter with a deficit of \$2,414,801 which resulted in a positive variance of \$2,112,279 when compared to the projected deficit of \$4,527,080.

As of December 31, 2021, income in the General Fund was \$704,807 lower than budgeted and expenses were \$2,817,086 lower than budgeted. The negative income variance was primarily the result of a delay in the receipt of Commitment Fee income and lower draws from the Opportunity Housing Reserve Fund (OHRF) for Real Estate personnel and predevelopment costs that was partially offset by fees received from tax credit properties based on the year-end cash flow distributions and the receipt of the final Development Fee from 900 Thayer that was originally budgeted to be received in April 2021. The positive expense variance was primarily the result of

lapse in salary and benefits coupled with savings in professional services, computer software, maintenance contracts, COVID-19 expense and transfers to cover capital projects. A portion of these savings is the result of timing issues and staff does not anticipate the full savings to be realized at year end.

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

Income (the bond drawdowns that finance the administrative costs for these funds) is in line with the budget. The positive expense variance in the Bond Funds is a result of small savings in various administrative accounts.

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'22 Operating Budget. This group ended the quarter with cash flow of \$3,428,028 or \$203,362 lower than projected.

- **Alexander House Dev Corp** ended the quarter with a negative cash flow variance of \$16,001 as a result of higher concessions and bad debt expense that were partially offset by lower vacancy loss and savings in administrative, maintenance and security cost. Cash flow at **The Barclay Dev Corp** was \$73,685 higher than anticipated due to savings in bad debt and taxes coupled with lower concessions and vacancy loss that were partially offset by higher administrative, utility and maintenance expenses as well as slightly lower gross tenant income. **Glenmont Crossing Dev Corp** experienced a negative cash flow variance of \$26,192 primarily as a result of higher utilities coupled with small overages in administrative and maintenance cost. **Magruder's Discovery Dev Corp** experienced a negative cash flow variance of \$96,072 mostly as a result of lower gross rents and slightly higher vacancy coupled with overages in maintenance expenses that were partially offset by savings in administrative costs. Cash flow at **Montgomery Arms Dev Corp** was \$72,613 lower than anticipated primarily due to higher bad debt and maintenance expenses coupled with higher concessions. **MPDU 59 Dev Corp** experienced a positive cash flow variance of \$28,942 as a result of lower concessions and vacancy loss coupled with savings in administrative and bad debt expense which was partially offset by higher maintenance cost. **Paddington Square Dev Corp** reported a negative variance of \$169,180 due to higher debt service payments, as a result of a delay in the planned refinancing, coupled with higher utilities, maintenance and liability insurance as well as higher concessions and lower gross rents. that was partially offset by lower bad debt and administrative cost. **Pooks Hill High-Rise Dev Corp** ended the quarter with a positive cash flow variance of \$25,840 as a result of higher gross tenant rents and lower vacancy that was partially offset by higher concession. The property also experienced savings in utility and bad debt expense that was partially offset by overages in most other expenses

categories. Cash flow at **Scattered Site One Dev Corp** was \$21,159 lower than anticipated due to higher bad debt, maintenance and utility costs coupled with higher vacancy loss that was partially offset by savings in administrative costs and higher gross tenant rents. **Scattered Site Two Dev Corp** reported a positive cash flow variance of \$25,702 mostly due to lower bad debt and administrative expenses offset slightly by overages in maintenance costs. **Sligo MPDU III Dev Corp** ended the quarter with a negative cash flow variance of \$2,213 as a result of small overages in bad debt and maintenance expense that were partially offset by savings in administrative cost countered by higher gross rents that were almost entirely offset by higher vacancies. Cash flow at **VPC One Dev Corp** was \$88,770 higher than anticipated due to lower bad debt, tax and insurance costs coupled with lower vacancy loss and higher gross rents that was partially offset by higher concessions. **VPC Two Dev Corp** experienced a negative variance of \$76,390 primarily due to overages in maintenance and administrative expenses countered by savings in utility and insurance costs coupled with lower vacancy loss.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'22 Operating Budget. Cash flow from this group of Development Corporation properties was \$1,032,840 more than budgeted for the quarter. **MetroPointe** experienced a negative cash flow variance of \$12,186 as a result of higher than anticipated administrative, COVID-19 and bad debt expenses coupled with lower gross rents that were partially offset by lower vacancy loss experienced at the property. Cash flow at the **Oaks at Four Corners Dev Corp** was \$78,468 higher than anticipated due to savings in maintenance, administrative and utility costs. The **RAD 6 Dev Corp** properties ended the quarter with a surplus of \$625,692 resulting in a positive cash flow variance of \$966,558 largely due to the receipt of prior period subsidies. The positive variance in subsidy payments was \$890,676. If the additional subsidy income was not received, the portfolio would have experienced a positive cash flow variance of \$75,882 ($\$966,558 - \$890,676 = \$75,882$). The positive variance at **Ken Gar** and **Washington Square** was offset by higher bad debt expense while the positive variance at **Seneca Ridge** was offset by higher maintenance expense at the property.

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'22 Operating Budget. This group ended the quarter with cash flow of \$784,040 or \$132,020 less than projected. Cash flow at **MPDU I (64)** was \$54,113 higher than anticipated as a result of lower debt service payments, due to the payoff of the mortgage in March 2021 that was not incorporated into the budget, and savings in administrative cost that was partially offset by overages in maintenance and bad debt expense coupled with slightly higher vacancy loss. **Avondale Apartments** reported a negative cash flow variance of \$99,794 primarily due to higher maintenance, bad debt and administrative expense coupled with higher vacancy loss and concessions. **Barclay Affordable** experienced a negative cash flow variance of \$157,639 as a result of lower gross rents and higher vacancies coupled with overages in utilities and maintenance costs. **Camp Hill Square** experienced a negative cash

flow variance of \$86,628 as a result of higher administrative, bad debt and maintenance expenses coupled with higher vacancy loss that was partially offset by slightly higher gross rents. **Chelsea Towers** experienced a positive cash flow variance of \$30,078 due to lower debt service payments and savings in Housing Association (“HOA”) Fees. **Elizabeth House Interim RAD** ended the quarter with positive cash flow variances of \$129,787 as a result of higher gross rents countered by overages in various expense categories. At the time of the development of the FY22 Budget **Georgian Court Affordable**, the three **Manors** and **Shady Grove Apartments** were budgeted with four months of operations; however, due to the delay in the conversion the properties, the properties experienced an additional two months of operating income and expenses. The additional rental income at **Georgian Court** and **Shady Grove** exceeded the additional expenses resulting in positive variances at both properties. The three **Manor** properties ended the quarter with negative variances due to higher vacancies to support the upcoming renovations coupled with overages in maintenance expenses at **Fair Hill Farm** and **Cloppers Mill** and utility overages at **Colesville** in the first quarter coupled with the additional debt service payments that exceeded the additional two months of rental income. **Holiday Park** reported a negative cash flow variance of \$12,125 primarily due to overages in maintenance and utility costs that were partially offset by lower bad debt expense. **Jubilee Hermitage** experienced a negative cash flow variance of \$12,803 largely due to the payment for utility bills from prior periods. Cash flow for **Jubilee Woodedge** was \$6,567 lower than projected mainly resulting from lower tenant income offset by savings in maintenance expense. **Manchester Manor** reported a negative variance of \$68,427 due to overages throughout most expense categories coupled with lower subsidy payments. **McHome** experienced a negative cash flow variance of \$7,057 as a result of higher vacancy loss coupled with overages in administrative costs offset by savings in maintenance and bad debt expenses. Cash flow at **McKendree** was \$26,917 higher than anticipated due to lower bad debt expense partially offset by slightly higher maintenance costs. **Metropolitan Affordable** ended the quarter with a positive variance of \$60,884 as a result of higher gross tenant rents and lower vacancy loss coupled with savings in maintenance, utility and administrative expenses. Cash flow at **MHLP VII** was \$14,936 higher than anticipated due to savings in debt service and maintenance expense offset by higher administrative expense coupled with lower gross rents and higher vacancy loss. **MHLP VIII** experienced a negative variance of \$49,081 due to lower gross rents and higher vacancies coupled with overages in administrative, maintenance and utility costs that were partially offset by lower bad debt expense. **MHLP IX Pond Ridge** reported a \$40,957 positive variance due to savings in maintenance, tax, administrative and bad debt expense that were partially offset by higher vacancy loss. **MHLP IX Scattered Sites** experienced positive cash flow variances of \$33,626 mainly due to savings in real estate tax resulting from the state PILOT agreement that has been established for the property resulting in a savings in taxes that was offset by overages in maintenance, administrative and utility costs coupled with lower gross rents and higher vacancy loss. **MHLP X** experienced positive cash flow variance of \$119,491 mainly due to savings in real estate tax resulting from the state PILOT agreement that has been established for the property coupled with savings in administrative and maintenance expenses that were partially offset by greater than anticipated bad debt expense and vacancy loss. **Pooks Hill**

Mid-Rise experienced a negative cash flow variance of \$20,441 as a result of higher vacancy loss and concession coupled with higher COVID-19 and bad debt expenses that were partially offset by savings in administrative and maintenance. **Strathmore Court** experienced a negative cash flow variance of \$25,661 as a result of higher maintenance, COVID-19, and bad debt expense coupled with lower gross rents that were partially offset by lower vacancy loss and savings in administrative and utility expenses. **TPP LLC Pomander Court** experienced a negative cash flow variance of \$36,028 primarily as a result of higher bad debt and maintenance expense. Cash flow for **TPP LLC Timberlawn** was \$88,957 lower than budget primarily as a result of overages in maintenance, utility and COVID-19 expenses that were partially offset by savings in administrative and bad debt expenses coupled with lower vacancy loss and slightly higher gross rents. **Westwood Towers** experienced a negative cash flow variance of \$173,595 as a result of higher administrative, tenant services, maintenance, security and utility expenses coupled with higher concessions that were partially offset by lower vacancy loss coupled with higher gross rents and parking income. Cash flow at **The Willows** was \$61,677 higher than anticipated mostly due to higher gross rents.

- The second group consists of properties whose cash flow will not be used for the Agency's FY'22 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 \$152,101 more than budgeted. The demolition of **The Ambassador** was completed in April of 2020. The property experienced expenses of \$6,808 mainly driven by interest paid on the outstanding debt on the PNC Real Estate Line of Credit ("RELOC") and taxes. There are sufficient reserves at the property to cover the costs. **Bradley Crossing** ended the quarter with a negative variance of \$227,813 as a result of higher vacancy loss partially offset by savings in administrative costs that were countered by overages in maintenance expense. **Brooke Park** experienced a negative cash flow variance of \$85,361 largely resulting from a delay in occupying the units post renovation. Cash flow at **Brookside Glen** was \$86,251 lower than anticipated due to higher bad debt, security and maintenance costs. **Cider Mill** reported a positive cash flow variance of \$486,223 due to lower vacancy loss and higher gross tenant rents coupled with lower bad debt expense offset by higher utility, and maintenance costs. **Diamond Square** ended the year with a positive cash flow variance of \$37,104 as a result of savings in utilities offset by overages in maintenance, security and administrative cost. **Holly Hall Interim RAD**, which was vacated in November 2019 and therefore not budgeted, has continued to experience a small amount of expense for utilities, maintenance and solid waste tax expense of \$18,026 which will be covered by unrestricted cash in the Opportunity Housing portfolio. **Paint Branch** experienced a negative cash flow variance of \$23,956 due to higher maintenance costs coupled with higher vacancy loss. **Southbridge** ended the year with a positive cash flow variance of \$18,555 due to savings in utility and administrative costs coupled with lower vacancy loss that were partially offset by small overages in maintenance. **State Rental Combined** experienced a positive cash flow variance of \$79,712 as a result of lower concessions and vacancy loss coupled slightly higher gross tenant rents and savings in administrative cost that were countered by overages in maintenance expenses. **Stewartown Affordable**, which converted to the tax credit portfolio on June 30, 2021, incurred additional

operating costs in early FY'22 related to pre-conversion expenses that will be covered by funds in the old property.

The Public Fund (Attachment D)

- The FY'22 Budget was developed with no Public Housing property budgets. **Elizabeth House** receive additional Rental Assistance Demonstration ("RAD") vacant unit subsidies last fiscal year that were subsequently transferred to the Elizabeth House RAD property in the first quarter of FY'22. A small amount of expenses continued at **Emory Grove** for communication costs and solid waste tax.
- The Housing Choice Voucher Program ("HCVP") ended the quarter with a surplus of \$1,225,668. The surplus was comprised of an administrative surplus of \$1,434,126 countered by Housing Assistance Payment ("HAP") payments that exceeded HAP revenue by \$208,458. 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 countered by a negative variance in administrative expenses. The higher administrative fee income was primarily the result of a higher proration factor of 84.7% compared to the budgeted rate of 83.832% coupled with the administrative fee income received to support the emergency and COVID 19 vouchers. The negative expense variance was primarily the result of the additional administrative expenses funded by the emergency and COVID 19 administrative fees that was partially offset by savings due to staff turnover.

Tax Credit Partnerships

The Tax Credit Partnerships have a calendar year end.

The Capital Budget (Attachment E)

Attachment E is a chart of the Capital Improvements Budget for FY'22. The chart is grouped in two sections – General Fund and Opportunity Housing properties. This report is being presented for information only. Most of the variances in the capital budgets reflect timing issues. Capital projects are long-term; therefore, it is very difficult to analyze each project on a quarterly basis. We will keep the Commission informed of any major issues or deviations from the planned Capital Improvements Budget.

Avondale Apartments exceeded the capital budget due to roof and emergency pipe replacement. **Ken Gar** overspent the capital budget by a nominal amount due to work related to tree removal and the replacement of parking lot LED lamps. **MHLP IX - Pond Ridge** exceeded its capital budget as a result of appliance replacements for four vacant units as well as six occupied units requiring an appliance to be replaced. **MHLP X** overspent its capital budget due to flooring and appliance replacement. **Paint Branch** nominally exceeded its capital budget due to HVAC and appliance replacement. **State Rental** has exceeded its FY'22 capital budget as a result of flooring/carpet and appliance replacement coupled with plumbing and kitchen work.

Stewartown Affordable which converted to the tax credit portfolio on June 30, 2021, experienced a small capital charge due to delayed billing for a charge related to flooring/carpeting work at the property prior to conversion.

As stated previously, the conversion of **Georgian Court Affordable** and the three **Manor** properties was delayed which has resulted in the properties exceeding their respective capital budget. **Georgian Court Affordable** has exceeded its FY'22 capital budget by \$11,938 mainly as a result of flooring/carpeting work and kitchen refinishing. The **Manor at Cloppers Mill** has overspent its FY'22 capital budget due to HVAC and plumbing replacements. The **Manor at Colesville** exceeded the capital budget due to work related to dryer vent cleaning and the replacement of the waste caddy and office copier. The **Manor at Fair Hill Farm** overspent as a result of unanticipated plumbing and HVAC expenditures and replacement of the trash compactor.

The majority of the properties have sufficient property reserves to cover the overages. Where this is not the case, staff is reviewing the obligations from the Opportunity Housing Property Reserve ("OHPR") to ensure sufficient funds are available to cover the balance of the overages.

Resolution No: 22-18

**Re: Acceptance of the Second Quarter
FY'22 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 Second Quarter FY’22 Budget to Actual Statements during its March 2, 2022 meeting; and

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

I HEREBY CERTIFY that the forgoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at a regular meeting conducted on March 2, 2022.

Patrice Birdsong
Special Assistant to the Commission

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FY 2022 Second Quarter Operating Budget to Actual Comparison

| | Unrestricted Net Cash Flow | | |
|---|----------------------------|----------------------|--------------------|
| | (6 Months) Budget | (6 Months) Actual | Variance |
| General Fund | | | |
| General Fund | (\$4,527,080) | (\$2,414,801) | \$2,112,279 |
| Administration of Multifamily and Single Family Fund | | | |
| Multifamily Fund | \$986,603 | \$1,104,993 | \$118,390 |
| Draw from / (Restrict to) Multifamily Bond Fund | (\$986,603) | (\$1,104,993) | (\$118,390) |
| Single Family Fund | \$143,609 | \$244,845 | \$101,236 |
| Draw from / (Restrict to) Single Family Bond Fund | (\$143,609) | (\$244,845) | (\$101,236) |
| Opportunity Housing Fund | | | |
| Opportunity Housing Properties | \$916,060 | \$766,014 | (\$150,046) |
| Development Corporation Property Income | \$3,631,374 | \$3,428,012 | (\$203,362) |
| OHRF | | | |
| OHRF Balance | \$2,514,269 | \$1,839,783 | (\$674,486) |
| Excess Cash Flow Restricted | (\$2,514,269) | (\$1,839,783) | \$674,486 |
| Draw from existing funds | \$0 | \$0 | \$0 |
| Net -OHRF | \$0 | \$0 | \$0 |
| SUBTOTAL - General Fund, Multifamily, Single Family, Opportunity Housing | \$20,354 | \$1,779,225 | \$1,758,871 |
| Public Fund | | | |
| Public Housing Rental (1) | \$0 | (\$75,659) | (\$75,659) |
| Housing Choice Voucher Program HAP (2) | \$1,515,168 | (\$208,458) | (\$1,723,626) |
| Housing Choice Voucher Program Admin (3) | \$91,212 | \$1,434,126 | \$1,342,914 |
| Total -Public Fund | \$1,606,380 | \$1,150,009 | (\$456,371) |
| Public Fund - Reserves | | | |
| (1) Public Housing Rental - Draw from / Restrict to Program | \$0 | \$75,659 | \$75,659 |
| (2) Draw from / Restrict to HCV Program Cash Reserves | (\$1,515,168) | \$208,458 | \$1,723,626 |
| (3) Draw from / Restrict to HCV Program Excess Admin Fee | (\$91,212) | (\$1,434,126) | (\$1,342,914) |
| SUBTOTAL - Public Funds | \$0 | \$0 | \$0 |
| TOTAL - All Funds | \$20,354 | \$1,779,225 | \$1,758,871 |

FY 2022 Second Quarter Operating Budget to Actual Comparison

| | Capital Expenses | | Variance |
|---------------------------------|-----------------------|----------------------|--------------------|
| | (12 Months) Budget | (6 Months) Actual | |
| General Fund | | | |
| 880 Bonifant | \$277,000 | \$51,613 | \$225,387 |
| East Deer Park | \$95,000 | \$3,321 | \$91,679 |
| Kensington Office | \$160,000 | \$0 | \$160,000 |
| Information Technology | \$844,580 | \$402,189 | \$442,391 |
| Opportunity Housing Fund | \$7,386,785 | \$3,339,955 | \$4,046,830 |
| TOTAL - All Funds | \$8,763,365 | \$3,797,078 | \$4,740,900 |

FY 2022 Second Quarter Operating Budget to Actual Comparison

Development Corp Properties - Net Cash Flow

| | (6 Months) | | Variance | | (6 Months) | |
|---|-------------------------|-------------------|--------------------|-------------------------|--------------------|--|
| | Net Cash Flow Budget | Income | Expense | Net Cash Flow Actual | Variance | |
| Properties with unrestricted cash flow for FY21 operating budget | | | | | | |
| Alexander House Dev Corp | (\$202,575) | (\$49,776) | \$33,775 | (\$218,576) | (\$16,001) | |
| The Barclay Dev Corp | (\$80,007) | \$17,553 | \$56,132 | (\$6,322) | \$73,685 | |
| Glenmont Crossing Dev Corp | \$182,903 | \$7,524 | (\$33,716) | \$156,711 | (\$26,192) | |
| Glenmont Westerly Dev Corp | \$53,371 | \$26,738 | (\$14,543) | \$65,566 | \$12,195 | |
| Magruder's Discovery Dev Corp | \$418,432 | (\$84,483) | (\$11,589) | \$322,360 | (\$96,072) | |
| The Metropolitan Dev Corp | \$1,025,782 | (\$35,283) | \$56,607 | \$1,047,106 | \$21,324 | |
| Montgomery Arms Dev Corp | \$162,625 | (\$13,250) | (\$59,364) | \$90,012 | (\$72,613) | |
| MPDU II (59) Dev Corp | \$168,491 | \$17,768 | \$11,174 | \$197,433 | \$28,942 | |
| Paddington Square Dev Corp | \$279,477 | (\$51,017) | (\$118,163) | \$110,297 | (\$169,180) | |
| Pooks Hill High-Rise Dev Corp | \$191,186 | \$29,310 | (\$3,470) | \$217,026 | \$25,840 | |
| Scattered Site One Dev Corp | \$100,638 | \$50,924 | (\$72,083) | \$79,479 | (\$21,159) | |
| Scattered Site Two Dev Corp | (\$43,606) | (\$296) | \$25,998 | (\$17,904) | \$25,702 | |
| Sligo MPDU III Dev Corp | (\$8,891) | \$5,233 | (\$7,445) | (\$11,104) | (\$2,213) | |
| VPC One Dev Corp | \$805,374 | \$17,166 | \$71,604 | \$894,144 | \$88,770 | |
| VPC Two Dev Corp | \$578,174 | \$33,044 | (\$109,433) | \$501,784 | (\$76,390) | |
| Subtotal | \$3,631,374 | (\$28,845) | (\$174,516) | \$3,428,012 | (\$203,362) | |
| Properties with restricted cash flow (external and internal) | | | | | | |
| MetroPointe Dev Corp | (\$122,888) | \$23,696 | (\$35,883) | (\$135,074) | (\$12,186) | |
| Oaks at Four Corners Dev Corp | (\$38,895) | (\$5,351) | \$83,819 | \$39,573 | \$78,468 | |
| RAD 6 Dev Corp Total | (\$340,866) | \$964,640 | \$1,918 | \$625,692 | \$966,558 | |
| Ken Gar Dev Corp | (\$29,769) | \$112,894 | (\$3,991) | \$79,134 | \$108,903 | |
| Parkway Woods Dev Corp | \$538 | \$128,126 | \$11,326 | \$139,990 | \$139,452 | |
| Sandy Spring Meadow Dev Corp | (\$21,260) | \$173,784 | \$35,708 | \$188,232 | \$209,492 | |
| Seneca Ridge Dev Corp | (\$196,572) | \$264,267 | (\$18,212) | \$49,483 | \$246,055 | |
| Towne Centre Place Dev Corp | (\$30,229) | \$231,043 | \$11,234 | \$212,048 | \$242,277 | |
| Washington Square Dev Corp | (\$63,574) | \$54,526 | (\$34,147) | (\$43,195) | \$20,379 | |
| Subtotal | (\$502,649) | \$982,985 | \$49,854 | \$530,191 | \$1,032,840 | |
| TOTAL ALL PROPERTIES | \$3,128,725 | \$954,140 | (\$124,662) | \$3,958,203 | \$829,478 | |

