

Minutes

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Development and Finance Committee Minutes

September 1, 2023

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Development and Finance Committee was conducted via a hybrid platform (with some participating in-person and some participating online/via teleconference) on September 1, 2023, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:06 a.m. There was a livestream of the meeting held on YouTube, available for viewing [here](#). Those in attendance were:

Present

Jeffrey Merkowitz – Chair
Richard Y. Nelson, Jr.-- Commissioner

Via Zoom

Robin Salomon – Commissioner

Also Attending

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|-------------------------------------|--|
| Chelsea Andrews, Executive Director | Kayrine Brown, Deputy Executive Director |
| Aisha Memon, General Counsel | John Wilhoit |
| Monte Stanford | Zachary Marks |
| Marcus Ervin | Richard Congo |
| Kathryn Hollister | |

Via Zoom

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| Jay Shepherd | Timothy Goetzinger |
| Kai Hsieh | Claudia Wilson |
| John Broullire | Eugenia Pascual |
| Ellen Goff | Sewa Agbodjan |
| Vivian Benjamin | Alex Torton |
| Matt Husman | |

IT Support

Aries “AJ” Cruz

Commission Support

Jocelyn Koon, Senior Executive Assistant
Morgan Tucker, Assistant

Commissioner Merkowitz opened the meeting with a welcome and introduction of Commissioners Nelson and Commissioner Salomon. Commissioner Merkowitz began the meeting with the approval of the minutes.

APPROVAL OF MINUTES

The minutes of the May 26, 2023 Development and Finance Committee meeting were approved as submitted with a motion by Commissioner Nelson and seconded by Commissioner Solomon. Affirmative votes were cast by Commissioners Merkowitz, Nelson and Solomon.

ACTION/DISCUSSION ITEMS

- 1. 8808 Brookville: Approval to Execute a Letter of Intent (“LOI”), Negotiate and Execute a Purchase and Sale Agreement with the Donohoe Companies, Inc. for the Sale of 8800 Brookville Road.**

Chelsea Andrews, Executive Director, provided an overview of the presentation and introduced Marcus Ervin, Director of Development, who provided the detailed presentation. Staff recommended that the Development and Finance Committee joined staff’s recommendation to the Commission to authorize the Executive Director to execute a Letter of Intent with the Donohoe Companies, Inc. and proceed with negotiating and executing a Purchase and Sale Agreement on materially the same terms of the LOI for the sale of the 8800 Brookville Road site. Staff addressed questions of the Commission. A motion to allow the Executive Director to negotiate based on feedback received from the full Board and to move forward with the terms that aligned with the recommendations that have come from the Development and Finance Committee was made by Commissioner Nelson and seconded by Commissioner Salomon. Affirmative votes were cast by Commissioner Merkowitz, Salomon and Nelson.

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

Chair Merkowitz introduced Chelsea Andrews, Executive Director, to provide an overview of the presentation. Executive Director, Chelsea Andrews, introduced Kathryn Hollister, Housing Acquisitions Manager, to provide the detailed presentation. Staff addressed questions by the Commission. Staff recommended that the Development and Finance Committee join its recommendation to the Commission of the following actions:

1. Authorize the Executive Director to negotiate and execute a GMP Amendment with CBG in an amount not to exceed \$189M.
2. Authorize the Executive Director to negotiate and execute a contract with Market 9 Design in an amount not to exceed \$253,000 for interior design and FF&E services.