FY 2022 Second Quarter Operating Budget to Actual Comparison
For Opportunity Housing Properties - Net Cash Flow

| | (6 Months) | | Variance | | (6 Months) | |
|---|--------------------|--------------------|----------------------|---------|--------------------|--------------------|
| | Net Cash Flow | | Income | Expense | Net Cash Flow | Variance |
| | Budget | | | | Actual | |
| Properties with unrestricted cash flow for FY22 operating budget | | | | | | |
| MPDU I (64) | \$24,235 | (\$8,158) | \$62,271 | | \$78,348 | \$54,113 |
| Avondale Apartments | \$66,749 | (\$39,745) | (\$60,049) | | (\$33,045) | (\$99,794) |
| Barclay Affordable | \$46,064 | (\$79,045) | (\$78,595) | | (\$111,575) | (\$157,639) |
| Camp Hill Square | \$95,453 | (\$38,831) | (\$47,798) | | \$8,825 | (\$86,628) |
| Chelsea Towers | (\$22,835) | \$1,935 | \$28,143 | | \$7,243 | \$30,078 |
| Day Care at Lost Knife Road | (\$25,542) | \$12,575 | \$1,634 | | (\$11,333) | \$14,209 |
| Elizabeth House Interim RAD | \$22,826 | \$163,249 | (\$33,461) | | \$152,613 | \$129,787 |
| Fairfax Court | \$30,430 | \$10,198 | (\$8,672) | | \$31,957 | \$1,527 |
| Georgian Court Affordable | \$108,992 | \$233,564 | (\$162,309) | | \$180,247 | \$71,255 |
| Holiday Park | (\$37,648) | (\$2,172) | (\$9,953) | | (\$49,773) | (\$12,125) |
| Jubilee Falling Creek | (\$11,122) | \$0 | (\$1,961) | | (\$13,083) | (\$1,961) |
| Jubilee Hermitage | (\$1,794) | \$54 | (\$12,857) | | (\$14,597) | (\$12,803) |
| Jubilee Horizon Court | (\$2,966) | \$0 | (\$67) | | (\$3,033) | (\$67) |
| Jubilee Woodedge | \$1,155 | (\$10,566) | \$3,999 | | (\$5,412) | (\$6,567) |
| Manchester Manor | (\$2,342) | (\$13,305) | (\$55,122) | | (\$70,769) | (\$68,427) |
| The Manor at Cloppers Mill | \$33,627 | \$180,466 | (\$186,347) | | \$27,747 | (\$5,880) |
| The Manor at Colesville | \$50,290 | \$167,657 | (\$184,479) | | \$33,467 | (\$16,823) |
| The Manor at Fair Hill Farm | \$50,489 | \$195,040 | (\$259,121) | | (\$13,592) | (\$64,081) |
| McHome | \$47,436 | (\$17,434) | \$10,377 | | \$40,379 | (\$7,057) |
| McKendree | \$8,214 | \$1,164 | \$25,753 | | \$35,131 | \$26,917 |
| Metropolitan Affordable | (\$247,696) | \$36,021 | \$24,862 | | (\$186,812) | \$60,884 |
| MHLP VII | (\$244) | (\$16,554) | \$31,490 | | \$14,692 | \$14,936 |
| MHLP VIII | \$17,898 | (\$42,625) | (\$6,455) | | (\$31,183) | (\$49,081) |
| MHLP IX Pond Ridge | (\$101,084) | (\$30,285) | \$71,242 | | (\$60,127) | \$40,957 |
| MHLP IX Scattered Sites | (\$162,039) | (\$56,690) | \$90,316 | | (\$128,413) | \$33,626 |
| MHLP X | (\$64,817) | (\$10,518) | \$130,009 | | \$54,674 | \$119,491 |
| MPDU 2007 Phase II | \$3,334 | \$0 | \$7,597 | | \$10,931 | \$7,597 |
| Olney Sandy Spring Road | (\$3,960) | (\$1,462) | (\$757) | | (\$6,179) | (\$2,219) |
| Pooks Hill Mid-Rise | \$102,139 | (\$15,129) | (\$5,312) | | \$81,698 | (\$20,441) |
| Shady Grove Apts | \$304,812 | \$363,935 | (\$224,052) | | \$444,695 | \$139,883 |
| Strathmore Court | \$306,086 | \$10,465 | (\$36,127) | | \$280,425 | (\$25,661) |
| Strathmore Court Affordable | (\$261,958) | \$1,501 | (\$4,624) | | (\$265,081) | (\$3,123) |
| TPP LLC Pomander Court | \$26,297 | \$2,158 | (\$38,186) | | (\$9,731) | (\$36,028) |
| TPP LLC Timberlawn | \$287,963 | \$47,561 | (\$136,517) | | \$199,006 | (\$88,957) |
| Westwood Tower | \$248,813 | \$138,445 | (\$312,040) | | \$75,218 | (\$173,595) |
| The Willows | (\$21,195) | \$69,694 | (\$8,017) | | \$40,482 | \$61,677 |
| Subtotal | \$916,060 | \$1,253,163 | (\$1,385,185) | | \$784,040 | (\$132,020) |
| Properties with restricted cash flow (external and internal) | | | | | | |
| The Ambassador | \$0 | \$0 | (\$6,808) | | (\$6,808) | (\$6,808) |
| Bradley Crossing | \$481,336 | (\$300,319) | \$72,506 | | \$253,523 | (\$227,813) |
| Brooke Park | \$46,205 | (\$96,410) | \$11,049 | | (\$39,156) | (\$85,361) |
| Brookside Glen (The Glen) | \$74,873 | (\$2,372) | (\$83,880) | | (\$11,378) | (\$86,251) |
| CDBG Units | (\$6) | \$0 | \$5,976 | | \$5,970 | \$5,976 |
| Cider Mill Apartments | (\$64,660) | \$542,011 | (\$55,788) | | \$421,563 | \$486,223 |
| Dale Drive | \$4,035 | (\$54) | \$4,360 | | \$8,341 | \$4,306 |
| Diamond Square | \$161,533 | \$3,379 | \$33,726 | | \$198,637 | \$37,104 |
| Holly Hall Interim RAD | \$0 | \$1 | (\$18,027) | | (\$18,026) | (\$18,026) |
| NCI Units | \$5,138 | (\$3,168) | \$9,337 | | \$11,308 | \$6,170 |
| NSP Units | \$5,681 | (\$6,020) | \$7,374 | | \$7,035 | \$1,354 |
| King Farm Village | \$2,254 | \$0 | \$287 | | \$2,541 | \$287 |
| Paint Branch | \$32,258 | (\$6,403) | (\$17,554) | | \$8,302 | (\$23,956) |
| Southbridge | \$8,287 | \$4,855 | \$13,700 | | \$26,842 | \$18,555 |
| State Rental Combined | (\$130,195) | \$65,694 | \$14,018 | | (\$50,483) | \$79,712 |
| Stewartown Affordable | \$0 | \$135 | (\$39,506) | | (\$39,371) | (\$39,371) |
| Subtotal | \$626,739 | \$201,329 | (\$49,230) | | \$778,840 | \$152,101 |
| TOTAL ALL PROPERTIES | \$1,542,799 | \$1,454,492 | (\$1,434,415) | | \$1,562,880 | \$20,081 |

FY 2022 Second Quarter Operating Budget to Actual Comparison
For HUD Funded Programs

| | (6 Months) Budget | (6 Months) Actual | Variance |
|---------------------------------------|----------------------|----------------------|----------------------|
| Public Housing Rental | | | |
| Revenue | \$0 | \$532 | \$532 |
| Expenses | \$0 | \$76,191 | (\$76,191) |
| Net Income | \$0 | (\$75,659) | (\$75,659) |
| Housing Choice Voucher Program | | | |
| HAP revenue | \$54,609,534 | \$53,656,118 | (\$953,416) |
| HAP payments | \$53,094,366 | \$53,864,576 | \$770,210 |
| Net HAP | \$1,515,168 | (\$208,458) | (\$1,723,626) |
| Admin.fees & other inc. | \$4,360,226 | \$6,142,629 | \$1,782,403 |
| Admin. Expense | \$4,269,014 | \$4,708,503 | (\$439,489) |
| Net Administrative | \$91,212 | \$1,434,126 | \$1,342,914 |
| Net Income | \$1,606,380 | \$1,225,668 | (\$380,712) |

FY 2022 Second Quarter Operating Budget to Actual Comparison
 For Public Housing Rental Programs - Net Cash Flow

| | (6 Months) Net Cash Flow | | Variance | | (6 Months) Net Cash Flow | |
|-----------------------------|-----------------------------|--------------|-------------------|-------------------|-----------------------------|--|
| | Budget | Income | Expense | Actual | Variance | |
| Elizabeth House | \$0 | \$532 | (\$69,661) | (\$69,129) | (\$69,129) | |
| Emory Grove | \$0 | \$0 | (\$6,530) | (\$6,530) | (\$6,530) | |
| TOTAL ALL PROPERTIES | \$0 | \$532 | (\$76,191) | (\$75,659) | (\$75,659) | |

**FY 2022 Second Quarter Operating Budget to Actual Comparison
For Capital Improvements**

| | (12 Months) Budget | (6 Months) Actual | Variance |
|--|-----------------------|----------------------|--------------------|
| General Fund | | | |
| 880 Bonifant | \$277,000 | \$51,613 | \$225,387 |
| East Deer Park | \$95,000 | \$3,321 | \$91,679 |
| Kensington Office | \$160,000 | \$0 | \$160,000 |
| Information Technology | \$844,580 | \$402,189 | \$442,391 |
| Subtotal | \$1,376,580 | \$457,123 | \$919,457 |
| Opportunity Housing | | | |
| Alexander House Dev Corp | \$36,196 | \$17,264 | \$18,932 |
| Avondale Apartments | \$31,390 | \$49,440 | (\$18,050) |
| The Barclay Dev Corp | \$132,423 | \$54,987 | \$77,436 |
| Barclay Affordable | \$105,372 | \$55,979 | \$49,393 |
| Bradley Crossing | \$80,323 | \$17,385 | \$62,938 |
| Brookside Glen (The Glen) | \$88,752 | \$86,171 | \$2,581 |
| Camp Hill Square | \$48,312 | \$37,326 | \$10,986 |
| CDBG Units | \$10,320 | \$0 | \$10,320 |
| Chelsea Towers | \$16,050 | \$5,068 | \$10,982 |
| Cider Mill Apartments | \$1,617,656 | \$469,486 | \$1,148,170 |
| Day Care at 9845 Lost Knife Road | \$6,000 | \$0 | \$6,000 |
| Dale Drive | \$8,916 | \$1,303 | \$7,613 |
| Diamond Square | \$635,524 | \$0 | \$635,524 |
| Elizabeth House Interim RAD | \$5,950 | \$253 | \$5,697 |
| Fairfax Court | \$49,596 | \$41,118 | \$8,478 |
| Georgian Court Affordable | \$3,420 | \$15,358 | (\$11,938) |
| Glenmont Crossing Dev Corp | \$368,845 | \$50,425 | \$318,420 |
| Glenmont Westerly Dev Corp | \$150,924 | \$36,266 | \$114,658 |
| Holiday Park | \$19,983 | \$1,463 | \$18,520 |
| Jubilee Falling Creek | \$9,650 | \$0 | \$9,650 |
| Jubilee Hermitage | \$8,600 | \$2,497 | \$6,103 |
| Jubilee Horizon Court | \$9,219 | \$8,680 | \$539 |
| Jubilee Woodedge | \$8,560 | \$0 | \$8,560 |
| Ken Gar Dev Corp | \$15,271 | \$15,824 | (\$553) |
| King Farm Village | \$2,300 | \$0 | \$2,300 |
| Magruder's Discovery Dev Corp | \$69,147 | \$41,649 | \$27,498 |
| Manchester Manor | \$31,092 | \$22,154 | \$8,938 |
| Manor at Cloppers Mill | \$25,040 | \$60,770 | (\$35,730) |
| Manor at Colesville | \$15,740 | \$31,130 | (\$15,390) |
| Manor at Fair Hill Farm | \$40,300 | \$174,117 | (\$133,817) |
| McHome | \$74,500 | \$26,072 | \$48,428 |
| McKendree | \$31,250 | \$10,280 | \$20,970 |
| MetroPointe Dev Corp | \$673,671 | \$26,718 | \$646,953 |
| The Metropolitan Dev Corp | \$62,728 | \$33,528 | \$29,200 |
| Metropolitan Affordable | \$26,888 | \$13,722 | \$13,166 |
| Montgomery Arms Dev Corp | \$84,017 | \$39,277 | \$44,740 |
| MHLP VII | \$43,346 | \$29,535 | \$13,811 |
| MHLP VIII | \$49,000 | \$38,153 | \$10,847 |
| MHLP IX - Pond Ridge | \$71,034 | \$100,180 | (\$29,146) |
| MHLP IX - Scattered Sites | \$76,250 | \$70,451 | \$5,799 |
| MHLP X | \$93,600 | \$100,708 | (\$7,108) |
| MPDU 2007 Phase II | \$10,296 | \$5,426 | \$4,870 |
| 617 Olney Sandy Spring Road | \$2,268 | \$0 | \$2,268 |
| MPDU I (64) | \$64,604 | \$42,912 | \$21,692 |
| MPDU II (59) Dev Corp | \$82,670 | \$40,362 | \$42,308 |
| Oaks at Four Corners Dev Corp | \$183,826 | \$34,906 | \$148,920 |
| NCI Units | \$49,920 | \$17,419 | \$32,501 |
| NSP Units | \$9,558 | \$1,155 | \$8,403 |
| Paddington Square Dev Corp | \$101,356 | \$72,680 | \$28,676 |
| Paint Branch | \$7,796 | \$8,170 | (\$374) |
| Parkway Woods Dev Corp | \$26,316 | \$5,382 | \$20,934 |
| Pooks Hill High-Rise Dev Corp | \$56,204 | \$8,243 | \$47,961 |
| Pooks Hill Mid-Rise | \$49,904 | \$23,133 | \$26,771 |
| Sandy Spring Meadow Dev Corp | \$15,352 | \$7,779 | \$7,573 |
| Scattered Site One Dev Corp | \$211,150 | \$157,677 | \$53,473 |
| Scattered Site Two Dev Corp | \$47,000 | \$24,429 | \$22,571 |
| Seneca Ridge Dev Corp | \$51,204 | \$30,799 | \$20,405 |
| Shady Grove Apts | \$12,734 | \$10,535 | \$2,199 |
| Sligo MPDU III Dev Corp | \$23,550 | \$17,557 | \$5,993 |
| Southbridge | \$28,176 | \$6,143 | \$22,033 |
| State Rental Combined | \$201,350 | \$239,463 | (\$38,113) |
| Stewartown Affordable | \$0 | \$1,149 | (\$1,149) |
| Strathmore Court | \$163,280 | \$118,309 | \$44,971 |
| Strathmore Court Affordable | \$88,058 | \$37,758 | \$50,300 |
| Towne Centre Place Dev Corp | \$15,964 | \$2,476 | \$13,488 |
| TPP LLC Pomander Court | \$23,222 | \$1,904 | \$21,318 |
| TPP LLC Timberlawn | \$85,656 | \$37,739 | \$47,917 |
| VPC One Dev Corp | \$210,400 | \$160,976 | \$49,424 |
| VPC Two Dev Corp | \$191,400 | \$113,533 | \$77,867 |
| Washington Square Dev Corp | \$56,236 | \$17,418 | \$38,818 |
| Westwood Tower | \$196,800 | \$192,772 | \$4,028 |
| The Willows | \$183,380 | \$117,014 | \$66,366 |
| Subtotal | \$7,386,785 | \$3,339,955 | \$4,046,830 |
| TOTAL | \$8,763,365 | \$3,797,078 | \$4,966,287 |

**UNCOLLECTIBLE TENANT ACCOUNTS RECEIVABLE:
AUTHORIZATION TO WRITE-OFF UNCOLLECTIBLE TENANT
ACCOUNTS RECEIVABLE
(OCTOBER 1, 2021 – DECEMBER 31, 2021)**

March 2, 2022

- 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 second quarter of Fiscal Year 2022 totaled \$77,988, an increase of \$61,312 compared to the previous quarter.
- The primary reasons for the write-offs across the properties include tenants who voluntarily left their units, passed away, purchased a home, no longer qualify, skipped, needed more space, failed to complete annual recertification, obtained HCV voucher and/or ported out.
- The next anticipated write-off of former tenants' uncollectible accounts receivable balance will be for the third quarter of FY'22, which will cover the period from January 1, 2022 to March 31, 2022.
- The Budget Finance and Audit Committee reviewed this request at its meeting on February 24, 2022 and joins staff in its recommendation that the Commission approve the proposed write-off of uncollectible former residents' balances for the second quarter of FY'22, which totaled \$77,988.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine Brown, Acting Executive Director

FROM: Staff: Tim Goetzinger Division: Finance Ext. 4836
 Eugenia Pascual Finance Ext. 9478
 Nilou Razeghi Finance Ext. 9494
 Charnita Jackson Property Management Ext. 9776

RE: Uncollectible Tenant Accounts Receivable: Authorization to Write-off
 Uncollectible Tenant Accounts Receivable (October 1, 2021 – December 31, 2021)

DATE: March 2, 2022

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 accurately reflect the receivables and provides greater potential for outstanding receivable collection.

HOC maintains a relationship with the rent collections firm, Rent Collect Global ("RCG"). All delinquent balances of \$200 or more are submitted to RCG for further pursuit. Additionally, HOC offers a Surety Bond Program in which residents are provided the option to purchase a surety bond, at a low rate, from the firm Sure Deposit, Inc., instead of paying a traditional security deposit to HOC. Furthermore, the full value of the surety bond is available to HOC for recovery of any damage or other loss, just like a traditional security deposit. Through HOC's collection efforts and the services of RCG and SureDeposit, HOC makes every effort to pursue all tenant outstanding receivables.

The last approved write-off of former tenant accounts receivable balances on January 5, 2022 was for \$16,676, which covered the three-month period from July 1, 2021, through September 30, 2021.

The proposed write-off of former tenant accounts receivable balances for the second quarter October 1, 2021 through December 31, 2021 is \$77,988.

The \$77,988 second quarter write-off is primarily attributable to former tenants within HOC's Opportunity Housing properties, Supportive Housing Properties and LIHTC/RAD Properties – Arcola Towers LP, Seneca Ridge and Town Centre Place. The primary reasons for the write-offs across the properties include tenants who voluntarily left their units, passed away, purchased a home, no longer qualify, skipped, needed more space, failed to complete annual recertification, obtained HCV voucher and/or ported out.

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

| | Current | Prior | | | Fiscal Year 2022 | Fiscal Year 2021 |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Write-offs | Write-offs | \$ Change | % Change | Year-to-Date | Year-to-Date |
| Property Type | 10/01/21 - 12/31/21 | 07/01/21 - 09/30/21 | 09/30/21 - 12/31/21 | 09/30/21 - 12/31/21 | 07/01/21 - 12/31/21 | 07/01/20 - 12/31/20 |
| Public Housing | \$ - | \$0 | \$ - | 0.00% | \$ - | 370 |
| Opportunity Housing | 43,370 | \$13,684 | 29,686 | 216.94% | 57,054 | 86,577 |
| Supportive Housing | 2,732 | \$0 | 2,732 | 0.00% | 2,732 | 21,465 |
| LIHTC/RAD Properties | 31,886 | \$230 | 31,656 | 13763.48% | 32,116 | 18,876 |
| Rental Asst Sec8 Repays | - | \$0 | - | 0.00% | - | - |
| 236 Properties | - | \$2,762 | (2,762) | -100.00% | 2,762 | - |
| | \$ 77,988 | \$16,676 | \$ 61,312 | 367.67% | \$ 94,664 | 127,288 |

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

Public Fund

| | Current | Prior | | | Fiscal Year 2022 | Fiscal Year 2021 |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Write-offs | Write-offs | \$ Change | \$ Change | Year-to-Date | Year-to-Date |
| | 10/01/21 - 12/31/21 | 07/01/21 - 09/30/21 | 09/30/21 - 12/31/21 | 09/30/21 - 12/31/21 | 07/01/21 - 12/31/21 | 07/01/20 - 12/31/20 |
| Public Fund | | | | | | |
| Former PH Tenants | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ 370 |
| Total Public Fund | \$ - | \$ - | \$ - | 0.00% | \$ - | \$ 370 |

Within the public Housing portfolio, there were no write-offs to report in the second quarter of FY '22.

Opportunity Housing Fund

| | Current | Prior | | | Fiscal Year 2022 | Fiscal Year 2021 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Write-offs | Write-offs | \$ Change | \$ Change | Year-to-Date | Year-to-Date |
| | 10/01/21 - 12/31/21 | 07/01/21 - 09/30/21 | 09/30/21 - 12/31/21 | 09/30/21 - 12/31/21 | 07/01/21 - 12/31/21 | 07/01/20 - 12/31/20 |
| Opportunity Housing (OH) Fund | | | | | | |
| Camp Hill Square | \$ - | \$0 | \$ - | 0.00% | \$ - | 3,683 |
| McHome | - | \$8,392 | (8,392) | -100.00% | 8,392 | - |
| MHLP I/64 | - | \$0 | - | 0.00% | - | 412 |
| MHLP IX - MPDU | 847 | \$2,356 | (1,509) | -64.05% | 3,203 | 457 |
| MHLP VII | 1,475 | \$0 | 1,475 | 0.00% | 1,475 | - |
| MHLP VIII | - | \$0 | - | 0.00% | - | 870 |
| MHLP X | 14,578 | \$556 | 14,022 | 2521.94% | 15,134 | - |
| Scattered Site One Dev Corp | 20,332 | \$0 | 20,332 | 0.00% | 20,332 | 11,984 |
| State Rental Partnership | 3,220 | \$2,157 | 1,063 | 49.28% | 5,377 | 8,180 |
| TPM Dev Corp - MPDU II (59) | 2,918 | \$0 | 2,918 | 0.00% | 2,918 | 21,782 |
| VPC One Corp | - | \$223 | (223) | -100.00% | 223 | 21 |
| VPC Two Corp | - | \$0 | - | 0.00% | - | 39,188 |
| Total OH Fund | \$ 43,370 | \$13,684 | \$ 29,686 | 216.94% | \$ 57,054 | 86,577 |

Within the Opportunity Housing portfolio, the \$43,370 write-off amounts were attributable to MHLP IX, MPDU, MHLP VII, MHLP X, Scattered Sites One Development Corporation, State Rental Partnership and TPM Dev Corp – MPDU II (59). The write-offs were mainly due to two tenants who no longer qualify, four tenants who voluntarily vacated their units, four tenants who purchased a home, one tenant who passed away, one tenant who failed to complete the annual recertification, one tenant who needed more space and one tenant who skipped.

Supportive Housing

| | Current | Prior | | | Fiscal Year 2022 | Fiscal Year 2021 |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Write-offs | Write-offs | \$ Change | % Change | Year-to-Date | Year-to-Date |
| | 10/01/21 - 12/31/21 | 07/01/21 - 09/30/21 | 09/30/21 - 12/31/21 | 09/30/21 - 12/31/21 | 07/01/21 - 12/31/21 | 07/01/20 - 12/31/20 |
| Supportive Housing | | | | | | |
| McKinney X - HUD | \$ 2,732 | \$ - | \$ 2,732 | 0.00% | \$ 2,732 | \$ 21,465 |
| Total Supportive Housing | \$ 2,732 | \$ - | \$ 2,732 | 0.00% | \$ 2,732 | \$ 21,465 |

Within the Supportive Housing Program, the \$2,732 write-off amount was due to three tenants who passed away.

LIHTC/RAD Properties

| | Current | Prior | | | Fiscal Year 2022 | Fiscal Year 2021 |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Write-offs | Write-offs | \$ Change | % Change | Year-to-Date | Year-to-Date |
| | 10/01/21 - 12/31/21 | 07/01/21 - 09/30/21 | 09/30/21 - 12/31/21 | 09/30/21 - 12/31/21 | 07/01/21 - 12/31/21 | 07/01/20 - 12/31/20 |
| LIHTC/RAD Properties | | | | | | |
| Arcola Towers LP | \$ 3,409 | \$ 0 | \$ 3,409 | 0.00% | \$ 3,409 | - |
| Elizabeth House - Interim RAD | - | \$ 0 | - | 0.00% | - | 1,111 |
| Holly Hall RAD | - | \$ 0 | - | 0.00% | - | 1,663 |
| RAD 6 - Sandy Spring | - | \$ 46 | (46) | -100.00% | 46 | - |
| RAD 6 - Ken Gar | - | \$ 0 | - | 0.00% | - | 295 |
| RAD 6 - Seneca Ridge | 25,786 | \$ 0 | 25,786 | 0.00% | 25,786 | 15,807 |
| RAD 6 - Towne Centre Place | 2,691 | \$ 0 | 2,691 | 0.00% | 2,691 | - |
| Waverly House LP | - | \$ 184 | (184) | -100.00% | 184 | - |
| Total LIHTC/RAD Properties | \$ 31,886 | \$ 230 | \$ 31,656 | 13763.48% | \$ 32,116 | 18,876 |

Within the LITHC/RAD properties, the \$31,886 write-off amount was due to one tenant who passed away, one tenant who obtained a HCV voucher, one tenant who ported out of the program, one tenant who purchased a home and three tenants who voluntarily vacated their units.

236 Properties

| | Current | Prior | | | Fiscal Year 2022 | Fiscal Year 2021 |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Write-offs | Write-offs | \$ Change | \$ Change | Year-to-Date | Year-to-Date |
| | 10/01/21 - 12/31/21 | 07/01/21 - 09/30/21 | 09/30/21 - 12/31/21 | 09/30/21 - 12/31/21 | 07/01/21 - 12/31/21 | 07/01/20 - 12/31/20 |
| 236 Properties | | | | | | |
| Town Center Apts | \$ - | \$ 2,762 | (2,762) | -100.00% | \$ 2,762 | \$ - |
| Total 236 Properties | \$ - | \$ 2,762 | \$ (2,762) | -100.00% | \$ 2,762 | \$ - |

Within the 236 properties, there were no write-offs to report in the second quarter of FY '22.

The next anticipated write-off will be for the third quarter of FY'22 covering January 1, 2022 through March 31, 2022. 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 \$77,988?

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 March 2, 2022 meeting of the Commission.

The Budget, Finance and Audit Committee informally discussed the Uncollectible Tenant Accounts Receivable at the February 24, 2022 meeting and supports staff's recommendation.

STAFF RECOMMENDATION:

Staff recommends that the Commission authorize the write-off of the uncollectible tenant accounts receivable of \$77,988 for the period covering October 1, 2021 to December 31, 2021.

RESOLUTION NO: 22-19

**RE: Uncollectible Tenant Accounts Receivable:
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 October 1, 2021 – December 31, 2021 is \$77,988, consisting of \$43,370 from Opportunity Housing properties, \$2,732 from Supportive Housing Properties and \$31,886 from LIHTC/RAD Properties.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes and directs the Acting Executive Director, or her designee, without further action on its part, to take any and all actions necessary and proper to write off \$77,988 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 March 2, 2022.

Patrice M. Birdsong
Special Assistant to the Commission

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Development and Finance Committee

**HILLANDALE GATEWAY: DESIGN AND DEVELOPMENT UPDATE,
APPROVAL OF A PRELIMINARY DEVELOPMENT PLAN FOR THE AGE-
RESTRICTED BUILDING, APPROVAL TO SELECT CBG BUILDING COMPANY
AS GENERAL CONTRACTOR, AND APPROVAL TO SELECT LAMBIS RANK
FOR CONSTRUCTION MANAGEMENT SERVICES**

10100, 10110, 10120 AND 10140 NEW HAMPSHIRE AVE, SILVER SPRING, MD



KAYRINE BROWN, ACTING EXECUTIVE DIRECTOR

**Kathryn Hollister, Senior Financial Analyst
Daejauna Donahue, Project Manager
Marcus Ervin, Director of Real Estate
Zachary Marks, Chief Real Estate Officer**

March 2, 2022
Page 56 of 116

Table of Contents

| Topics | Page |
|---|------|
| Executive Summary | 3 |
| Development Highlights | 4 |
| Site Plan | 5 |
| Development Renderings | 6 |
| Accessibility Features | 9 |
| Design/Construction Technologies | 11 |
| Market Analysis | 13 |
| Preliminary Development Plan and Finance Plan | 15 |
| Sources and Uses | 16 |
| General Contractor RFP and Selection | 17 |
| Construction Manager RFP and Selection | 21 |
| Development Timeline | 25 |
| Prior Commission Actions | 26 |
| Summary and Recommendations | 27 |

Executive Summary

- Hillandale Gateway **will be a new mixed-use, mixed-income, multigenerational community** located at 10100, 10110 and 10120 New Hampshire Avenue in Silver Spring, MD, on the site of Holly Hall Apartments (“Holly Hall”), a former 96-unit Public Housing community.
- Hillandale Gateway **will include a total of 463 residential units**, of which **a minimum of 30% will be affordable**. Hillandale Gateway will comprise **two residential buildings – one, a 155-unit Net Zero Energy, age-restricted (age 62+) senior building (“AR Building”);** the other, **a 308-unit Passive House, non-age restricted multifamily building (“NAR Building”)**. In addition to residential units, the site will have a drive-thru Starbucks, above-ground parking garage, commercial/retail/restaurant space, and public and private green space.
 - Staff is evaluating multiple affordability scenarios for the NAR Building that would result in a site-wide affordability level beyond 30%. Staff will return to the Commission in April 2022 for approval of a Preliminary Development Plan and affordability mix for the NAR Building.
- Hillandale Gateway **will be the first major multifamily investment in the East County** in decades and will create its first destination mixed-use community. Hillandale Gateway will also set the bar for innovation and energy efficiency in residential development in the mid-Atlantic.
- HOC is developing Hillandale Gateway as part of a joint venture (“Joint Venture” or “Hillandale Gateway, LLC”) with The Duffie Companies (“Duffie”). Duffie is a third-generation, Montgomery County-based, family-owned real estate owner, developer, and asset manager. Duffie has extensive experience developing high-performance green buildings and is one of the largest real estate owners in the Hillandale submarket of Silver Spring, owning 10140 New Hampshire Ave (the site of the future Starbucks at Hillandale Gateway) and all of the properties along the east side of New Hampshire Avenue directly across from the Hillandale Gateway site.
- The HOC-Duffie development team (“Development Team”) obtained site plan approval and submitted for building permits in 2021. **As the Development Team works toward a year-end 2022 closing, it recommends that the Commission approve the following actions, which were supported by the Development and Finance Committee:**
 1. Approval of a Preliminary Development Plan for the AR Building.
 - A preliminary development plan provides the proposed development framework so that staff can proceed with financing applications for the AR Building. Staff will return to the Commission for approval of a Preliminary Development Plan for the NAR building in April 2022 and for approval of a Final Development Plan for both buildings in July 2022.
 2. The selection of CBG Building Company as general contractor (“GC”) for the construction of Hillandale Gateway and approval for the Acting Executive Director to negotiate a contract with CBG Building Company.
 - Staff will return at a later date for approval of the final GC budget and approval to execute a GC contract. No funding is necessary at this time.
 3. The selection of Lambis Rank as the third-party construction manager (“CM”) for Hillandale Gateway and authorization for the Acting Executive Director to execute a contract with the firm. Staff recommends that the contract provide HOC the right to terminate the contract prior to construction phase services in the event the transaction does not close.
 - Funding for the preconstruction phase CM services will be paid from predevelopment funding previously approved by the Commission. Construction and post construction phase services will be paid from construction financing. No additional funding is necessary at this time.

Development Highlights

- **Affordability:** Hillandale Gateway will be a contemporary mixed-income development in a location with convenient access to major arterials, services, recreational activities and amenities. Of the 463 units, a minimum of 30% will be affordable (final affordability level subject to the final Commission-approved NAR Building affordability mix).
- **Economic Development:** Hillandale Gateway will bring worthy new amenities and improvements to the Hillandale neighborhood and eastern Montgomery County, and is intended to be the catalyst for achieving broader transformations in Hillandale, attracting the new restaurants, new shops, new residents, new businesses, and new jobs that the White Oak Science Gateway Master Plan specifically seeks to encourage.
- **Sustainability:** Hillandale Gateway will incorporate a variety of methodologies in an effort to set new benchmarks for sustainability and high-performance development in Montgomery County. By using Passive House construction methodologies, the energy consumption of the buildings will be significantly reduced. At the same time, the site will include a renewable energy system (in the form of rooftop solar on both the senior and multifamily building and on the parking garage), which the Development Team anticipates will be sufficient to allow the AR building to become a Zero-Net Energy building – producing as much energy as it consumes. Thus, Hillandale Gateway will promote energy efficiency while supporting the energy needs of its residents.
- **Resiliency:** During periods of grid outage, Hillandale Gateway’s solar plus energy storage will be used to provide a resiliency center for residents and the surrounding neighborhood. Resiliency hubs are designed to provide emergency heating and cooling capability; refrigeration of temperature sensitive medications; plug power for charging of cell phone and computer batteries; certain durable medical equipment, as well as emergency lighting.
- **Public Open Space:** At the entrance of Hillandale Gateway will be a centralized green space (“Central Green”), usable by the public as well as residents, consisting of approximately 17,000 square feet of contiguous open space. This public open space will include an amphitheater and will be a centerpiece and foreground for the development, establishing a focal point for the multi-building project. The site will provide additional open space, walkable sidewalks, a "loop path", streetscaping, a programmable “Festival Street”, landscaping and other site improvements, all of which will be dispersed throughout the entirety of the site.
- **Transportation:** Instead of taking the “pay and go” approach and paying a Local Area Transportation Improvement Program (“LATIP”) fee associated with the development, the Development Team intends to design and construct more than \$1 million in transportation improvements along the frontage of the site on Powder Mill Road. The Development Team has worked closely with MCDOT to design a new bus transit center featuring a pedestrian-friendly drop-off area, bus shelters, restroom facilities for bus drivers, and other related infrastructure improvements. Another transportation feature is that the site will provide electric vehicle (“EV”) charging stations.
- **Digital Equity:** HOC is partnering with the County to provide MoCoNet (free internet service) to residents in the AR Building; staff is also exploring providing this service to low-income residents at the NAR Building.

Site Plan



KEY

Buildings:

1. 155-unit Senior Building "AR"
2. 308-unit Multifamily Building "NAR"
3. Parking Garage
4. Retail Pads
5. Drive-thru Starbucks

Site:

6. Transit station
7. Open green with amphitheater/event stage
8. Urban plaza and natural area
9. Festival street with removable bollards
10. Flexible lawn space and dining terraces
11. Perimeter loop path

Exterior Renderings



New Transit Center on Powder Mill Rd



Dining Terrace and Public Green Space



Festival Street



Retail Pads and Flexible Green Space

Interior Renderings – NAR Lobby/Leasing



LOBBY LOUNGE



LOBBY LOUNGE



LEASING



ROOFTOP LOUNGE

Interior Renderings – AR Amenities



COMMON KITCHEN



LOUNGE



THIRD FLOOR COORIDOR

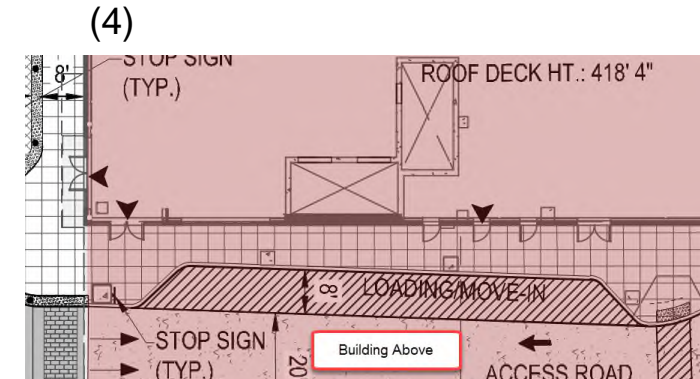
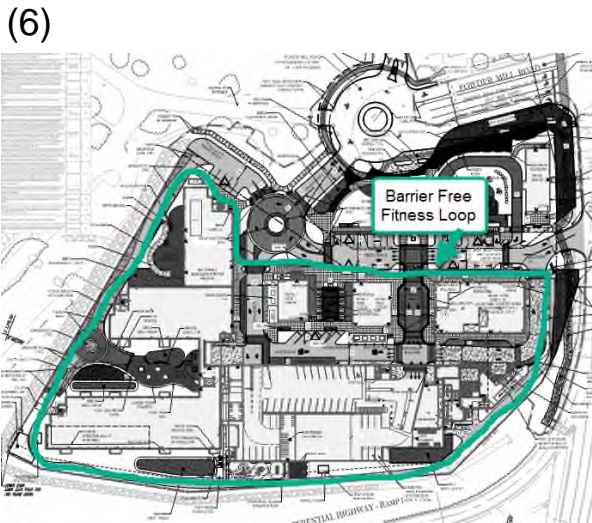
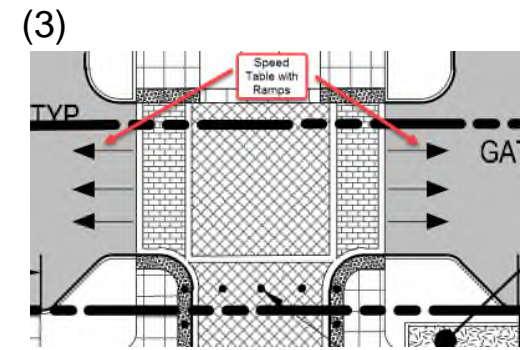
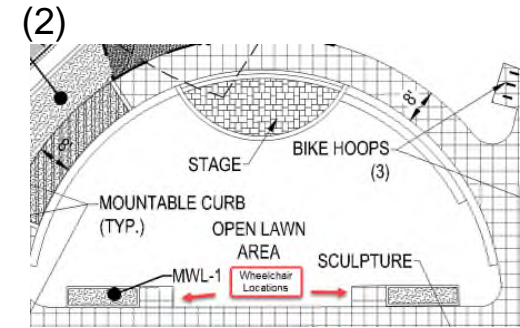
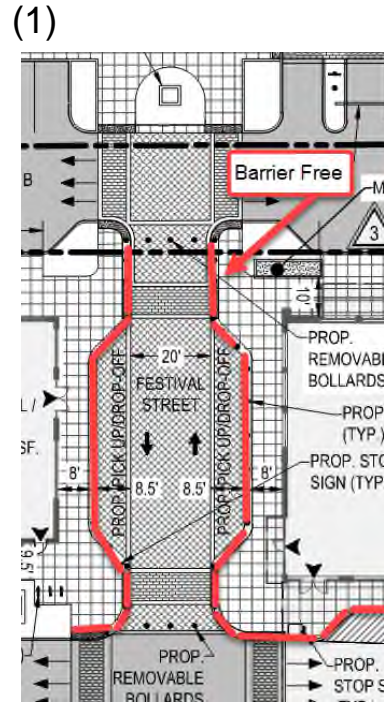


COMPUTER ROOM/COWORKING

Accessibility – Site Features

Accessibility features throughout the site include, but are not limited to:

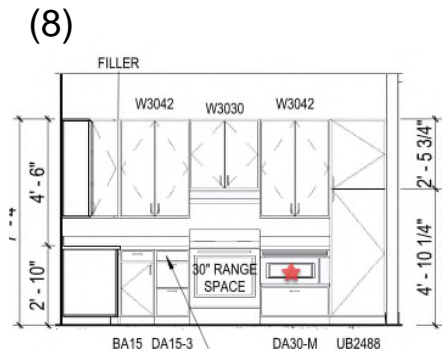
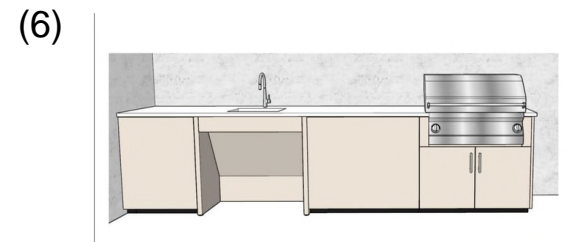
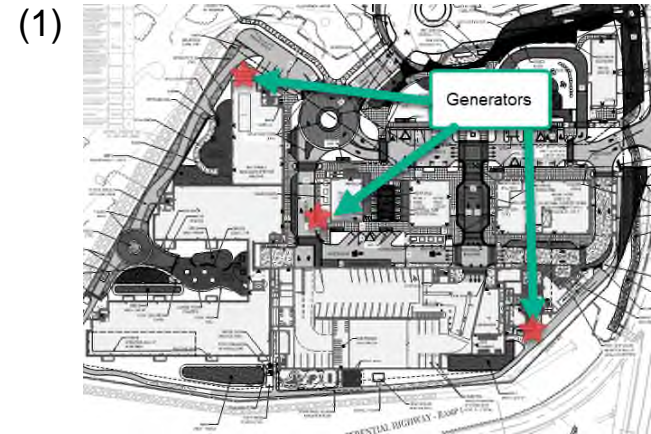
1. Barrier-free, curbless festival street;
2. Designated wheelchair pull-offs at amphitheater;
3. Barrier-free raised grade (speed table) at the primary street crossing;
4. Covered and weather-protected pickup/drop-off entrance at AR Building;
5. Intentional selection of accessible site furnishings;
6. Barrier-free fitness loop surrounding the site;
7. Handicap parking motor-court independent of circulation isle in primary garage (not pictured); and
8. Accessible parking spaces above code requirement (not pictured).



Accessibility, Safety and Resiliency – Building Features

Accessibility, safety and resiliency features built into the buildings include, but are not limited to:

1. Backup generators to keep critical systems like the elevators, common area lights, and critical systems running in the event of a power outage;
2. Emergency standby power ports within each unit to afford residents device charging capability in the event of power outages (e.g. cell phones, medical devices) (not pictured);
3. Refrigeration to store temperature-critical items like medications, and microwaves provided on emergency power in building common areas (not pictured);
4. Passive House design and construction to ensure a comfortable environment for materially more time than a code-minimum buildings, thereby minimizing the likelihood of needing to relocate in cases of a power outage (not pictured);
5. Common areas (amenity areas, leasing areas etc.) designed to and covered by ADA standards (not pictured);
6. Intentional selection of accessible furnishings in common areas (e.g. accessible outdoor sinks);
7. Inclusion of 28 UFAS units (6% of total); all non-UFAS units are adaptable units that meet Fair Housing Act requirements regarding reach ranges, accessible clearances at all appliances, doorways, etc. (not pictured);
8. Below-counter microwaves to facilitate easier access and eliminate need for reaching over head for hot or heavy items;
9. Induction Ranges with front controls which do not get hot without a pot/pan and do not heat to the level of temperatures as natural gas, thereby minimizing risk of burns and fire;
10. Inclusion of curbless, roll-in showers beyond the UFAS units in both the AR and NAR Buildings (not pictured);
11. Recessed and/or ceiling mounted lighted in all living rooms and bedrooms to provide for general (vs. task) illumination (not pictured);
12. Handrails in residential hallways in AR Building; blocking provided in NAR Building (not pictured);



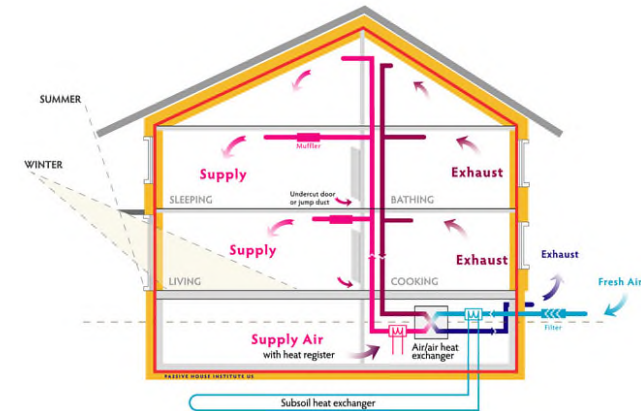
Design/Construction Technologies – Passive House

Passive House is a voluntary standard for energy efficiency in a building, which reduces the building's ecological footprint. It results in **ultra-low energy buildings** that require little energy for space heating or cooling. Compared to buildings designed to meet current minimum building and energy code requirements, Passive House buildings reliably deliver **an energy savings of 75% or more**. Passive House building method is a comprehensive approach to ensure thermal comfort, healthy indoor air quality, and measurable energy efficiency. The five features of Passive House buildings are:

1. **Solar Orientation and Compact Building Form:** Lay out and locate the building on the site to take advantage of free heat and light from the sun and free cooling from breezes and shading.
2. **Continuous Insulation:** Resist heat transfer through the building envelope and eliminate thermal bridges.
3. **Airtight Construction:** Prevent loss of conditioned air through infiltration and improve building durability by preventing transport of moisture into the building assemblies.
4. **Continuous Ventilation:** Provide excellent indoor air quality and thermal comfort through continuous mechanical ventilation with heat recovery and filtered fresh air.
5. **High Performance Windows and Doors:** Manage solar gain with proper window placement, size, specifications, and shading to optimize capture solar energy in the heating season with minimal overheating in the cooling season.