3. Approve a Hard Cost FF&E Budget for Hillandale Gateway in the total amount of \$2.5M, and authorization for Market 9 Design to acquire FF&E in an amount not to exceed the Hard Cost FF&E Budget.
4. Authorize the creation of HOC at Hillandale AR, LLC to sublease and own a condo consisting of 155 age-restricted LIHTC units within the AR Building.
5. Authorize the creation of HOC at Hillandale NAR, LLC to sublease and own a condo consisting of 93 LIHTC units within the NAR Building.
6. Authorize Hillandale Gateway, LLC to own the remaining condos in the development, including: a condo consisting of 215 market-rate units within the NAR Building and four (4) retail condos (AR Retail Condo, Retail 1, Retail 2 and Retail 3).
7. Authorize the Executive Director to negotiate and execute letters of intent and operating agreements with Wells Fargo Community Lending and Investment regarding the provision of tax credit equity for the HOC at Hillandale AR, LLC and HOC at Hillandale NAR, LLC transactions, and to admit Wells Fargo Community Lending and Investment as the investor member into HOC at Hillandale AR, LLC and HOC at Hillandale NAR, LLC to facilitate the contribution of tax credit equity.
8. Authorize the assignment and assumption of agreements, contracts and portions of contracts, as necessary, between Hillandale Gateway, LLC, HOC at Hillandale Gateway AR, LLC and HOC at Hillandale Gateway NAR, LLC to carry out the construction and financing of the overall development.
9. Authorize HOC at Hillandale Gateway AR, LLC, HOC at Hillandale Gateway NAR, LLC, and Hillandale Gateway, LLC (together, the "Owner Entities") to accept senior loans from Citi Community Capital in an amount up to 80% loan-to-cost. Currently staff projects a senior construction loan need of ~\$194M.
10. Approve the contribution of HOC equity in the total amount of \$10,950,100 from the OHRF to the overall transaction.
11. Authorize the Owner Entities to accept subordinate HIF loans from Montgomery County in an amount up to \$16M. Currently staff projects a need of ~\$6M during construction.
12. Authorize the Owner Entities to accept subordinate financing from Montgomery County Green Bank in an amount up to \$7.5M.
13. Authorize an increase to the HPF loan amount for the overall transaction from \$14.5M to \$35M and to subordinate the HPF Loan.
14. Approve a bridge loan in an amount not to exceed \$43M, which represents the anticipated bridge loan amount of \$38M plus a \$5M contingency.

A motion was made to support the staff recommendation by Commissioner Nelson and seconded by Commissioner Salomon. Affirmative votes were cast by Commissioner Nelson, Merkowitz and Salomon.

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

Chair Merkowitz introduced Chelsea Andrews, Executive Director, to provide an overview of the presentation. Executive Director, Chelsea Andrews, introduced Marcus Ervin, Director of Development, to provide the detailed presentation. Staff recommended that the Commission authorize staff to draw

up to 3.0MM from the PNC LOC to replenish the contingency for the SCRACC and to draw up to \$2.0MM from the PNC RELOC to replenish the contingency for the Leggett. Staff further recommended approval to borrow funds at the taxable contractual rates for the PNC LOC and PNC RELOC facilities while outstanding and that repayment will be from permanent project funds to be identified by the end of 2023. Staff addressed questions by the Commission. A motion to support the staff recommendation was made by Commissioner Salomon and seconded by Commissioner Nelson. Affirmative votes were cast by Commissioner Nelson, Merkowitz and Salomon.

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

Based upon this report and there being no further business to come before this session of the Development and Finance Committee, the Committee adjourned the open session at 11:02 a.m., and reconvened in closed session at 11:11 a.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 Development and Finance Committee closed session held on September 1, 2023 at approximately 11:02 a.m. via a hybrid model (with some participating in-person and others participating online/via teleconference) with moderator functions occurring at 10400 Detrick Avenue, Kensington, MD 20895. The meeting was closed under the authority of Sections 3-305(b)(3), 3-305(b)(7), 3-305(b)(8) and 3-305(b) (13) to discuss two topics: (A) the potential acquisition of real property located in Rockville, MD (pursuant to Sections 3-305(b)(3) and 3-305(b) (13)); and (B) potential litigation that may be filed against HOC (pursuant to Sections 3-305(b)(7), 3-305(b)(8), 3-305(b) (13)).

The meeting was closed and the closing statement dated September 1, 2023 was adopted on a motion made by Chair Merkowitz, seconded by Commissioner Nelson. Affirmative votes were cast by Commissioners Merkowitz, Nelson, and Salomon. The following persons were present: Jeffrey Merkowitz, Richard Nelson, Chelsea Andrews, Kayrine Brown, Zachary Marks, Marcus Ervin, Aisha Memon, Morgan Tucker, and Jocelyn Koon. Commissioner Salomon participated virtually.

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

1. **Topic:** The potential acquisition/purchase of real property (i.e., land) located in Rockville, MD (pursuant to Section 3-305(b)(3) and 3-305(b)(13)).
 - a. **Action Taken:** With a quorum present, Commissioners Merkowitz, Nelson, and Salomon voted to support staff's recommendation to proceed with executing a non-binding letter of intent to proceed with the acquisition, to establish a budget, and to begin negotiating other documents related to the acquisition.
2. **Topic:** Potential litigation that may be filed against HOC (pursuant to Section 3-305(b)(7), 3-305(b)(8), and 3-305(b)(13)).
 - a. **Action Taken:** With a quorum present, Commissioners Merkowitz and Salomon voted to support staff's recommendation on how to manage the potential litigation. Commissioner Nelson opposed.

The closed session was adjourned at 12:28pm

Respectfully submitted,

Chelsea Andrews,

/jlk