As a result, passive buildings offer tremendous long-term benefits in addition to energy efficiency:

- Superinsulation and airtight construction provide **unmatched comfort** even in extreme weather conditions.
- Continuous mechanical ventilation of fresh filtered air provides **superb indoor air quality**.
- A comprehensive systems approach to modeling, design, and construction produces **extremely resilient buildings**.
- Passive building principles offer the **best path to Net Zero and Net Positive** buildings by minimizing the load that renewables are required to provide.



Design/Construction Technologies - Prescient

Hillandale Gateway will be constructed using Prescient, a design-build prefabricated lightweight steel structural system. Hillandale Gateway will be the second Prescient construction project in Montgomery County (the first, Pooks Hill, is currently under construction with CBG as the general contractor). Prescient has a number of benefits, including:

Speed: With integrated software, engineering services, pre-manufactured framing system, and on-site assembly process, Prescient enables developments to be built faster and with fewer costly on-site modifications. Not only can the structure be installed faster than competing systems, but aggressive phasing-in of trades can further shorten overall construction durations by months.

Taller Buildings at a Lower Cost: Prescient buildings can be built as high as 17 stories tall without incurring the cost and schedule penalties associated with concrete. In the case of Hillandale, the same unit count for a wood-over-podium construction can be achieved on a smaller footprint using Prescient, preserving land for future phases of development—residential, office, or retail—or for open space.

Quality: A Prescient structure is a 100% non-combustible steel and fiber cement system that is safer, more durable, dimensionally stable, mold resistant, termite proof, and longer lasting. The structure can also bear more weight allowing for rooftop amenities that would be materially more difficult and costly to provide in a structure made of wood.

Green: Prescient components are built using recycled-content steel and are manufactured and installed with less than 1% waste. Up to 9 points can be achieved toward LEED certification simply by using a Prescient structure.

Quiet: The Prescient system offers superior STC and IIC sound ratings creating a place where residents want to live.



The key takeaway is that **per-unit construction costs between wood and Prescient are on par because Prescient allows for more density while optimizing construction economy.** The similar per unit cost of Prescient versus wood construction **can have a transformative impact, especially in the area of affordable housing.** Typically, higher densities trigger significantly more expensive building types and result in total costs that cannot be supported by affordable - or market rate - rents. That often leaves unused density on the table, resulting in fewer units, both affordable and market rate. Prescient can also make bonus density (the extra density that is provided to multifamily housing developments with increased levels of affordable housing) more attractive and valuable by providing a financially feasible system that achieves those densities.

Market Analysis - Target Market

Hillandale Gateway is the perfect place for families and individuals looking for the right mix of urban and suburban living – diverse in terms of ethnicity, age, and economics - with easy access to major area employers including the U.S. Food and Drug Administration (less than 1.5mi from the site), Adventist HealthCare White Oak Medical Center (3.5mi), and Holy Cross Hospital (4.5mi), the Beltway and the D.C. and Baltimore-Metro areas. Whether older Millennials looking to move, Boomers looking to downsize or new job hires of all educational backgrounds, **Hillandale Gateway's audience is looking forward to a new life stage.** They desire a welcoming place that offers a lifestyle of mobility, convenience and community in an environment that offers both engagement and respite.



- Residents that **don't want to move far**. These residents are likely moving from within the Hillandale neighborhood, or from elsewhere in Montgomery County or Maryland.
- Residents that **want an easier day-to-day**; residents looking for single-level living, no energy costs, or that don't want to be responsible for caring for property.
- Residents looking for **a healthy community**, amenities to promote healthy living, and a walkable community.
- Residents looking for living environment where they can **connect with others** and seeking a welcome change from an empty nest.



- Residents will come from near and far, whether they are Millennials looking for places that fit their **evolving life-stage needs** that **provide room to grow** that's **more affordable** than DC and Bethesda, or out-of-towners moving to the area for the first time for **new career opportunities**.
- Residents that value **environmental progressiveness**.
- Residents looking for **proximity to major health care and life science hubs**.
- Residents looking to improve their **quality of life** with a shorter commute, healthier environment, or lower energy costs.

Market Analysis - Comps

Hillandale Gateway is a pioneering mixed-use project. A contemporary luxury market-rate community is relatively untested in the market area, as is a development that combines general occupancy, senior housing, market rate and affordable units. As much as it could be a risk, it is also a strength, as the variety of occupancy types can hedge risk in any one category. The Development Team believes there will be great acceptance of the product variety. Hillandale Gateway's underwritten **NAR rents average \$2.38/SF (unrestricted) and \$1.75 (restricted).** On the **AR** side, the underwritten rents average **\$1.57/SF.**

Elizabeth House III
Silver Spring
\$2.75/SF (unrestricted)
\$2.52/SF (overall)
(Under Construction)



Camden Washingtonian
Gaithersburg, \$2.37/SF



Aventon Crown
Gaithersburg, \$2.53/SF



Atelier Apartments
Wheaton-Glenmont
\$2.22/SF

Motiva Apartments
Greenbelt
\$2.22/SF
(Under Construction)



Alexander House
Silver Spring
\$2.66/SF
(unrestricted)



The Pearl
Silver Spring
\$2.81/SF



Monument Village
North College Park
\$2.27/SF



The Lindley
Chevy Chase, \$3.25/SF*
(unrestricted)



Lync at Alterra
Hyattsville
\$2.25/SF



Preliminary Development and Finance Plan – AR Building

Staff is seeking Commission approval of a Preliminary Development Plan for the AR Building, so that it can proceed with the preparation and submission of LIHTC and financing applications. Staff will return to the Commission for approval of a Preliminary Development Plan for the NAR Building in April 2022, and a Final Development Plan for both buildings in July 2022.

- Staff proposes financing the residential portion of the AR Building as a separate Low Income Housing Tax Credit (“LIHTC”) transaction; all other site components (AR ground floor retail, parking garage, and two retail pads) will be financed as a single transaction with the NAR Building (to be presented to the Commission in April 2022).
- Staff also proposes utilizing income averaging at the AR Building, which would provide a number of benefits:
 - 1) It **deepens the affordability** at the AR building (and at the site overall), by allowing for more very low income units (at or below 50% AMI); and
 - 2) It maximizes LIHTC equity, by allowing all eligible costs (vs. a portion of eligible costs) to be included in basis. This results in a **\$9.5 million increase in LIHTC equity** versus a scenario in which only 96 of the units are affordable (the minimum required by Hillandale Gateway’s approved site plan).
- Staff currently proposes utilizing private construction loans as the senior construction debt source for the development of the AR Building.
 - Using a non-FHA construction source **saves the AR Building more than \$6M** in Davis Bacon wages.
- Staff proposes an FHA Risk Share permanent loan at conversion.
- Hillandale Gateway is also a competitive candidate for a number of grants and loans related to high performance, energy efficiency and resiliency, which the Development Team intends to apply for. The development is also eligible for a number of rebates for solar and electric vehicle charging infrastructure, which will be provided to the transaction after installation. Staff also
- Staff and the Development Team will continue to analyze and evaluate financing products and strategies, and development cost savings and efficiencies, as it works toward a final development and finance plan.

Unit & Affordability Mix

| AR Building | | |
|-------------|------------|-------------|
| AMI TARGET | UNIT COUNT | % OF TOTAL |
| 50% | 113 | 73% |
| 80% | 42 | 27% |
| | 155 | 100% |

Income Averaging:
 HOC has utilized income averaging on four previous transactions: Fenton Silver Spring (formerly 900 Thayer), Residences on The Lane (formerly Upton II), Elizabeth House III, and the Willow Manor Properties. In total, these transactions have financed the development or rehabilitation of 783 income- and rent-restricted units that are affordable to households with incomes ranging from 30% to 80% AMI, as well as 44 market-rate units.

| PROPERTY | 30% | 40% | 50% | 60% | 70% | 80% | TOTAL AFFORDABLE | TOTAL MARKET |
|-------------------------|------------|-----------|-----------|------------|----------|------------|------------------|--------------|
| Fenton Silver Spring | 44 | 0 | 0 | 40 | 0 | 40 | 124 | 0 |
| Residences on the Lane | 0 | 24 | 0 | 87 | 0 | 24 | 135 | 15 |
| Elizabeth House III | 106 | 0 | 0 | 14 | 0 | 118 | 238 | 29 |
| Willow Manor Properties | 0 | 57 | 20 | 189 | 0 | 20 | 286 | 0 |
| TOTAL | 150 | 81 | 20 | 330 | 0 | 202 | 783 | 44 |

Sources and Uses – AR Building

CONSTRUCTION FINANCING

| USES OF FUNDS - DEVELOPMENT | AMOUNT | PER UNIT | % OF TOTAL |
|------------------------------------|---------------------|------------------|-------------|
| Construction Contract | \$49,955,254 | \$322,292 | 69.65% |
| Additional Construction Hard Costs | \$1,179,686 | \$7,611 | 1.64% |
| Construction Contingency | \$2,556,747 | \$16,495 | 3.56% |
| Construction Related Costs | \$1,997,524 | \$12,887 | 2.78% |
| Design & Engineering | \$2,315,754 | \$14,940 | 3.23% |
| Developers Costs | \$1,790,813 | \$11,554 | 2.50% |
| Financing Fees & Charges | \$905,000 | \$5,839 | 1.26% |
| Bond Issuance Costs | \$0 | \$0 | 0.00% |
| HOC Financing Fee | \$0 | \$0 | 0.00% |
| Construction Period Interest | \$3,495,930 | \$22,554 | 4.87% |
| County Loan Interest | \$355,725 | \$2,295 | 0.50% |
| Capitalized Operating Costs | \$4,971 | \$32 | 0.01% |
| Guarantees & Reserves | \$500,000 | \$3,226 | 0.70% |
| Developer Fee | \$6,669,566 | \$43,029 | 9.30% |
| TOTAL USES OF FUNDS | \$71,726,970 | \$462,755 | 100% |

| SOURCES OF FUNDS - DEVELOPMENT | AMOUNT | PER UNIT | % OF TOTAL |
|------------------------------------|----------------------|-------------------|---------------|
| Senior Construction Loan | \$35,146,216 | \$226,750 | 49.00% |
| HOC Equity | \$5,000,000 | \$32,258 | 6.97% |
| Tax Credit Equity | \$25,089,300 | \$161,866 | 34.98% |
| County Loan | \$10,000,000 | \$64,516 | 13.94% |
| Energy Efficiency Rebates & Grants | \$0 | \$0 | 0.00% |
| Deferred Developer Fee | \$0 | \$0 | 0.00% |
| Funding Gap / (Surplus) | (\$3,508,545) | (\$22,636) | -4.89% |
| TOTAL SOURCES OF FUNDS | \$71,726,970 | \$462,755 | 100% |

PERMANENT FINANCING

| USES OF FUNDS - PERMANENT | AMOUNT | PER UNIT | % OF TOTAL |
|------------------------------------|---------------------|------------------|-------------|
| Construction Contract | \$49,955,254 | \$322,292 | 65.36% |
| Additional Construction Hard Costs | \$1,179,686 | \$7,611 | 1.54% |
| Construction Contingency | \$2,556,747 | \$16,495 | 3.34% |
| Construction Related Costs | \$1,997,524 | \$12,887 | 2.61% |
| Design & Engineering | \$2,315,754 | \$14,940 | 3.03% |
| Developers Costs | \$2,370,813 | \$15,296 | 3.10% |
| Financing Fees & Charges | \$2,747,216 | \$17,724 | 3.59% |
| Bond Issuance Costs | \$768,347 | \$4,957 | 1.01% |
| HOC Financing Fee | \$673,488 | \$4,345 | 0.88% |
| Construction Period Interest | \$3,495,930 | \$22,554 | 4.57% |
| County Loan Interest | \$355,725 | \$2,295 | 0.47% |
| Capitalized Operating Costs | \$4,971 | \$32 | 0.01% |
| Guarantees & Reserves | \$1,344,670 | \$8,675 | 1.76% |
| Developer Fee | \$6,669,566 | \$43,029 | 8.73% |
| TOTAL USES OF FUNDS | \$76,435,691 | \$493,133 | 100% |

| SOURCES OF FUNDS - PERMANENT | AMOUNT | PER UNIT | % OF TOTAL |
|------------------------------------|---------------------|------------------|--------------|
| Permanent Financing | \$33,674,414 | \$217,254 | 44.06% |
| HOC Equity | \$5,000,000 | \$32,258 | 6.54% |
| Tax Credit Equity | \$25,089,300 | \$161,866 | 32.82% |
| County Loan | \$10,000,000 | \$64,516 | 13.08% |
| Energy Efficiency Rebates & Grants | \$500,000 | \$3,226 | 0.65% |
| Deferred Developer Fee | \$2,174,424 | \$14,029 | 2.84% |
| Funding Gap / (Surplus) | (\$2,447) | (\$16) | 0.00% |
| TOTAL SOURCES OF FUNDS | \$76,435,691 | \$493,133 | 100% |

- Sources for construction include: a tax-exempt construction loan, LIHTC equity, County HIF loan, and HOC equity. Staff is projecting a \$3.5M surplus during the construction phase, which could be reduced by delaying a portion of HOC's equity contribution or a portion of the County HIF loan until permanent financing. Deferring part of the County HIF loan would result in some construction-period interest savings.
- Upon stabilization and conversion, the construction loan will be taken out by a permanent FHA Risk Share loan, energy efficiency funding and rebates, and deferred developer fee. The above chart shows a small (\$2K) surplus at permanent financing; any surplus could be used to offset the deferred developer fee.

General Contractor RFP and Selection

HOC's Procurement Office issued a Request for Proposal (RFP #2266) for general contracting services for the construction of Hillandale Gateway on June 25, 2021 with a due date of August 27, 2021. The RFP was posted to HOC's website in accordance with HOC's Procurement Policy and was distributed to more than 300 vendors registered in Montgomery County's Central Vendor Registration System ("CVRS"). A pre-proposal meeting and conference was held virtually on July 7, 2021, which seven (7) firms attended. RFP #2266 required the submission of a number of materials, including, but not limited to:

- AIA A305 – Contractor's Qualification Statement
- Detailed construction budget and phasing schedule.
- Letter from surety acknowledging willingness to offer a bond of at least \$250 million.

The scoring team consisting of staff from Maintenance, Asset Management, and Real Estate Divisions, and a representative from Duffie (together, the "GC Scoring Committee") reviewed the responses on October 29, 2021. Proposals were scored on the following five (5) evaluation criteria. The maximum points a proposal could receive is 100.

| Contractor Qualification (Maximum 45 Points) | Additional MFD Participation (Maximum 10 Points) | References (Maximum 10 Points) | Financial Strength (Maximum 5 Points) | Price (Maximum 30 Points) |
|--|--|--|---|--|
| Demonstrated experience with projects involving: i) high-rise residential and mixed-use, ii) similar construction, iii) Passive House, iv) high performance, v) LIHTC. | Commitment to hire above and beyond HOC's minimum MFD subcontracting requirement of 25%. Commitments to 25-30% MFD participation received 5 points; Commitments to 30% or higher received 10 points. | Reference checks were conducted to evaluate and verify past performance regarding on-time completion, change order history, customer service, and quality assurance and control. | Respondents providing proof of payment bond ability for the project from a surety of AM Best class "IX" or higher bearing a minimum AM Best "A" rating received 5 points. | Respondent with the lowest bid reflecting full project scope received 30 points. Respondents submitting higher bids received a 2-point deduction for each 1% that their bid exceeded the lowest bid. |

Two (2) contractors, CBG Building Group and Bozzuto Construction Company, submitted proposals for RFP #2266 by the proposal deadline.

CBG Building Company (“CBG”)

CBG is one of the most experienced, and respected, multifamily builders in the country and has construction more than 100,000 housing units since 1993. CBG builds 5,000 homes each year across a diverse portfolio of geographic areas and product types, including luxury, mixed-use, and affordable housing apartments, as well as campus housing, military family communities, and senior living facilities. CBG has extensive experience working on projects using cutting-edge technologies, innovative construction techniques, and the latest building materials, including Prescient. In the past seven years, CBG has constructed more than three million square feet of Prescient work, including completing the design-build system’s tallest and largest projects to date. CBG also has experience in LEED and sustainable construction. CBG was the general contractor for the HOC’s Fenton Silver Spring (900 Thayer).



Bozzuto Construction Company (“Bozzuto”)

Founded in 1988, Bozzuto Construction Company has completed 195 new construction projects, including four (4) million square feet of retail. Bozzuto provides a range of services including preconstruction, general contracting, capital improvements, and virtual technology. Bozzuto provided preconstruction services for Hillandale Gateway. Bozzuto is currently serving as the general contractor for the HOC’s Westside Shady Grove.



General Contractor RFP and Selection – Scoring

CBG received the highest score of 84. Scores below reflect the average of the individual scores from each member of the GC Scoring Committee. The results from the GC Scoring Committee are summarized below.

| Rank | General Contractor | Contractor Qualifications (Maximum 45 Points) | Additional MFD Participation (Maximum 10 Points) | References (Maximum 10 Points) | Financial Strength (Maximum 5 Points) | Price (Maximum 30 Points) | Total (Maximum 100 points) |
|------|------------------------------|---|--|--------------------------------|---------------------------------------|---------------------------|----------------------------|
| 1 | CBG Building Company | 42 | 0 | 7 | 5 | 30 | 84 |
| 2 | Bozzuto Construction Company | 38 | 0 | 8 | 5 | 14 | 65 |

Contractor Qualifications: CBG received a higher score in this criteria due to their extensive experience in Prescient construction. CBG also demonstrated a greater breadth and depth of experience due to the volume of projects they have constructed due to its reach as a national GC company.

Additional MFD Participation: Both respondents provided a commitment to meet HOC's 25% MFD subcontractor participation requirement. Bozzuto provided an add alternate to achieve a 28% for MFD participation for \$2,795,000, which would have resulted in five points for this category. However, due to its already higher pricing it would further reduce the scoring for the pricing criteria by an additional four points.

References: Both contractors have experience on HOC projects demonstrating the ability for on time completion, on-budget and quality control. However, Bozzuto scores marginally higher due to superior customer service.

Financial Strength: Both contractors have the ability to meet the bonding requirement reflecting fairly similar scores.

Price: CBG submitted the lowest bid, and as a result, received full points. Bozzuto's bid was approximately 8% higher than the lowest bid; therefore, their points were reduced by approximately 16 points. A price comparison is provided on the next slide.

General Contractor RFP and Selection – Price

| | CBG | \$/TGSF | \$/ResGSF | \$/NRSF | \$/Unit | Bozzuto | \$/TGSF | \$/ResGSF | \$/NRSF | \$/Unit |
|---------------------------------------|-----------------------|---------------|---------------|---------------|-------------------|-----------------------|---------------|---------------|---------------|-------------------|
| A. NAR Building | \$ 77,511,029 | \$ 190 | \$ 190 | \$ 256 | \$ 251,659 | \$ 77,931,961 | \$ 191 | \$ 191 | \$ 258 | \$ 253,026 |
| B. AR Building | \$ 44,594,470 | \$ 211 | \$ 235 | \$ 318 | \$ 287,706 | \$ 51,774,782 | \$ 368 | \$ 410 | \$ 556 | \$ 502,787 |
| C. Parking Garage | \$ 14,091,820 | \$ 17 | \$ 23 | \$ 32 | \$ 21,319 | \$ 13,970,274 | \$ 17 | \$ 23 | \$ 32 | \$ 21,135 |
| D. Commercial | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| E. Sitework (not Included in F, G, H) | \$ 8,791,765 | \$ 11 | \$ 15 | \$ 20 | \$ 18,989 | \$ 8,930,135 | \$ 11 | \$ 15 | \$ 20 | \$ 19,288 |
| F. Transit Station | \$ 417,339 | \$ 1 | \$ 1 | \$ 1 | \$ 901 | \$ 488,878 | \$ 1 | \$ 1 | \$ 1 | \$ 1,056 |
| G. Powder Mill Widening | \$ 383,849 | \$ 0 | \$ 1 | \$ 1 | \$ 829 | (incl.) | (incl.) | (incl.) | (incl.) | (incl.) |
| H. Retail Pad | \$ 360,766 | \$ 0 | \$ 1 | \$ 1 | \$ 779 | \$ 496,092 | \$ 1 | \$ 1 | \$ 1 | \$ 1,071 |
| Subtotal | \$ 146,151,038 | \$ 176 | \$ 243 | \$ 330 | \$ 315,661 | \$ 153,592,122 | \$ 185 | \$ 256 | \$ 347 | \$ 331,732 |
| Comply with MFD Requirements | \$ - | | | | | \$ 4,419,864 | \$ 5 | \$ 7 | \$ 10 | \$ 9,546 |
| Subtotal | \$ 146,151,038 | \$ 176 | \$ 243 | \$ 330 | \$ 315,661 | \$ 158,011,986 | \$ 190 | \$ 263 | \$ 357 | \$ 341,279 |

Staff Recommendation:

CBG received the highest score of 84 points by distinguishing itself regarding the contractor qualifications and price. HOC has previously worked with CBG – most recently at Fenton Silver Spring (900 Thayer). CBG completed the project on time, and budget. CBG is also one of the most experienced GCs in Prescient construction, and is the general contractor for Pooks Hill, Montgomery County’s first Prescient project, which is currently under construction.

Construction Manager RFP and Selection

HOC's Procurement Office issued a Request for Proposal (RFP #2282) for construction management services for Hillandale Gateway in accordance with HOC's Procurement Policy. RFP #2282 was released on October 13, 2021 with a due date of November 8, 2021. The RFP was posted to HOC's website and distributed to more than 300 vendors registered in the CVRS. A pre-proposal meeting and conference was held virtually on October 20, 2021. Nine firms attended the pre-bid conference.

The scope of work outlined in RFP #2282 included seven (7) months of preconstruction phase services, 34 months of construction phase services and three (3) months of close out services. The scoring team consisting of staff from Maintenance, Asset Management, and Real Estate Divisions, as well as a Duffie representative (together, the "CM Scoring Team") reviewed the responses on December 3 and 10, 2021. Proposals were scored on the following four (4) evaluation criteria. The maximum points a proposal could receive is 100. Although the pricing criteria includes rather prescriptive language that allows a limit the potential scoring, Lambis Rank received the highest score in all the other categories. Even with a different approach, Lambis Rank would still receive the highest score overall including price.

| Qualifications (Maximum 50 Points) | Additional MFD Participation (Maximum 10 Points) | References (Maximum 10 Points) | Price (Maximum 30 Points) |
|--|---|---|---|
| Demonstrated experience with projects involving: i) high-rise residential and mixed-use, ii) Passive House construction techniques, iii) high performance construction standards and certifications, iv) LIHTC, v) experience in Montgomery County and the surrounding area. | Commitment to hire above and beyond HOC's minimum MFD subcontracting requirement of 25%. Up to five (5) points were awarded to respondents that are MFD certified, or proposed to train and/or hire MFD persons directly ("Direct MFD Score"). Up to five (5) were awarded to respondents subcontracting beyond HOC's minimum 25% requirement ("MFD Subcontracting Score"). | Reference checks were conducted to evaluate and verify past performance regarding ability for on-time completion and change order management. | Lowest priced bid reflecting full project scope: 30 points. For each % that a bid exceeds the lowest full scope bid, that score shall be reduced by 2 points. |

Construction Manager RFP and Selection - Bidders

HOC received three (3) responsive proposals in response to RFP# 2282 by the proposal deadline on November 8, 2021 at 12:00 pm. Firms that submitted responsive proposals are listed below. HOC received one unresponsive proposal that did not meet the RFP requirements and therefore was not scored.

Lambis Rank

The firm is a real estate services and development firm specializing in project management, property management, transaction advisory, financial consulting and investment management. Founders Peter Lambis and Sam Rank have been working together for over 10 years and are committed to integrity, teamwork and creating value for their clients and partners. Prior to starting Lambis Rank, Peter Lambis was Vice-President at JLL. Peter Lambis Rank has served as a CM for Elizabeth House III prior to leaving JLL.



Jones Lang LaSalle Incorporated ("JLL")

A member of the Fortune 500, JLL is a leading professional services firm that specializes in real estate and investment management. JLL provides a full range of leasing, capital markets, integrated property and facility management, project management, advisory, consulting, valuations and digital solutions services locally, regionally and globally. JLL has served as a CM for Elizabeth House III for HOC. JLL proposed utilizing JDC as a primary subcontractor. JDC has worked on numerous HOC projects, including but not limited to: Willow Manor, Westside Shady Grove, and Fenton Silver Spring.



Owner Rep Consulting

Owner Rep Consulting offers consulting, management and advocacy services for clients and customers seeking to develop and build. The company recognizes and translates the Owner's needs, and combines those needs with the talents of the Project Team to form an effective partnership. With leadership and experience, Owner Rep Consulting facilitates a professional synergy among design, construction and other support entities of the project. Owner Rep has served as a CM for Bauer Park, Shady Grove, and Georgian Court for HOC.



Construction Manager RFP and Selection - Scoring

Lambis Rank received the highest score of 93 points. Scores below reflect the average of the individual scores from each member of the GC Scoring Committee. The results of the CM Scoring Committee are summarized below.

| Rank | Construction Manager | Qualifications (Maximum 50 Points) | Additional MFD Participation (Maximum 10 Points) | References (Maximum 10 Points) | Price (Maximum 30 Points) | Total (Maximum 100 Points) |
|------|----------------------|------------------------------------|--|--------------------------------|---------------------------|----------------------------|
| 1 | Lambis Rank | 49 | 5 | 9 | 30 | 93 |
| 2 | JLL | 45 | 3 | 9 | 0 | 57 |
| 3 | Owner Rep | 37 | 3 | 8 | 0 | 48 |

Qualifications: While all three firms have extensive construction management experience, Lambis Rank most effectively demonstrated their experience with projects similar to Hillandale Gateway. JLL included in their proposal many projects that met the criteria, but a significant majority of the projects were in other regions. Lastly, some of Owner's Rep projects included in their proposal did not address the criteria resulting in a lower score.

MFD Participation: Lambis Rank was the only respondent that committed to 30% or higher for MFD subcontractor participation. Both JLL and Owner Rep included 26% MFD subcontractor participation. None of the respondents received points for MFD Direct Hire efforts.

References: All vendors have experience on HOC projects and have demonstrated the ability for on-time completion, on-budget delivery and quality control. However, JLL and Lambis rank tie in this category.

Price: Lambis Rank submitted the lowest price, and as a result, they received full points. The other firms were over 15% higher than Lambis Rank's price, per the RFP scoring criteria, they received zero points. A price comparison is provided on the next slide.

Construction Manager RFP and Selelection - Price

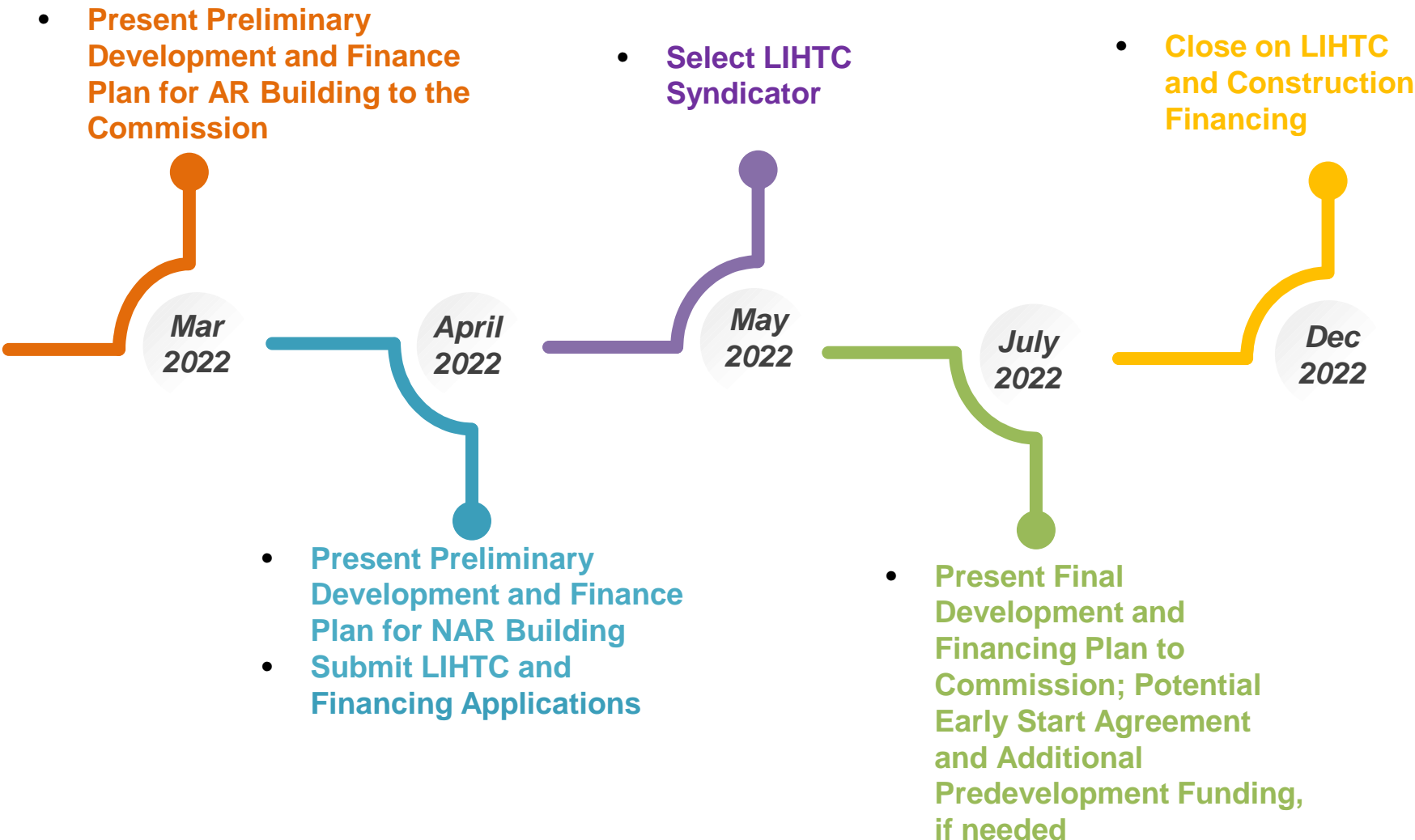
| Price Comparison | Lambis Rank | Owner Rep | *JLL |
|---|--------------------|--------------------|--------------------|
| Pre-Construction (7 months) <ul style="list-style-type: none"> Assist in GC contract negotiation Management of cost estimating | \$140,000 | \$111,330 | \$336,000 |
| Construction (34 months) <ul style="list-style-type: none"> Contract administration Oversight of quality assurance Schedule review | \$1,018,300 | \$1,802,493 | \$2,322,200 |
| Close-Out (3 months) <ul style="list-style-type: none"> Punch out Turn over | \$89,850 | \$31,809 | \$139,500 |
| TOTAL | \$1,248,150 | \$1,945,632 | \$2,797,700 |

*JLL's pricing includes an on site trailer; however, even with the removal of the on site trailer from their pricing, JLL's pricing remains more than twice the amount of Lambis Rank's pricing.

Staff's Proposed Selection:

Lambis Rank received the highest score of 93 by distinguishing itself regarding the contractor qualifications, price, and MFD Participation. HOC has previously worked with Lambis Rank – most notably on the Elizabeth House III project. Their involvement has aided the project to remain on schedule and within budget. Peter Lambis was previously the Vice-President of JLL before starting Lambis Rank. Staff recommends the selection of Lambis Rank as the third-party construction manager for Hillandale Gateway and authorization for the Acting Executive Director to execute a contract with the firm. Staff recommends that the contract provide HOC the right to terminate the contract prior to the construction phase in the event the transaction does not close.

Development Timeline



Prior Commission Actions

RESOLUTION 15-79: On October 7, 2015, the Commission approved a predevelopment budget to fund the first 15 months of predevelopment activity related to the redevelopment of Holly Hall.

RESOLUTION 17-18: On March 1, 2017, Staff provided a Hillandale design update to the Commission and the Commission approved a revised budget for 12 months of predevelopment activity related to the redevelopment of Holly Hall.

RESOLUTION 19-10: On January 9, 2019, Staff presented a Hillandale design update to the Commission and the Commission approved a revised budget to fund predevelopment work.

RESOLUTION 19-56: On May 8, 2019, the Commission approved the site design and authorized the submission of an application to the Planning Board for Site and Subdivision Plan approval.

RESOLUTION 20-13: On February 5, 2020, the Commission approved the redesigned site plan for submission to the Planning Board, a revised predevelopment budget, and CY2020 predevelopment funding.

RESOLUTION 20-78: On November 4, 2020, the Commission approved a revised budget to fund predevelopment work through closing of construction financing.

RESOLUTION No. 21-18: On February 3, 2021, the Commission approved the demolition of Holly Hall.

Summary and Recommendations

Issues for Consideration

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

1. The proposed Preliminary Development and Finance Plan for the AR Building at Hillandale Gateway?
2. The selection of CBG Building Company as general contractor for the construction of the Hillandale Gateway and approval for the Acting Executive Director to negotiate a contract with CBG Building Company?
3. The selection of Lambis Rank as the third-party construction manager for Hillandale Gateway and authorization for the Acting Executive Director to execute a contract with the firm that obligates HOC only for the pre-construction phase and provides HOC the ability to terminate the contract prior to the construction phase?

Budget/Fiscal Impact

Approval of these items has no budget or fiscal impact.

Time Frame

For action at the March 2, 2022 meeting of the Commission.

Staff Recommendation and Commission Action Needed

Staff recommends that the Commission approve:

1. The proposed Preliminary Development and Finance Plan for the AR Building at Hillandale Gateway.
 - Staff will return in April 2022 for approval of a Preliminary Development and Finance Plan for the NAR Building.
2. The selection of CBG Building Company as general contractor for the construction of the Hillandale Gateway and approval for the Acting Executive Director to negotiate a contract with CBG Building Company; and
3. The selection of Lambis Rank as the third-party construction manager for Hillandale Gateway and authorization for the Acting Executive Director to execute a contract with the firm that obligates HOC only for the pre-construction phase and provides HOC the ability to terminate the contract prior to the construction phase.

RESOLUTION No.: 22-20

RE: Approval of Preliminary Development Plan for the Age-Restricted Building and Approval of a General Contractor and Construction Manager for Hillandale Gateway

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “Commission”) is the sole member of HOC at Hillandale Gateway, LLC, which is a member of Hillandale Gateway, LLC; and

WHEREAS, Hillandale Gateway, LLC, is the lessee of a 96-unit rental property in Hillandale known as Holly Hall Apartments located on approximately 4.35 acres of land at 10100, 10110 and 10120 New Hampshire Avenue, Silver Spring, MD 20903 (“Holly Hall”); and

WHEREAS, HOC is redeveloping the Holly Hall site and a neighboring parcel located at 10140 New Hampshire Avenue, Silver Spring, MD into a mixed-income, mixed-use, multigenerational community (“Hillandale Gateway”) as part of a joint venture with The Duffie Companies; and

WHEREAS, on February 18, 2021, the Montgomery County Planning Board approved the site plan for Hillandale Gateway (“Approved Site Plan”); and

WHEREAS, the Approved Site Plan includes the development of a 155-unit, age-restricted (age 62+) senior building (“AR Building”); a 308-unit, non-age restricted multifamily building (“NAR Building”); structured parking garage; and commercial/retail/restaurant spaces; and

WHEREAS, the Commission desires to approve a preliminary development and finance plan (“Preliminary Development Plan”) for the AR Building, in which (a) 113 units are affordable to households earning 50% AMI or below; (b) 42 units are affordable to households earning 80% AMI or below; and (c) all 155 units are financed through the Low Income Housing Tax Credit (“LIHTC”) program, utilizing the program’s income average set aside; and

WHEREAS, the Commission issued request for proposals for general contracting services (“RFP #2266”) and construction management services (“RFP #2282”) for Hillandale Gateway; and

WHEREAS, CBG Building Company (“CBG”) received the highest score among respondents to RFP #2266 and Lambis Rank received the highest score among respondents to RFP #2282; and

WHEREAS, the Commission desires to select CBG as the general contractor for Hillandale Gateway and authorize the Acting Executive Director to negotiate a contract with CBG; and

WHEREAS, the Commission desires to select Lambis Rank as the construction manager for Hillandale Gateway and authorize the Acting Executive Director to execute a contract (“CM Contract”) with Lambis Rank; and

WHEREAS, the Commission desires that the CM Contract allow HOC the right to terminate the contract prior to construction should the Hillandale Gateway transaction not close.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves the Preliminary Development Plan for the AR Building, in

which (a) 113 units are affordable to households earning 50% AMI or below; (b) 42 units are affordable to households earning 80% AMI or below; and (c) all 155 units are financed through the LIHTC program, utilizing the program's income average set aside.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves the selection of CBG as the general contractor for Hillandale Gateway and authorizes the Acting Executive Director to negotiate a contract with CBG.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that it approves the selection of Lambis Rank as the construction manager for Hillandale Gateway and authorizes the Acting Executive Director to execute a CM Contract with Lambis Rank that binds HOC to preconstruction costs only and allows HOC the right to terminate the contract prior to construction should the Hillandale Gateway transaction not close.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting on behalf of itself and on behalf of HOC at Hillandale Gateway, LLC, acting for itself and on behalf of Hillandale Gateway, LLC, that the Acting 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 a regular open meeting conducted on March 2, 2022.

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Patrice M. Birdsong
Special Assistant to the Commission

APPROVAL OF FIRM SELECTED TO SERVE THE COMMISSION AS BOND COUNSEL FOR A NEW CONTRACT TERM IN ACCORDANCE WITH REQUEST FOR PROPOSAL (RFP) #2288

March 2, 2022

- On April 5, 2017, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) approved the selection of Kutak Rock LLP (“Kutak Rock”) and Ballard Spahr LLP (“Ballard Spahr”) to serve as bond counsel for a new contract term, initially for three (3) years with two (2) additional one-year renewals for a maximum contract term of five (5) years. Kutak Rock served as the Commission’s bond counsel for all its single family bond indentures and all its multifamily bond issuances, while Ballard Spahr served as bond counsel for selected stand-alone or conduit multifamily transactions. The contract term commenced on April 10, 2017, and the initial three-year term ended April 9, 2020. The first renewal term was approved by the Commission on January 8, 2020, and the second renewal period was approved by the Commission on January 13, 2021. The second and final renewal period expires on April 9, 2022.
- On October 27, 2021, RFP #2288 was published on HOC’s website and electronically mailed to 32 firms in order to procure for new bond counsel services. On November 23, 2021, three (3) proposals were received on the response date from Kutak Rock, Ballard Spahr and Tiber Hudson LLC.
- While the 2017 procurement considered the need for a separate firm that focused primarily on stand-alone or conduit multifamily transactions, the 2021 procurement did not, due to the limitation of volume cap.
- A scoring team of four (4) members from the Commission’s staff, rated the responses, and the Commission’s Financial Advisor reviewed each proposal. Based on an average of all scores, Kutak Rock received the highest score; therefore, due to its long standing relationship with the Commission and knowledge of both its single family and multifamily bond programs; its depth of experience in public and housing finance, tax law, securities law, real estate law; the completeness of its proposal; and, its proposed fees, staff recommends that the Commission accept its recommendation, which is supported by the Development and Finance Committee, having considered this item at its meeting on February 18, 2022, and award Kutak Rock with a new contract, as bond counsel, for the Commission’s single family and multifamily bond programs.
 - Kutak Rock has served the Commission as bond counsel since the inception of its financing programs in 1979 and has provided satisfactory services for both its multifamily and single family bond issuances.
- Staff further recommends that the Commission accept staff’s recommendation, which is also supported by the Development and Finance Committee, and authorize the Acting Executive Director to negotiate and execute contracts with Kutak Rock, based on the fee schedules presented, for annual amounts not to exceed \$600,000, and that any future multifamily conduit engagement be negotiated in accordance with its proposal.

MEMORANDUM

TO: Housing Opportunities Commission of Montgomery County

VIA: Kayrine V. Brown, Acting Executive Director

FROM: Staff: Jennifer Hines Arrington Division: Mortgage Finance Ext. 9760

RE: **Bond Counsel Contract:** Approval of Firm to Serve the Commission as Bond Counsel for a New Contract Term in Accordance with Request for Proposal #2288

DATE: March 2, 2022

STATUS: Committee Report: Deliberation X

OVERALL GOAL & OBJECTIVE:

To select a qualified firm to serve the Housing Opportunities Commission of Montgomery County (the “Commission”, “HOC”, “Agency”), as bond counsel for its bond programs, thereby, enabling the Commission to meet its affordable housing goals.

BACKGROUND:

On April 5, 2017, the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”) approved the selection of Kutak Rock LLP (“Kutak Rock”) and Ballard Spahr LLP (“Ballard Spahr”) to serve as bond counsel for a new contract term, initially for three (3) years with two (2) additional one-year renewals for a maximum contract term of five (5) years. The contract term commenced on April 10, 2017, and the initial three-year term ended April 9, 2020. The first renewal term was approved by the Commission on January 8, 2020 and the second renewal period was approved by the Commission on January 13, 2021. The second and final renewal period expires on April 9, 2022; therefore, a Request for Proposal (“RFP”) #2288 was issued on October 27, 2021 in order to procure for new bond counsel services. A total of three (3) offerors responded – Kutak Rock, Ballard Spahr and Tiber Hudson LLC.

Bond Counsel

Bond counsel to a municipal housing bond issuer, such as HOC, provides legal advice specific to the issuance of tax-exempt bonds or other securities issued to finance its housing programs. Most importantly, it provides legal opinion to the marketplace that addresses among other things: (1) the validity of the bonds and (2) the excludability of interest on the bonds from gross income for federal income tax purposes. Without an accompanying opinion of nationally recognized bond counsel, the bonds are not normally marketable.

The firm that will be selected to represent HOC for the next contract term is expected to participate on the structuring of bond transactions, and prepare, review and assemble documents that serve as the transcript for the issued debt. It will also be expected to provide interpretative services to HOC on an ongoing basis and assist with related covenant and tax compliance matters. HOC’s bond counsel may also assist with continuing disclosure, as well as arbitrage rebate compliance, if requested, including ad hoc

consulting services to address Internal Revenue Service (“IRS”), Securities and Exchange Commission (“SEC”) issues, and other matters that arise from HOC’s financing activities.

Though not mandatory, the firm is expected to be familiar with HOC’s affordable housing goals and mission, thereby, enabling HOC to balance profitability goals with public purpose. A stable bond counsel relationship provides continuity for the issuer, as it experiences staff turnover throughout the years; therefore, the selected firm must possess the breadth, depth and industry presence to enhance its ability to provide related services for HOC to respond to industry changes, market factors, and changes in governing laws.

Current Bond Counsel Relationship

In 2017, both Kutak Rock and Ballard Spahr were awarded the same contract terms (three (3) years, initially, with two (2) additional one-year extensions); however, Kutak Rock was selected as the Commission’s sole bond counsel for the Single Family Mortgage Revenue Bond Resolution (the “1979 Parity Indenture”) and its Single Family Housing Bond Resolution (the “2009 NIBP Parity Indenture”). With respect to multifamily bond issuances, Kutak Rock served as bond counsel for all the Commission’s multifamily bond issuances, while Ballard Spahr initially served as bond counsel for selected stand-alone transactions, as it became experienced with HOC and demonstrated its ability to perform on other transactions.

Kutak Rock has been providing services, as bond counsel or co-bond counsel, to HOC since 1979, and during the last 10 years of that tenure, HOC has issued single family and multifamily housing bonds under its single family and multifamily parity indentures totaling an aggregate principal amount of more than \$1 billion. Notwithstanding Kutak Rock’s experience with the Commission, according to *The Bond Buyer*, the only independent information resource serving the entire municipal finance community, the firm’s volume of work ranks it among the top three (3) bond counsel firms in 2021, which also include Orrick, Herrington & Sutcliffe LLP and Hawkins Delafield & Wood LLP.

Ballard Spahr is a Philadelphia-based law firm of more than 600 lawyers practicing throughout the United States in the areas of litigation, business and finance, intellectual property, public finance, and real estate. Ballard Spahr’s primary area of practice includes its public finance practice specializing in the area of general housing bond finance with its lawyers having served as bond counsel in every form of traditional municipal debt, including tax-exempt, taxable, new money and all forms of financings involving many forms of credit enhancement. This was Ballard Spahr’s first representation, as bond counsel to the Commission, and since its engagement, Ballard Spahr has not represented the Commission on any private developer transaction, as there has only been one (1) traditional private developer transaction that required quick execution. In addition, with the limitation of volume cap and the Commission’s healthy real estate development pipeline, the Commission has been unable to issue bonds for third-party developers.

Parity versus Conduit Bond Counsel Representation

HOC’s single family bond programs operate pursuant to two parity (open) single family Bond Resolutions: the Single Family Mortgage Revenue Bond Resolution (the “1979 Indenture”) was created in 1979 and embodies all of the complexities of 43 years of tax law, industry, and market changes; and the Single Family Housing Bond Resolution (the “2009 NIBP Indenture”), created in 2009 to allow for participation in the U.S. Treasury Initiative for Housing Finance Agencies, is less complex.

The multifamily program operates a little differently, but most of the activities are conducted pursuant to the 1996 Housing Development Bond Resolution (the “1996 Indenture”) and the 2002 Multiple Purpose Bond Resolution (the “Multiple Purpose Indenture”). One older parity indenture—the 1984 indenture—is no longer used for new multifamily issuances and only one (1) series of bonds outstanding. As with the single family parity indentures, the firm selected to represent the Commission as bond counsel for the multifamily programs must be knowledgeable about all of the issues inherent in similar programs.

On July 10, 2019, the Commission approved the creation of a new indenture, the General Trust Indenture (“GTI”), which is a multiple program indenture that authorizes the Commission to issue taxable or tax-exempt bonds or other evidences of indebtedness to finance homeownership programs and rental housing programs, or to finance or reimburse the related Commission’s capital expenditures. The bonds issued under the GTI are revenue bonds, and may be private activity bonds or governmental bonds. The bonds will be secured by rental housing and/or single family home mortgage loans. The GTI authorizes the issuance of new money and refunding bonds. It is a parity indenture, but subordinate bonds are authorized to be issued. Individual bond issues will be via supplemental indentures, which establish funds and accounts as may be necessary for the individual bond issuances.

In addition to the parity indentures, from time to time, HOC has issued bonds that finance private developer transactions on a stand-alone basis. Those may be characterized as conduit issuances. While experience in multifamily parity bond issues is helpful, conduit issuances are different in structure and documentation. Kutak Rock has represented the Commission, as bond counsel, for previous conduit issuances over the years.

In evaluating the proposals submitted by firms to represent HOC as bond counsel for the 2021 procurement, the scoring team did not consider the separate need for a firm experienced in issuing under a parity indenture versus one whose practice is primarily with conduit issuances, based upon the proposals received under RFP #2288 and the limitation of volume cap.

Procurement

The Commission’s current procurement policy provides for the selection of a bond counsel firm for an initial three-year term and two additional one-year terms.

On October 27, 2021, RFP #2288 for bond counsel services to the Commission was published on the Commission’s website and electronically mailed to 32 firms. Three (3) responses were received on the response date of November 23, 2021, and the list of offerors is provided below.

| FIRM | LOCATION | COVERAGE | EXISTING HOC RELATIONSHIP |
|-------------------|----------------|----------|--|
| Ballard Spahr LLP | Washington, DC | National | Current RAD and Transaction Counsel Current Bond Counsel (multifamily conduit only) |
| Kutak Rock LLP | Washington, DC | National | Current Bond Counsel |
| Tiber Hudson LLC | Washington, DC | National | None |

A summary of each firm is included as Exhibit 1. Each firm met the minimum qualifications as noted in RFP #2288, which included the following:

1. Ten (10) years of experience in housing finance by public agencies with a recommended bond team that include persons, who are listed as bond counsel, in the most recent edition of the Bond Buyer's Directory of Municipal Bond Dealers of the United States;
2. Ability to meet HOC's insurance requirements for commercial general liability, umbrella liability, professional/management liability, automobile liability, and worker's compensation;
3. Demonstrated capacity of performing the potential volume and type of services, as required by HOC;
4. Have at least one partner or principal on its bond team that is admitted to practice law before the Court of Appeals of Maryland with offices in Montgomery County or elsewhere in the Washington Metropolitan area; and,
5. The sufficient capacity to produce complex legal documents efficiently and in appropriate formats, along with the capacity to distribute documents to HOC and other parties electronically or through the use of other appropriate technologies.

Evaluation Consideration

The evaluation criteria outlined in RFP #2288 are summarized below:

1. Bond Team (Specific Individuals Responsible for Performance of Contract) (40%)
2. Price (20%)
3. General Experience in Public Finance and Related Areas of Law (20%)
4. Minority/Female/Disabled Participation (10%)
5. Presentation (5%)
6. Location of Offices (5%)

Each firm was required to present information on its prior experience, capacity for this engagement, admission to practice before the Court of Appeals in Maryland, use of technology, and any known conflicts of interest from this engagement. In consideration of the Commission's goals of doing business with firms headed by Minority, Female, Disabled persons, points are allocated to firms owned by minorities or where participation in the engagement is by minority persons. Finally, HOC's Section 3, as well as HOC Works requirements were outlined in the RFP.

Interviews were not held for this procurement due to the small size of the respondents; therefore, the score for Presentation (5%) related solely to the clarity, completeness, and responsiveness of the offeror's written proposal, and all respondents were notified of this condition.

A full summary of each proposal is included as Exhibit 2.

Scoring

A scoring team of four (4) members from the Commission's Mortgage Finance, Legal, and Real Estate staff, rated the responses. The Commission's Financial Advisor also reviewed each proposal. The resulting scores of the proposals are shown in the table below.

| SELECTION CRITERIA | MAX SCORE | BALLARD SPAHR | KUTAK ROCK | TIBER HUDSON |
|--|-------------|---------------|------------|--------------|
| Bond Team | 40% | 33% | 40% | 26% |
| Price | 20% | 15% | 18% | 18% |
| Experience | 20% | 18% | 20% | 6% |
| Minority/Female/Disabled Participation | 10% | 9% | 8% | 9% |
| Presentation | 5% | 4% | 5% | 3% |
| Location | 5% | 5% | 5% | 5% |
| AVERAGE SCORE | 100% | 84% | 95% | 67% |

Kutak Rock and Ballard Spahr had the highest scores of 95% and 84%, respectively, and are the most qualified for this bond counsel engagement. However, because of Kutak Rock’s long standing relationship with the Commission and knowledge of both its single family and multifamily bond programs; its depth of experience in public and housing finance, tax law, securities law, real estate law; the completeness of its proposal; and, its proposed fees, staff believes that Kutak Rock is best suited for a new contract term.

Tiber Hudson LLC (hereinafter “Tiber Hudson”) is a particularly interesting firm having partners on its team with specialty in innovative financing executions. The firm’s creativity is well documented in the industry; however, its proposal did not include several items requested for the procurement, including but not limited to the HOC Works Opportunity Plan designation.

Fees:

Staff reviewed the respective fee proposals for each firm. The RFP requested that the offeror propose its method for determining its fee, whether hourly charges or per bond fee. To analyze the fees provided, the scoring team considered the average hourly rate of the team, as a whole, along with an estimation of each teams’ fees based upon a 100-hour transaction. The summary of fees and reimbursable expenses are provided in the table below.

Ballard Spahr proposed a five (5) member bond team with two (2) partners, two (2) associates and one (1) paralegal. Combined its team’s average hourly rate is \$482. This is reportedly a 15% discount on its current hourly rates. No additional fees were offered, despite Ballard Spahr having an existing contract, which includes not only hourly rates, but a per bond issue fee for HOC’s multifamily parity indentures and stand-alone multifamily conduit issuances. Ballard Spahr also supplied, as requested, an approximate percentage of time each individual is expected to devote to performing services for the Commission. Assuming a 100-hour transaction, and based upon its hourly rates and the division of each team member’s effort proposed, Ballard Spahr’s estimated fee would be \$45,435.

Kutak Rock proposed a nine (9) member bond team with six (6) partners, two (2) attorneys, and one (1) associate. This same team has represented the Commission since 2017, if not longer. Combined its team’s average hourly rate is \$426. Kutak Rock further proposed a flat fee of \$52,000 for HOC’s single family bond issuance under its parity indentures, which is a 0% increase since the 2017 award. For multifamily issuances under the Commission’s parity indentures, the per-transaction fee is \$65,000, an increase of 8% since the 2017 award, yet considered reasonable. Private developer stand-alone issuances would be negotiated at the inception of the transaction. Kutak Rock also supplied, as requested, an approximate percentage of time each individual is expected to devote to performing services for the Commission, unrelated to a bond transaction. Assuming a 100-hour transaction, and based upon the hourly rates and the division of each team member’s effort proposed, Kutak Rock’s estimated fee would be \$42,125.

Tiber Hudson proposed an 11-member bond team, including eight (8) partners, one (1) outside counsel and two (2) associates. Combined its team’s average hourly rate is \$398. This is reportedly a 20% discount on its current hourly rates. Tiber Hudson also indicates a willingness to negotiate a flat fee for certain types of transactions. It further indicated that its proposed team would equally divide responsibilities in performing services for the Commission. Therefore, assuming a 100-hour transaction, and based upon the hourly rates and the division of each team member’s effort proposed, Tiber Hudson’s estimated fee would be \$39,772.

Below is a summary of each offeror’s proposed fees.

| PROPOSED | BALLARD SPAHR | KUTAK ROCK | TIBER HUDSON | COMMENTS |
|-------------------------------|---|---|-----------------|--|
| # of Team Members | 5 | 9 | 11 | |
| Partners | 2 | 6 | 8 | |
| Attorneys | - | 2 | 1 | |
| Associates | 2 | 1 | 2 | |
| Paralegal | 1 | - | - | |
| Hourly Fee (Average) | | | | |
| Partners | \$574 | \$448 | \$414 | |
| Attorneys | - | \$438 | \$425 | |
| Associates | \$513 | \$275 | \$325 | |
| Paralegal | \$238 | \$180 | - | |
| Overall Average Fee | \$482 | \$426 | \$398 | |
| <i>Est. Fee for 100-Hours</i> | <i>\$45,435</i> | <i>\$42,125</i> | <i>\$39,772</i> | |
| Single Family Parity | - | \$52,000 | Negotiable | |
| Multifamily Parity | - | \$65,000 | Negotiable | HOC-owned or sponsored |
| Multifamily Stand-alone | - | Negotiable | Negotiable | Private developers |
| Reimbursable Expenses | No costs for messenger, binding, postage under \$25; actual cost over \$25 for items above, all travel and computer-assisted legal research; duplicating \$0.10 per page; color \$0.45 per page | Actual cost for delivery, postage, out of town travel and computer-assisted legal research; duplicating \$0.20 per page | None provided | Reimbursement of reasonable out-of-pocket expenses is expected. Kutak Rock seeks reimbursement for fewer expenses. |

Bond Counsel Selection

Based upon each offeror’s proposal, the evaluation criteria, and the existing healthy pipeline of the Commission’s real estate development transactions and anticipated financings, staff proposes that Kutak Rock LLP is selected, as the Commission’s bond counsel, for a new contract term. Staff further proposes the contract fee not exceed \$600,000 annually. Any future multifamily conduit engagement will be negotiated with Kutak Rock in accordance with its proposal.

ISSUES FOR CONSIDERATION:

Will the Commission accept staff’s recommendation, which is supported by the Development and Finance Committee, to select Kutak Rock LLP for a new contract term, as its bond counsel for both its single family and multifamily bond programs in accordance with RFP #2288?

PRINCIPALS:

Housing Opportunities Commission of Montgomery County
Kutak Rock LLP

BUDGET IMPACT:

There is no impact for the Commission's FY22 or FY23 operating budgets. Bond counsel fees are built into the cost of issuance budget for each issuance and routine hourly costs are included in the Mortgage Finance Division's budget, which is funded from annual bond draws.

TIME FRAME:

For formal action at the March 2, 2022 meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff recommends that the Commission approve the selection of Kutak Rock LLP, as its bond counsel for both its single family and multifamily parity bond programs. The new contract term shall be three (3) years with two (2) additional one-year extensions in accordance with the Commission's Procurement Policy. Staff further recommends that the annual contract amount shall not exceed \$600,000, and any future multifamily conduit engagement will be negotiated with Kutak Rock in accordance with its proposal.

Resolution No.: 22-21

Re: Approval of Firms Selected to Serve the Commission as Bond Counsel for a New Contract Term in Accordance with Request for Proposal (RFP) #2288

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or “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, and is further authorized by the Agreement by and between HOC and Montgomery County, Maryland, effective July 1, 2010, as amended, to issue its notes and bonds from time to time to fulfill its corporate purposes; and

WHEREAS, the ability to issue notes and bonds to the capital markets is subject to the availability of an opinion of a nationally recognized bond counsel concerning (1) the validity of the bonds and (2) the excludability of interest on the bonds from gross income for federal income tax purposes, without which the bonds are not normally marketable; and

WHEREAS, in 2017, the Commission appointed Kutak Rock LLP (“Kutak Rock”) and Ballard Spahr LLP to serve as bond counsel for three (3) years with two (2) additional one-year renewals, for a maximum contract term of five (5) years that ends on April 9, 2022; and

WHEREAS, the Commission continues to seek the services of bond counsel that is highly qualified and experienced in the issuance of revenue bonds for its single family and multifamily programs under parity (open) indentures at prices that are highly competitive in the market place, and therefore issued RFP #2288 on October 27, 2021 for said purpose; and

WHEREAS, staff completed its review of the three (3) firms that submitted a proposal in response to RFP #2288, and has determined that the law firm of Kutak Rock was the most responsive and is the most qualified to represent the Commission as bond counsel for a new contract term.

NOW, THEREFORE BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County that it (A) approves the selection of Kutak Rock LLP as its bond counsel for its single family and multifamily bond programs under parity indentures for a new contract term of three (3) years with two (2) additional one-year extensions; (B) authorizes the Acting Executive Director, or her designee, to negotiate and execute contract documents in conformance with the submitted proposal and best practices; and (C) authorizes a maximum annual contract amount not to exceed \$600,000 annually.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that bond counsel services for select stand-alone conduit transactions will be negotiated with Kutak Rock LLP in accordance with its proposal.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Housing Opportunities Commission of Montgomery County at a regular open meeting conducted on March 2, 2022.

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**Patrice Birdsong
Special Assistant to the Commission**

EXHIBIT 1

RFP #2288 – Bond Counsel Summaries

Ballard Spahr LLP (“Ballard Spahr”)

Ballard Spahr LLP is a Philadelphia-based law firm of more than 600 lawyers practicing throughout the United States in the areas of litigation, business and finance, intellectual property, public finance, and real estate. The firm has a real estate practice encompassing virtually all aspects of real estate finance, conveyancing, construction, and development. The Public Finance practice is ranked in the highest tier nationally *U.S. News and World Report*. Ballard Spahr’s primary area of practice includes its public finance practice specializing in the area of general housing bond finance with its lawyers having served as bond counsel in every form of traditional municipal debt, including tax-exempt, taxable, new money and all forms of financings involving many forms of credit enhancement.

The firm’s national housing practice covers a wide range of state and local agencies, private developers, public and private lenders, tax credit investors and syndicators, underwriters and government sponsored enterprises. The firm also provides advice and counsel on sophisticated tax, securities and regulatory aspects as well as customary real estate, banking, bankruptcy, and other legal disciplines that support its housing practice. The firm reportedly participated in the issuance of more than \$1 trillion in tax-exempt obligations in 50 states, D.C. and American territories. Since 2017, it also has served as bond counsel for 460 transactions other than housing that have totaled \$36 billion to finance governmental, education, healthcare, transportation, utilities and industrial development projects. Its team of lawyers that would cover HOC’s account is admitted to practice in Maryland and would provide coverage from its Washington, D.C. office.

The proposed five (5) member bond team is comprised of four (4) attorneys and one (1) paraprofessional, which will increase efficiency and economy for each transaction. The team is made up of 40% of women and 60% of people of color. Ballard Spahr has indicated that it will engage McKenzie & Associates, a D.C. based minority owned law firm on an as-needed basis on HOC matters, should the need arise.

Kutak Rock, LLP (“Kutak Rock”)

Kutak Rock is headquartered in Omaha, Nebraska but has office locations in 15 states and the District of Columbia. The firm reports that it has served as bond counsel in more than 16,000 municipal bond issues in all 50 states, as well as D.C., the Virginia Islands, Guam and Puerto Rico, handled by a group of more than 110 lawyers who devote all or a major part of their practice to public finance. The firm serves as ongoing bond counsel to 24 state Housing Finance Agencies (HFAs) and a number of local HFAs and housing bond issuers, including HOC. Nationally, the firm has been ranked among the top three (3) bond counsel firms for the past five (5) years, participating as bond counsel in more than 3,275 public finance issues having an aggregate principal in excess of \$115 billion. In 2021, *The Bond Buyer*, the only independent information resource serving the entire municipal finance community, ranked Kutak Rock second among the top three (3) bond counsel firms, which also include Orrick, Herrington & Sutcliffe LLP, ranked first, and Hawkins Delafield & Wood LLP, ranked third.

Kutak Rock has represented HOC as bond counsel throughout its 40-year history from its Washington, D.C. office and during the last 10 years of that tenure, HOC has issued single family and multifamily housing bonds having an aggregate principal amount of more than \$1 billion. Notwithstanding Kutak Rock’s experience with HOC, in the past five (5) years Kutak Rock has served as bond counsel or special tax

EXHIBIT 1

RFP #2288 – Bond Counsel Summaries

counsel in more than 995 housing finance issues totaling more than \$31.9 billion, including 460 single-family issues and 535 multifamily issues (aggregating more than \$22.7 billion and \$9.2 billion, respectively).

The proposed bond team is comprised of nine (9) attorneys, and the firm is expected to utilize the skills of its paraprofessionals to increase efficiency and economy for each transaction. Of the team members, four (4) are women, two (2) of whom are African American, and five (5) are men, two (2) of whom are Asian. Lead counsel on the HOC team is African American, who has worked with HOC since 2008. Minority lawyers at Kutak Rock have primarily handled and been responsible for representation of HOC since 1990.

Tiber Hudson LLC (“Tiber Hudson”)

Tiber Hudson LLC is a full service, minority owned law firm and D.C. certified business enterprise. Its attorneys are licensed and in good standing to practice law in the District of Columbia, Maryland, Virginia, Ohio, New York and South Carolina. The firm provides legal counsel, representation, and consultation in the practice areas of litigation (including representation of administrative agencies, real estate and zoning, government contracting, administrative, corporate procurement, construction, government relations, and transactional including public and private financing. In addition, Tiber Hudson partners are particularly qualified in negotiations of real estate transaction and have demonstrated a keen ability to find creative solutions to complex problems and bring public-private transactions to a close.

Tiber Hudson has a well-established finance practice, and its attorneys have a long history serving as bond counsel to municipal issuers of general obligation bonds and notes to numerous public authorities and industrial development agencies with a combined experience over 100 years. Lawyers in its Public Finance Practice have been involved and served as bond counsel on more than 50 multifamily apartment transactions, involving hundreds of millions of dollars of bonds, thousands of units of affordable housing and hundreds of millions of dollars in tax credit equity and debt with state housing finance agencies over the years. Over the past five (5) years, the firm has pioneered the use of innovative pooled financing structures combining the use of tax-exempt bonds with USDA rural housing programs and other structures and credit enhancements to provide affordable rental housing in a number of states. Tiber Hudson has also served as Lead Counsel, Underwriter’s Counsel, Issuer’s Counsel, Investor’s Counsel, Disclosure Counsel, Borrower’s Counsel and Trustee Counsel.

The proposed bond team is comprised of 11 attorneys of which its lead is an African American male with 20 years of experience. The team also includes two (2) women and one (1) male Asian. Tiber Hudson is amenable to negotiating a flat fee for certain types of HOC transactions and its hourly rates are being offered at approximately 20% below its normal fees.

RFP #2283 - BOND COUNSEL
 Response Date: 11/23/21
 Proposal Response Summary

| | | KUTAK ROCK Locations: DC, GA, IL, CO, NO, CA, MO, AR, MN, OK, NE, PA, VA, AZ, WA, KS | | | | | BALLARD SPAHR Locations: DC, GA, MD, CO, DE, NV, CA, NJ, NY, PA, AZ, | | | | | TIBER HUDSON LLC Locations: DC, MD, NY, SC | | | | | | | | | | |
|-------------------------------------|---|---|----|---|------------------|----|---|----------------------|----|--|------------------|---|---|----------------------|----|--|------------------|----|--------------------|---|--|---|
| | | Attachment Included? | | | Requirement Met? | | Scorecard Reviewer | Attachment Included? | | | Requirement Met? | | Scorecard Reviewer | Attachment Included? | | | Requirement Met? | | Scorecard Reviewer | | | |
| | | Yes | No | Details | Yes | No | Comments | Yes | No | Details | Yes | No | Comments | Yes | No | Details | Yes | No | Comments | | | |
| MINIMUM QUALIFICATIONS | | | | | | | | | | | | | | | | | | | | | | |
| 1. Prior Experience | | | | | | | | | | | | | | | | | | | | | | |
| | The offeror must include on its bond team persons who are listed as bond counsel in the most recent edition of the Bond Buyer's (Red Book) Directory of Municipal Bond Dealers of the United States. The offeror must have at least 10 years of experience in housing finance by public agencies. | ✓ | | *Sisera M. Daniel, Partner, Chair of Public Finance, Tax Exempt/Taxable, 18+ yrs, (DC, MD, GA) *Mitchell J. Bragin, Of Counsel, Chair of National Public Finance Tax, Senior Tax Pr, 46+ yrs, (DC, PA, US Supreme Court) - Jennifer Blunt, of counsel, Public Finance, 25+ yrs (MD, NY, DC) *David S. Lu, Pr, Public Finance, State/Local Counseling 21+ yrs, (DC, OH) *Debbie Sinclair Ruskin, Pr, Public Finance & Securities, 35+ yrs, (DC, FL) - John J. Wagner, Senior Pr, Head Public Finance, 44+ yrs, (MN, NE, ND) *Neo Tran, Partner, Public Finance/Federal Contracts 13 yrs, (MD, VA, DC) - Marie Wadler, of counsel, Finance/Tax Credits (FL, DC) Those listed with a * are included in the Red Book. | ✓ | | | ✓ | | *Andrew Spicknall, Pr, lead, Finance, Public Finance, Housing Finance, Real Estate Finance (MD, DC, VA), 10+ years - Marybeth Orsini, Partner, Finance, Public Finance, Tax, Housing (MD, MA, NY, US Tax Court) *Daniel Nunez, Associate, Finance, Public Finance, Real Estate Finance (DC) - Garland Gantt III, Associate, Finance, Housing, Housing Finance (DC) - Camelle Jones Boston, Paralegal Those listed with a * are included in the Red Book. | ✓ | | Proposal states that Marybeth Orsini is in the Red Book; this is not the case | ✓ | | *Earl Horton, lead, Partner, Finance, Real Estate (DC, MD), 20 yrs *Kent Neumann, Public Finance, Real Estate (DC, CA), 20 yrs *Krista North, Community Development Finance (MD), 20 yrs *Roderick Owens, Real Estate, Public and Private Finance (MD, DC, US Supreme Court), 15 yrs *James Peck, Real Estate Finance, FHA/USDA MF financing, 20 yrs *Robert Kearbey, housing finance (MO, NC, MD, DC), 15 yrs *Matthew Grant, real estate finance, affordable/LIHTC (MD, NY, OH), 10 yrs *Allison King, Sr. Counsel, Public Finance, Real Estate, Housing (SC), 10 yrs *Alex Zeltser, Sr. Associate, Public Finance (MD, DC), 10 yrs - Perry Israel, Tax Law, 40 yrs - Vikrant Bhatia, Public Finance, Real Estate Finance, 10 yrs Those listed with a * are included in the Red Book. | ✓ | | | ✓ | | Has professional liability insurance of \$2 million for each claim with a deductible of \$5,000. The firm is amenable to security additional insurance, as may be required. Will provide COI upon successful award of contract. |
| 2. Insurance Requirement | | | | | | | | | | | | | | | | | | | | | | |
| | Commercial General Liability - \$1,000,000 per occurrence and \$2,000,000 in the aggregate for bodily injury, personal injury, and broad form property damage, including the following coverages: Contractual Liability, Premises and Operations; Products & Completed Operations; Independent Contractors & Subcontractors; Sexual Molestation and Abuse. Coverage shall be endorsed to apply on a per project or per contract basis. Umbrella Liability - Umbrella/Excess Liability insurance coverage with a limit of liability of at least \$5,000,000. Professional/Management Liability - \$1,000,000 per claim and \$2,000,000 in the aggregate that covers professional errors and omissions, negligent acts, and misconduct or lack of ordinary skill during the term of the Agreement. Automobile Liability - \$1,000,000 combined single limit for bodily injury and property damage coverage per occurrence including the following: owned automobiles, hired automobiles, and non-owned automobiles. Worker's Compensation - Meeting all the statutory requirements of the State of Maryland and with the following minimum Employer's Liability limits: - Bodily Injury by Accident - \$500,000 each accident - Bodily Injury by Disease - \$500,000 policy limits - Bodily Injury by Disease - \$500,000 each employee | ✓ | | Insurance certificate currently on file at HOC | ✓ | | | ✓ | | Insurance certificate on file at HOC | ✓ | | | ✓ | | | | | | | | |
| 3. Offeror's Capacity | | | | | | | | | | | | | | | | | | | | | | |
| | Each offeror must demonstrate the capacity of performing the potential volume and type of services as required by HOC described in Part 3 below. Offerors are advised to be or to become familiar with the past activities of the HOC and the potential volume and type of work to be performed and the services to be provided. The offeror must be available at all times to render services required under the contract. | ✓ | | Bonds counsel on > 16,000 muni bond issues in all US states and territories. No opinion ever subjected to court action. HOC bond counsel since 1979; in last 10 years, HOC SF and MF have issued more than billion. Ranked top 3 nationally in past five years in 3,275 transactions for more than \$115 billion. | ✓ | | | ✓ | | - Participated in \$1 trillion of tax exempt financing in all 50 states. - US News & World Report ranks the Public Finance practice in the highest tier nationally. - Bond Counsel: governmental and private activity bonds, including GO, municipal revenue, special assessment, TIF, BAN, tax revenue, grant, installment purchase, capital lease. - Type: tax-exempt, taxable, new money, refundings, credit enhancements, liquidity support, private placements. | ✓ | | | ✓ | | Prepared to commence immediately. served as bond counsel on more than 50 multifamily transactions, involving hundreds of millions in bonds, thousands of affordable units and hundreds of million in TE equity and state with state housing finance agencies over the year - Public Finance attorneys involved with Federal and local government agencies, local redevelopment authorities, private real estate developers, investors and lenders | ✓ | | | | | |
| 4. Admission to Practice | | | | | | | | | | | | | | | | | | | | | | |
| | At least one member of the bond team must be admitted to practice law before the Court of Appeals of Maryland and such member must be a partner or principal in the firm. The location of an office in Montgomery County or elsewhere in the Washington Metropolitan area will be important but is not mandatory. | ✓ | | Sisera Daniel Neo Tran | ✓ | | | ✓ | | Andrew Spicknall Mary Orsini | ✓ | | | ✓ | | Lewis Aslow Earle Horton Matthew Grant Eric Jenkins Robert Kearbey Krista North | ✓ | | | | | |
| 5. Technology | | | | | | | | | | | | | | | | | | | | | | |
| | Each offeror must demonstrate sufficient capacity to produce complex legal documents efficiently and in appropriate formats, including multiple draft official statements and other disclosure documents (which may contain complex charts of financial and program information), and indentures and other transactional documents. Offerors also must demonstrate the capacity to distribute documents to HOC and other parties electronically or through the use of other appropriate technologies. | ✓ | | Devotes significant resources to remain at forefront of legal services through technology. Ongoing investment in technology systems. Web-based document management system between offices and clients. Secure document exchange via Internet. Dedicated IT department. | ✓ | | | ✓ | | Use modern technology to reduce courier costs, document production and printing. Uses online document sharing programs. State of the art hardware and software (dedicated IT staff). Each office has LAN that integrates into WAN. Research: WESTLAW, Lexis, Thomson Reuters, Microsoft. | ✓ | | | ✓ | | Uses state-of-the-art technical resources to assist client; uses LAN which provides fully integrated software for data and text; use of fax, computer modem and email, cell phones clients can participate in drafting process without leaving offices; voice mail system and email allow clients to confidentially communicate with firm; availability to extensive library resources, LEXIS/NEKS, CD ROM research capabilities | ✓ | | | | | |
| REQUIRED INFORMATION | | | | | | | | | | | | | | | | | | | | | | |
| A. Offeror Prior Experience | | | | | | | | | | | | | | | | | | | | | | |
| 1. Public Finance Experience | | | | | | | | | | | | | | | | | | | | | | |
| | Describe the offeror's experience in the field of municipal finance during the last five years, with emphasis on single family and multifamily bond issues, including private activity, non-profit, and essential function tax-exempt housing bonds, and taxable bonds. | ✓ | | - Serves as ongoing bond counsel to 24 state HFAs and a number of local HFAs and housing bond issuers; - works in other capacities as well - counsel to issuer, underwriter, credit enhancer, insurer, liquidity provider, bond purchase, sponsor, trustee, developer, special tax counsel, disclosure counsel; - In 2020 ranked by Refinitiv as 2nd in nation for multifamily issues and 1st in single family issues by both number and dollar; - Multifamily - in last 5 years in more than 535 issues with aggregate principal amount of more than \$9.2 billion; structures include new money, refundings, escrow structures, general obligations, pass-through bonds, revenue obligations, advance refundings; Section 8 issues, 501(c)(3) issues, GNMA, Fannie Mae, FHLMC structures, various FHA programs including Risk Sharing Insurance, bond insured and LOC structures, senior/sub/mezzanine structures, RAD issues, LIHTC; - Single Family - in last 5 years in more than 460 SF issues with aggregate principal amount of more than \$22.7 billion; issues involved both SF and home improvement loan programs, stand alone and general resolutions/indentures both whole loan and MBS programs; structures include simple new money fixed rate, refundings and new money/refunding combinations, floating rate bonds and notes, PAC bonds, SF pass through bonds, index rate bonds, COBs, escrow COBs, taxable bonds; credit enhancement provided by GNMA, Fannie Mae, Freddie Mac, USDA, RHA/VA | ✓ | | | ✓ | | - Significant housing practice with wide range of services to state and local housing agencies (including CDA and DCHFA), lenders, underwriters and conduit borrowers for both single family and multifamily, private equity funds, venture capital firms, institutional investors. - Services include assisting housing authorities and other clients on issues related to HUD and all FHA programs; advised state agencies on the development, administration, and application of LIHTC programs, counseled public and private companies in real estate matters; advises private and public companies through all stages of development and capital-raising activities; assists with federal and state tax law aspects of public finance transactions including rules related to arbitrage - participated in the issuance of more than \$1 trillion in tax-exempt obligations in 50 states, DC and American territories - Bonds issued include GO, municipal revenue, special assessment, tax increment, taxable, revenue, grant and bond anticipation notes, tax credit bonds, gas prepay bonds, lease-purchase and installment purchase obligations - Involved in tax-exempt, taxable financing, new money issues, all forms of refundings, conduit financings and financings involving every form of credit enhancement and liquidity support | ✓ | | | ✓ | | - Regularly serves as project and bond counsel to municipal issuers of GO bonds and notes to public authorities and industrial development agencies - Serves as bond counsel to DCHFA - Experience in municipal and public law issues, special legislation, public and private financing, tax exempt and taxable financings - Attorneys experienced in litigation, acquisition, construction, corporate securities, bankruptcy, real estate law, and familiar with federal and state regulatory and environmental law - served as bond counsel on more than 50 multifamily transactions, involving hundreds of millions in bonds, thousands of affordable units and hundreds of million in TE equity and state with state housing finance agencies over the year - Public Finance attorneys involved with Federal and local government agencies, local redevelopment authorities, private real estate developers, investors and lenders | ✓ | | | | | |

RFP #2283 - BOND COUNSEL
 Response Date: 11/23/21
 Proposal Response Summary

| | | KUTAK ROCK Locations: DC, GA, IL, CO, NO, CA, MO, AR, MN, OK, NE, PA, VA, AZ, WA, KS | | | | | BALLARD SPAHR Locations: DC, GA, MD, CO, DE, NV, CA, NJ, NY, PA, AZ, | | | | | TIBER HUDSON LLC Locations: DC, MD, NY, SC | | | | | |
|---|--|---|----|--|------------------|----|---|--|----------------------|----|---|---|----|--------------------|--|---|---|
| | | Attachment Included? | | | Requirement Met? | | Scorecard Reviewer | | Attachment Included? | | | Requirement Met? | | Scorecard Reviewer | | | |
| | | Yes | No | Details | Yes | No | Comments | | Yes | No | Details | Yes | No | Comments | | | |
| 2. Offeror must include the following information | | | | | | | | | | | | | | | | | |
| a. | Information relating to each bond issue financing housing for which the offeror acted as bond counsel since 2012. The information should include the issuer, the amount, the type structure and innovative techniques or combinations of techniques, if any. For multifamily, the information should also include the type of ownership of the development (e.g., private, governmental, non-profit) and the use of public private partnerships. | ✓ | | See Appendix B and C Bonds counsel: for \$32 billion in 995 MF and SF housing finance transactions over past 5 years. Other counsel: Issuer, disclosure, underwriter, trustee. Manner Sold: Private placements, negotiated sales. Issuer: More than 24 state and several local HFAs. Ownership: Private, governmental users. | ✓ | | | | ✓ | | See Appendix A. Participated in more than \$1 trillion of tax-exempt obligations in all states, DC and American territories. Represented every side of the table - borrowers, issuers, underwriters and trustees | ✓ | | | | ✓ | Detailed list of bond issues not provided |
| b. | Summary information relating to roles (e.g., representing issuers, developers, underwriters, bond purchasers, credit enhancers). | ✓ | | Offeror serves as bond counsel, as well as counsel to issuer, underwriter, credit enhancer, insurer, liquidity provider, bond purchase, sponsor, trustee, developer, special tax counsel, disclosure counsel | ✓ | | | | ✓ | | As well as bond counsel, serves as counsel to underwriter, special tax trustee, credit support, lender, borrower, issuer, bank and developer | ✓ | | | | ✓ | - As well as bond counsel, provides counsel to issuers, developers, owners, banks, underwriters, purchasers, lenders, trustees and public/private borrowers, tax credit investors and syndicators, and disclosure counsel Named #1 firm for underwriters' counsel by Thomson Reuters for 2018, 2019 and 2020 |
| c. | Summary information relating to acting as bond counsel on bond issues other than housing (e.g. small business, exempt facilities, energy, non-profits, etc.) | ✓ | | Past 5 years, participated as bond counsel in more than 2,275 non-housing issues, \$84.6 billion Related to highway construction projects, mass transit systems, water and sewer projects, higher education institutions, public school districts and charter schools, hospitals and other health care facilities, student loan programs, energy production facilities, manufacturing facilities, public buildings, pollution control projects | ✓ | | | | ✓ | | Non-housing: since 2017 served as Bond counsel 460 transactions for \$36 billion to finance governmental, education, healthcare, transportation, utilities and industrial development projects | ✓ | | | | ✓ | Proposal does not include any mention of non-housing experience |
| 3. | Involvement with any creative or innovative techniques or solutions for legal and financing activities related to affordable housing in the last five years. Each offeror should include at least one example of a creative innovative technique or solution to a legal problem used in connection with a financing, and a brief description of the offeror's involvement. | ✓ | | Created separate ownership entities for market rate and low income units, used deep rent skewing for the low income units, dealt with volume cap shortage by using taxable bonds that were convertible into future tax-exempt bonds, and recycled volume cap initially for the construction financing to refund/convert the taxable bonds into tax-exempt bonds | ✓ | | | | ✓ | | - For Philadelphia Water Department developed financing program to provide incentives to private owners to construct storm water runoff mitigation projects for properties; - for MD Economic Development Corp in financing air cargo facility at BWI, structured transaction by creating an obligated group supported by revenues from facilities owned by affiliates; for Chicago Housing Authority, assisted in structuring a \$325 million deal of general obligation bonds using Section 8 admin fees and public housing tenant rents to repay debt | ✓ | | | | ✓ | Firm has pioneered the use of innovative pooled financing structures combining the use of tax-exempt bonds with USDA rural housing programs and other structures and credit enhancements to provide affordable rental housing in a number of states. |
| 4. | A copy of at least one official statement prepared by the firm in connection with its participation as bond counsel or underwriter's counsel. | ✓ | | Provided in Appendix D | ✓ | | | | ✓ | | See Appendix B, did not include a full OS, only the first 7 pages including cover sheet and TOC | | ✓ | | | ✓ | See attachment 2 and 3 |
| 5. | Membership of the offeror in housing finance agency professional organizations, such as the National Association of Local Housing Finance Agencies (NALHFA). | ✓ | | National Association of Local Housing Finance Agencies National Council of State Housing Agencies National Association of Bond Lawyers National Association of Housing and Redevelopment Officials National Association of REITs National Leasing Association American Bar Association, professional sections incl housing, forum, real estate and tax, urban, state and local government law development | ✓ | | | | ✓ | | National Council of State Housing Agencies National Association of Bond Lawyers American College of Bond Lawyers | ✓ | | | | ✓ | Proposal does not include any mention of membership in professional organizations; resumes list individual membership to organizations |
| B. Related Legal Experience | | | | | | | | | | | | | | | | | |
| 1. | Provide a brief description of areas of the law related to public finance in which the offeror has an expertise including, but not limited to, the areas of federal housing law, Maryland real estate law, securities law, tax law, insurance law, bankruptcy and banking law. | ✓ | | 1) General Public Finance 2) Tax Law, Arbitrage, Low Income Housing Tax Credit Law 3) Securities 4) Banking, Bankruptcy, and Commercial Lending 5) Real Estate Law 6) Federal Housing | ✓ | | | | ✓ | | 1) Federal Housing Law 2) Real Estate Law 3) Securities Law 4) Tax Law 5) Bankruptcy Law 6) Banking Law | ✓ | | | | ✓ | 1) Public/Private Finance 2) Real Estate 3) Tax Law |
| 2. | Attach brief resumes of the attorneys who work in the areas described in B.1. above but only if they will be available to consult with and give advice to HOC during the term of the Contract. | ✓ | | Provided in Appendix A | ✓ | | | | ✓ | | Provided in Appendix C | ✓ | | | | ✓ | See attachment 1; resumes were NOT included for several attorneys listed on the team (missing resumes were Robert Kearbey, Matthew Grant, Perry Israel, Vikram Bhatia) and resumes were included for attorneys NOT listed on the team in proposal |
| C. Bond Team (Specific Individuals Responsible for Performance of Contract) | | | | | | | | | | | | | | | | | |
| 1. | The identity of the individuals forming the bond team, the areas of law in which each specializes, the number of years of experience in such areas, and the extent to which each participated in the transactions described in subparagraph B.1. above. | ✓ | | -Sisera M. Daniel, Partner, Chair of Public Finance, Tax Exempt/Taxable, 18+ yrs, (DC, MD, GA) - Mitchell J. Bragin, Of Counsel, Chair of National Public Finance Tax, Senior Tax Ptnr, 46+ yrs, (DC, PA, US Supreme Court) - Jennifer Blunt, of counsel, Public Finance, 25+ yrs (MD, NY, DC) - David S. Lu, Ptnr, Public Finance, State/Local Counseling, 21+ yrs, (DC, OH) - Debbie Sinclair Ruskin, Ptnr, Public Finance & Securities, 35+ yrs, (DC, FL) - John J. Wagner, Senior Ptnr, Head Public Finance, 44+ yrs, (MN, NE, ND) - Neo Tran, Partner, Public Finance/Federal Contracts 13 yrs, (MD, VA, DC) - Marie Wadler, of counsel, Finance/Tax Credits (FL, DC) - Max Kaplan, associate, recently passed MD bar, sworn into MD Court of Appeals 12/2021 | ✓ | | | | ✓ | | - Andrew Spicknall, Ptnr, lead attorney for SF and MF bond counsel; Public Finance Law, Securities Law, Banking/Bankruptcy/Commercial Lending, Real Estate Law, Federal Housing Law (MD, DC, VA), 10+ years - Marybeth Orsini, Partner, focused on federal tax law with emphasis on TE bonds and tax credit bonds; Public Finance Law, Tax Law, Securities Law, Federal Housing Law (MD, MA, NY, US Tax Court) - Daniel Nunez, Associate, Public Finance Law, Securities Law, Banking/Bankruptcy/Commercial Lending, Real Estate Law (DC) - Garland Gannett III, Associate, Public Finance Law, Securities Law, Real Estate Law (DC) - Camellie Jones Boston, Paralegal, Public Finance Law | ✓ | | | | ✓ | Egrl Horton, lead, Partner, Finance, Real Estate (DC, MD), 20 yrs Kent Neumann, Public Finance, Real Estate (DC, CA), 20 yrs Krista North, Community Development Finance (MD), 20 yrs -Roderick Owens, Real Estate, Public and Private Finance (MD, DC, US Supreme Court), 15 yrs - James Peck, Real Estate Finance, FHA/USDA MF financing, 20 yrs - Robert Kearbey, housing finance (MO, NC, MD, DC), 15 yrs - Matthew Grant, real estate finance, affordable/LHTC (MD, NY, OH), 10 yrs - Allison King, Sr. Counsel, Public Finance, Real Estate, Housing (SC), 10 yrs - Alex Zeltser, Sr. Associate, Finance, Tax (MD, DC), 10 yrs - Perry Israel, Tax Law, 40 yrs - Vikram Bhatia, Public Finance, Real Estate Finance, 10 yrs |
| 2. | Identify any possible conflicts of interest in connection with the representation of existing clients which may arise if selected to serve as HOC bond counsel and how they would be resolved. | ✓ | | Firm reports no open client matter in which HOC is listed as adverse party. Firm reviews any new engagement to ensure no conflict with HOC representation. | ✓ | | | | ✓ | | Represents developers and lenders who transact business with HOC. Ballard would work with HOC to resolve conflicts. | ✓ | | | | ✓ | 2-pronged approach for conflicts - form based or manual approach and software based; if conflict exists, obtains a waiver of the conflict of interest from all clients impacted; will work with HOC should conflict arise; unaware of any existing conflict of interest |
| 3. | The courts in which such individuals are admitted to practice, the year of admission and the location of the principal place or places of business. | ✓ | | See C. 1 above - Bond Team | ✓ | | | | ✓ | | See C. 1 above - Bond Team | ✓ | | | | ✓ | See C. 1 above - Bond Team |
| 4. | The availability of such individuals during the next four years. Note that HOC will not permit substitutions in the bond team without its prior written consent | ✓ | | Provides assurance that all lawyers will make themselves available for the next 4 years | ✓ | | | | ✓ | | Offered a team that has worked collaboratively for years. No issues expected in next 3 years, seek HOC consent to add to team. | ✓ | | | | ✓ | All attorneys acting as bond counsel have availability over the next 4 years |
| 5. | The planned division of responsibilities among the members of the bond team including an approximate percentage of the time each individual is expected to devote to performing services for HOC. (The total of the percentages should equal 100%.) | ✓ | | -Sisera Daniel, lead bond counsel - 25% - Mitchell Bragin, tax analysis, tax opinion, assist in structuring - 10% - David Lu, tax analysis, tax opinion, assist in structuring, assist with doc drafting and legal research - 10% - Jennifer Blunt, assist in structuring, document drafting and legal research - 25% - Debbie Sinclair Ruskin, assist with structuring and document drafting - 5% - Max Kaplan, assist with document drafting and legal research - 10% - John Wagner, consult on matters re: HUD, FHA, Risk Sharing, structuring issues 5% - Marie Wadler, LHTC matters - 5% - Neo Tran, bankruptcy matters - 5% | ✓ | | | | ✓ | | - Andrew Spicknall: team lead - 15% - Marybeth Orsini, primary contact for SF - 5% - Daniel Nunez, document drafting, review due diligence, assistance to bond counsel - 35% - Garland Gannett, document drafting, review due diligence, assistance to bond counsel - 20% - Camellie Jones Boston, document prep, coordination of documentation and closings, review due diligence - 25% | ✓ | | | | ✓ | Responsibilities will be equally divided; no additional information provided |
| 6. The bond team's expertise in the following areas of law: | | | | | | | | | | | | | | | | | |
| a. | General public finance law (including Maryland public finance law); | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. |
| b. | Tax law including the arbitrage regulations and the low income housing tax credits; | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. |
| c. | Securities law; | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. |
| d. | Banking, bankruptcy, and commercial lending law; | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. |
| e. | Real Estate Law including Maryland Real Estate law | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. |
| f. | Federal Housing Law. | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. | ✓ | | | | ✓ | See A.1. (Public Finance Experience), B.1. (Related Legal Experience), and C. 1. (Bond Team) above. |
| D. | Use of Para-professionals--The offeror shall detail how it will use para-professionals, permanent law clerks, and law graduates not admitted to practice to promote economy and efficiency in the performance of services and to assure HOC of the lowest possible costs. | ✓ | | Well trained paralegal and law clerks result in economical service; paralegals and law graduates not admitted to practice would be used in initial drafts, research, document coordination and delivery to manage cost though not quality of work. | ✓ | | | | ✓ | | Practice includes: 10 paralegals, 2 public finance law clerks, 14 legal assistants. Team approach to service delivery. | ✓ | | | | ✓ | Support staff include managers, legal secretaries and clerks |

RFP #2283 - BOND COUNSEL
 Response Date: 11/23/21
 Proposal Response Summary

| | | KUTAK ROCK Locations: DC, GA, IL, CO, NO, CA, MO, AR, MN, OK, NE, PA, VA, AZ, WA, KS | | | | | BALLARD SPAHR Locations: DC, GA, MD, CO, DE, NV, CA, NJ, NY, PA, AZ, | | | | | TIBER HUDSON LLC Locations: DC, MD, NY, SC | | | | | | | |
|--|--|---|----|--|------------------|----|---|----------------------|----|--|------------------|---|---|----------------------|----|---|------------------|----|--------------------------------|
| | | Attachment Included? | | | Requirement Met? | | Scorecard Reviewer Comments | Attachment Included? | | | Requirement Met? | | Scorecard Reviewer Comments | Attachment Included? | | | Requirement Met? | | Scorecard Reviewer Comments |
| | | Yes | No | Details | Yes | No | | Yes | No | Details | Yes | No | | Yes | No | Details | Yes | No | |
| E. | Use of Technology--Describe the offeror's capacity to use technology to promote economy and efficiency in the required services, including a description of the offeror's computer technology, software applications, use of e-mail and other communication technology, and willingness to comply with reasonable requirements of HOC with respect to upgrades and capability. | ✓ | | Devotes significant resources to remain at forefront of legal services through technology. Ongoing investment in technology systems. Web-based document management system between offices and clients. Secure document exchange via Internet. Dedicated IT department. | ✓ | | | ✓ | | Reportedly use modern technology to reduce courier costs. State of the art hardware and software (dedicated IT staff). Each office has LAN that integrates into WAN. Research: WESTLAW, Lexis, Thomson Reuters, Microsoft. | ✓ | | | ✓ | | Uses state-of-the-art technical resources to assist client; uses LAN which provides fully integrated software for data and text; use of fax, computer modem and email, cell phones clients can participate in drafting process without leaving offices; voice mail system and email allow clients to confidentially communicate with firm; availability to extensive library resources, LEXIS/NEXIS, CD ROM research capabilities | | | |
| F. | Other--Any other information which the offeror considers relevant to a fair evaluation of its experience and capabilities. | ✓ | | Intimate involvement with analysis of newly created Consumer Finance Protection Bureau and working with NCSHA to obtain exemption for HFAs. Participated on NCSHA Homeownership Institute panels and conducted training sessions for various HFAs with respect to CFPB rules. Also works with HFA clients that have experienced any cybersecurity breaches. | ✓ | | | ✓ | | None offered. | ✓ | | | ✓ | | None offered. | | | |
| G. Rates and Fees: | | | | | | | | | | | | | | | | | | | |
| 1. The offeror must submit in the proposal: | | | | | | | | | | | | | | | | | | | |
| a. | The method proposed for determining its fee, i.e., hourly charges or per bond fee. Whichever method is proposed: | ✓ | | Flat Fee for HOC bond issues and hourly rates for matters unrelated to bond transaction | ✓ | | | ✓ | | Offers 15% discount of hourly rates, held through 2024 with a 3% increase for remaining 2 years | ✓ | | | ✓ | | Willing to negotiate a flat fee for certain types of HOC transactions; offering 20% discount on hourly rates | | | |
| i. | The amount to be charged for professional fees under the method designated. | | | Multifamily bond issues \$65,000 Single Family bond issues \$52,000 Hourly Rate for other matters: Siera M. Daniel, lead, Partner \$450 25% \$11,250 Mitchell J. Bragin, Sr. Partner \$550 10% \$5,500 Jennifer Blunt, of counsel \$375 25% \$9,375 David S. Lu, Partner \$465 10% \$4,650 Debbie Sinclair Ruskin, Partner \$495 5% \$2,475 John J. Wagner, Sr. Partner \$350 5% \$1,750 Max Kaplan, Associate \$275 10% \$2,750 Neo Tran, Partner \$375 5% \$1,875 Marie Wadler, of counsel \$500 5% \$2,500 Other Associates \$275 Other Paralegals \$180 AVERAGE \$42,125 | | | Based upon hourly rate and assuming a transaction that took 100 hours, estimated fee for team would be: | | | Multifamily bond issues N/A Single Family bond issues N/A Hourly Rate Andrew Spicknall, lead, Partner \$591 15% \$8,865 Marybeth Orsini, Partner \$557 5% \$2,785 Daniel Nunez, Associate \$489 35% \$17,115 Garland Gant, Associate \$536 20% \$10,720 Carnelle Jones Boston, Paralegal \$238 25% \$5,950 AVERAGE \$45,435 | | | Based upon hourly rate and assuming a transaction that took 100 hours, estimated fee for team would be: | | | Multifamily bond issues Negotiable Single Family bond issues Negotiable Hourly Rate (% allocated is an estimate, since work is equally divided; assumption is based on 100 hours for 3 transactions) Earl Horton, Lead, Partner \$425 9.09% \$3,863 Kent Neumann, Partner \$425 9.09% \$3,863 Krista North, Partner \$425 9.09% \$3,863 Roderick Owens, Partner \$425 9.09% \$3,863 James Peck, Partner \$425 9.09% \$3,863 Robert Kearbey, Partner \$425 9.09% \$3,863 Matthew Grant, Partner \$325 9.09% \$2,954 Allison King, Partner \$425 9.09% \$3,863 Alex Zeltser, Associate \$325 9.09% \$2,954 Perry Israel, Outside Tax Counsel \$425 9.09% \$3,863 Vikrant Bhatia, Associate \$325 9.10% \$2,958 AVERAGE \$39,772 | | | |
| ii. | Any other charges the offeror would make and expenses for which reimbursement would be sought, including the method for determining the charge. | ✓ | | Reimbursement: Reproduction-\$20 per page, delivery-at cost, postage-at cost, computer assisted legal research-at cost; only out of town travel at cost | ✓ | | | ✓ | | See Appendix D; no costs for messenger, binding, postage under \$25, long distance phone; actual cost for cab/ride share service, courier, postage over \$25 USPS, certified mail, overnight express, Lexis and Westlaw, travel, outside duplicating; data hosting - \$5 p/gb per month; data processing \$200 p/gb; duplicating - \$0.10 per page; duplicating color - \$0.45 per page; outside duplicating | ✓ | | | ✓ | | None provided | | | |
| iii. | Regardless of which method of compensation is proposed, the offeror should indicate whether it would accept the other method. If the other is unacceptable, the offeror should state the reasons. | ✓ | | Firm is willing to consider any method of compensation suggested by HOC | ✓ | | | ✓ | | No comment included | ✓ | | | ✓ | | Willing to negotiate a flat fee for certain types of HOC transactions | | | |
| b. | Any other method of compensation acceptable to the offeror. | ✓ | | Firm is willing to consider any method of compensation suggested by HOC; multifamily issues involving conduit borrower, proposes a negotiated fee; when requested, has provided discounted rates for discrete matters | ✓ | | | ✓ | | No comment included | ✓ | | | ✓ | | No comment included | | | |

| SELECTION CRITERIA | | KUTAK ROCK | | BALLARD SPAHR | | TIBER HUDSON LLC | | | |
|--|-----|------------|--|---------------|-------|--|-------|-------|---|
| Bond Team (Specific Individuals Responsible for Performance of Contract): | | | | | | | | | |
| An evaluation of the qualifications, expertise, general reputation and ability to work with HOC of the individuals who will be responsible for the performance of the services as required by this RFP. Included in this evaluation will be the bond team's expertise in the fields of municipal finance in general and housing financing in particular. The bond team's availability for consultation with or advice to HOC during the next four years will also be evaluated. Each offeror is expected to demonstrate knowledge of HOC's programs and financing methods. | 40% | 0.00% | See above | 40% | 0.00% | See above | 40% | 0.00% | See above |
| Price | | | | | | | | | |
| The reasonableness of the offeror's rate and fee proposal. | 20% | 0.00% | See above | 20% | 0.00% | See above | 20% | 0.00% | See above |
| General Experience in Public Finance and Related Areas of Law | | | | | | | | | |
| An evaluation of the quality and quantity of the offeror's significant experience and expertise (or its ability to arrange for the provision of such experience and expertise) in the area of public finance and related areas of the law as required by this RFP, with emphasis on prior experience in the issuance of various types of housing bonds, expertise in the tax aspects of municipal finance. | 20% | 0.00% | See above | 20% | 0.00% | See above | 20% | 0.00% | See above |
| Minority/Female/Disabled Participation | | | | | | | | | |
| An evaluation of the extent and quality of the proposed participation by minority owned firms and minority persons in non-minority owned firms. If joint proposals are submitted, an evaluation of the management and cost effectiveness of the joint venture. | 10% | 0.00% | 9 member team with 4 women (2 are African-American), 5 males (2 are Asian). Lead counsel is African American, who has worked with HOC since 2008. Minority lawyers at Kutak have primarily handled and been responsible for representation of HOC since 1990. Firm is willing to serve as co-counsel with any qualified minority law firm of HOC's choosing. | 10% | 0.00% | Provided a statement in Appendix E; proposed 5 member team with 2 women and 3 men (2 men are of color). Will engage McKenzie & Associates, a DC based minority owned law firm on an as-needed basis on HOC matters | 10% | 0.00% | Minority owned firm. 11 member team, which include 2 women and 2 men of color; several attorneys listed under the "Rates" section in Tiber's proposal are of color; however, those persons are NOT described as members of the team |
| Presentation | | | | | | | | | |
| An evaluation of the clarity, completeness, and responsiveness of the offeror's written proposal and oral presentation as required by this RFP. | 5% | 0.00% | HOC has opted not to hold oral presentations; points based solely on written presentation, per section 1.7 of RFP, the HOC Works Form was to be returned; Kutak did submit | 5% | 0.00% | HOC has opted not to hold oral presentations; points based solely on written presentation, per section 1.7 of RFP, the HOC Works Form was to be returned; Ballard did submit | 5% | 0.00% | HOC has opted not to hold oral presentations; points based solely on written presentation, per section 1.7 of RFP, the HOC Works Form was to be returned; Tiber did NOT submit |
| Location | | | | | | | | | |
| Location of an office in Montgomery County or elsewhere in the Baltimore, MD and Washington, DC metropolitan area. | 5% | 0.00% | Has DC office | 5% | 0.00% | Has DC office | 5% | 0.00% | Has DC office |
| | | 100% | 0.00% | 100% | 0.00% | 100% | 0.00% | | |

Recess

Development Corporation Meetings

Paddington Square Development Corporation

PADDINGTON SQUARE DEVELOPMENT CORPORATION

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

Minutes

February 2, 2022

22-001

Mr. Priest convened the meeting of the Paddington Square Development Corporation on February 2, 2022 at 4:59 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Pamela Byrd
Linda Croom
Jeffrey Merkowitz
Jackie Simon

Also Attending

Kayrine Brown, Acting Executive Director
Christina Autin
Paige Gentry
Darcel Cox
Matt Husman
Timothy Goetzinger
Paul Vinciguerra
Nathan Bovelle
Leidi Reyes
Gio Kaviladze
Ian-Terrell Hawkins
Aries Cruz

Aisha Memon, General Counsel
Kathryn Hollister
Zachary Marks
Lynn Hayes
Jennifer Arrington
Fred Swan
Marcus Ervin
John Broullire
Bonnie Hodge
Charnita Jackson
Gail Willison

Support to the Corporation

Patrice Birdsong, Special Assistant

Mr. Priest reported that there was one item on the Agenda for consideration by the Corporation.

- A. Paddington Square Development Corporation:** Affirmation of Resolution 21-001_{PS}, Approval of Dwight Capital, LLC, as Successor Lender of Love Funding Corporation, and Approval of

Amendments to the Bylaws and Articles of Incorporation of the Paddington Square Development Corporation

The following resolution was adopted upon a motion by Jackie Simon, and seconded by Frances Kelleher. Affirmative votes were cast by Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkwowitz, and Jackie Simon.

RESOLUTION NO.: 22-001_{PS}

RE: Affirmation of Resolution No. 21-001PS, Approval of Dwight Capital LLC, as Successor Lender to Love Funding Corporation, and Approval of Amendments to the Bylaws and Articles of Incorporation of the Paddington Square Development Corporation

WHEREAS, the Paddington Square Development Corporation (the “Corporation”) is a wholly-controlled corporate instrumentality of the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”);

WHEREAS, the Corporation owns the property known as “Paddington Square”, a community consisting of 165 units in Silver Spring, Maryland, FHA Project No. 000-11323 (the “Project”), which was acquired by the Corporation on February 4, 2004;

WHEREAS, on November 5, 2014, the Board of Directors of the Corporation approved, and on December 18, 2014, closed on a permanent loan in the amount of \$20,741,700 from Love Funding Corporation (“Original Senior Lender”), insured under Section 207 pursuant to Section 223(f) of the National Housing Act, as amended (the “223(f) Loan”), assignment of an existing loan from the County’s Housing Initiative Fund (“HIF”) of approximately \$5.1 million (the “HIF Loan”), and with an equity contribution of \$738,000, which combined proceeds were used to retire existing debt and pay closing costs;

WHEREAS, on April 7, 2021, the Board of Directors of the Corporation approved Resolution 21-001PS (the “Paddington Resolutions”), which approved, among other actions, (a) the refinancing of the Corporation’s 223(f) Loan pursuant to the terms of a Firm Commitment for FHA Mortgage Insurance under Section 207 pursuant to Section 223(a)(7) of the National Housing Act, as amended, for a new loan in the approximate amount of \$18,800,000 from Original Senior Lender to the Corporation (the “New Loan”), (b) re-subordinating the HIF Loan, and (c) using existing cash held in the existing replacement reserve and renovation escrow accounts to fund a new initial replacement reserve of approximately \$4,600 per unit pursuant to the terms of the New Loan (collectively, the “Refinancing Plan”);

WHEREAS, Dwight Capital LLC, a Delaware limited liability company and an approved FHA Multifamily Accelerated Processing HUD lender (“Senior Lender”), acquired Original Senior Lender and the Original Senior Lender can no longer conduct new FHA business, the Senior Lender will provide the New Loan in the amount of \$18,665,800.00, as successor to the Original Senior Lender, pursuant to that certain Firm Commitment for FHA Mortgage Insurance under Section 207 pursuant to Section 223(a)(7) of the National Housing Act, as amended, dated November 23, 2021, as amended (the “Firm Commitment”);

WHEREAS, Article VI of the Bylaws of the Corporation states that the Bylaws may be amended by a majority vote of the Board of Directors of the Corporation at any special meeting of the Board of the Directors of the Corporation, subject to the approval of the Commission;

WHEREAS, in connection with obtaining the New Loan from the Senior Lender, the Corporation's Bylaws need to be amended to add certain FHA-required provisions that will automatically terminate when the New Loan is no longer insured or held by the U.S. Department of Housing and Urban Development ("HUD");

WHEREAS, in order to expedite future actions of the Corporation, the last sentence of Article VII.2 of the Bylaws should be deleted in its entirety, such that Article VII.2 reads as follows:

- "2. The Board of Directors shall not enter into any loan, mortgage bond, promissory note or contract to purchase real property without obtaining the approval of the Housing Opportunities Commission of Montgomery County."

WHEREAS, under Section 2-603 of the Annotated Code of Maryland, Corporations and Associations, a majority of the Board of Directors is required to amend the Articles of Incorporation of the Corporation;

WHEREAS, in order to expedite future actions of the Corporation, the second paragraph of Article IV of the Articles of Incorporation of the Corporation should be deleted in its entirety and the following language inserted in its stead:

"Each housing project undertaken, financed or assisted by the corporation, and the program and expenditures relating thereto, must be approved by the Housing Opportunities Commission of Montgomery County (the "Commission"). The Commission must also approve any issue of bonds, notes or other obligations by the corporation prior to the date of issue and any substantive changes to the terms and conditions of the issuance prior to the date of issue."

WHEREAS, as required pursuant to the Bylaws, at a regular open meeting conducted on February 2, 2022, the Commission approved the amendments to the Bylaws and the Refinancing Plan by adopting Resolution No. 22-02 (Affirmation of Resolution No.: 21-001PS, Approval of Dwight Capital LLC, as Successor Lender to Love Funding, and Approval to Amend the Bylaws of the Paddington Square Development Corporation) (this affirmation and approval was made no more than sixty (60) days in advance of the Corporation entering into the Refinancing Plan).

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Paddington Square Redevelopment Corporation hereby:

1. Affirms the Corporation's Resolution 21-001PS and approves the Refinancing Plan with Dwight Capital LLC, as Senior Lender under the Firm Commitment instead of Love Funding Corporation.
2. Approves the amendment to the Bylaws to (a) insert the FHA-required language that will terminate when the New Loan is no longer insured or held by HUD and (b) replace the final sentence of Article VII.2 as stated herein to permit the Commission to approve certain actions at anytime before such actions are taken by the Corporation.

3. Approves the amendment to the Articles of Incorporation of the Corporation to replace the second paragraph of Article IV of the Articles of Incorporation as stated herein to permit the Commission to approve certain actions at any time before such actions are taken by the Corporation.

BE IT FURTHER RESOLVED that the Board of Directors of Paddington Square Development Corporation hereby designates, authorizes and directs Kayrine Brown, the Acting Executive Director of the Commission and authorized signatory of the Corporation (the "Authorized Signatory"), without any further action on the part of the Board of Directors, to (i) execute and deliver all documents evidencing the New Loan, all documents necessary to complete the Refinancing Plan, and all other documents, instruments and agreements, all with such changes therein as shall be approved by the Authorized Signatory, (ii) perform the obligations under all such documents, including, without limitation, such promissory notes, security instruments, and other documents as the Authorized Signatory deems necessary or desirable in connection with the New Loan on behalf of and in the name of the Corporation, and (iii) take any and all other actions necessary and proper to carry out the transaction and actions contemplated herein.

Based upon this report and there being no further business to come before this open session the meeting adjourned at 5:00 p.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer

/pmb

Adjourn

The Metropolitan Development Corporation

THE METROPOLITAN DEVELOPMENT CORPORATION

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

Minutes

February 2, 2022

22-001

Mr. Priest convened the meeting of The Metropolitan Development Corporation on February 2, 2022 at 5:00 p.m. via an online platform and teleconference, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland. Those in attendance were:

Present

Roy Priest, Chair
Frances Kelleher, Vice Chair
Richard Y. Nelson, Jr., Chair Pro Tem
Pamela Byrd
Linda Croom
Jeffrey Merkowitz
Jackie Simon

Also Attending

Kayrine Brown, Acting Executive Director
Christina Autin
Paige Gentry
Darcel Cox
Matt Husman
Timothy Goetzinger
Paul Vinciguerra
Nathan Bovelie
Leidi Reyes
Gio Kaviladze
Ian-Terrell Hawkins
Aries Cruz

Aisha Memon, General Counsel
Kathryn Hollister
Zachary Marks
Lynn Hayes
Jennifer Arrington
Fred Swan
Marcus Ervin
John Broullire
Bonnie Hodge
Charnita Jackson
Gail Willison

Support to the Corporation

Patrice Birdsong, Special Assistant

Mr. Priest reported that there was one item on the Agenda for consideration by the Corporation.

- A. The Metropolitan Development Corporation:** Emergency Procurement to Select Smislova, Kehnemui & Associates, P.A. (SK&A) as Structural Engineers to Prepare a Plan for Repair and

Evaluation of Waterproofing Services Contractor for the Green Roof at Metropolitan Apartments

The following resolution was adopted upon a motion by Linda Croom, and seconded by Frances Kelleher. Affirmative votes were cast by Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, Jeffrey Merkwitz, and Jackie Simon.

RESOLUTION NO.: 22-001_{ME}

RE: Emergency Procurement to Select Smislova, Kehnemui & Associates, P.A as Structural Engineers to Complete a Plan for Repair and Evaluation of a Waterproofing Services Contractor for the Green Roof at Metropolitan Apartments

WHEREAS, The Metropolitan Apartments (“the “Property”) was constructed in 1997 as a 14-story, 308-unit high-rise apartment building located at 7620 Old Georgetown Road, Bethesda and currently consists of 216 market rate units and 92 affordable units; and

WHEREAS, the Property is owned by The Metropolitan of Bethesda Limited Partnership (the “Metropolitan LP”), which is wholly owned by the Housing Opportunities Commission of Montgomery County (the “Commission” or “HOC”), and The Metropolitan Development Corporation (the “Metropolitan Corporation”), which is wholly controlled by HOC; and

WHEREAS, on January 13, 2021, the Commission approved the selection of Miner Feinstein Architects (“MFA”) as the architect for the upcoming renovations at the Property; and

WHEREAS, MFA engaged Smislova, Kehnemui & Associates, P.A (“SK&A”) as structural engineers to be a part of the design team for the renovations; and

WHEREAS, the Property has a green roof plaza and staff has recently learned that the structural slabs are exhibiting moisture intrusion, which is likely causing corrosion of steel reinforcements within the concrete structural slabs, beams, and foundation walls; and

WHEREAS, testing has revealed ineffective drainage beneath the paved area of the plaza, which needs to be remediated immediately in order to prevent more extensive and expensive damage to the Property; and

WHEREAS, staff recommends entering into a Non-Competitive procurement, pursuant to the Commission’s Procurement Policy, to select SK&A as structural engineers to (i) complete a plan for the necessary repairs, (ii) to evaluate proposals for the selection of a waterproofing services contractor, and (iii) to perform construction management services, in an amount of \$160,000 (the “Structural Engineer Services”); and

WHEREAS, staff estimates an additional \$83,000 in costs to obtain permits, including a contingency of \$23,300 (the “HOC Costs”); and

WHEREAS, the Structural Engineer Services and HOC Costs will be funded by the Metropolitan Corporation operating account; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of The Metropolitan Development Corporation approves entering into a Non-Competitive procurement, pursuant to HOC's Procurement Policy, to select SK&A to perform the Structural Engineer Services, and negotiating and executing any necessary contracts.

BE IT FURTHER RESOLVED that the Board of Directors of the Metropolitan Development Corporation approves funding the Structural Engineer Services and HOC Costs from the Corporation's operating account.

BE IT FURTHER RESOLVED that the Board of Directors of the Metropolitan Development Corporation, that the Acting Executive Director of HOC, or her designee, without further action on its part, is authorized 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.

Based upon this report and there being no further business to come before this open session the meeting adjourned at 5:01 p.m.

Respectfully submitted,

Kayrine Brown
Acting Secretary-Treasurer

/pmb

Adjourn

Closing Statement

Written Statement for Closing a Meeting (“Closing Statement”)

Date: March 2, 2022

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:

9. “To conduct collective bargaining negotiations or consider matters that relate to the negotiations.”

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)(9) | The status of ongoing negotiations with the union, including telework and wages. [NOTE: This topic was discussed at the February 7, 2022 closed special session. This meeting is to provide updates since that meeting]. | This meeting must be closed to the public in order to protect the confidentiality of the ongoing negotiations. |

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

D. Recorded vote to close the meeting:

- Date: March 2, 2022 Time: _____ Location: Zoom (LiveStream on 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