

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY

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

Minutes

May 6, 2020

20-05

The monthly meeting of the Housing Opportunities Commission of Montgomery County was conducted via an online platform and teleconference on Wednesday, May 6, 2020, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 4:23 p.m. Due to technical difficulties, the meeting was not available via live-stream; a video recording of the meeting was made available on the HOC website. Those in attendance were:

Present

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

Also Attending

Stacy L. Spann, Executive Director
Cornelia Kent
Christina Autin
Darcel Cox
Olutomi Adebo
Renee Harris
Jay Shepherd
Ian Williams
Fred Swan
Gail Willison
Nathan Bovelie
Jay Berkowitz
Marcus Ervin
Hyunsuk Choi
Victoria Dixon
Kathryn Hollister
Frederick Colas
Jonathan Cartagena
Nargiza Polvanova

Aisha Memon, General Counsel
Kayrine Brown
Terri Fowler
Gio Kaviladze
Zachary Marks
Kathryn Hollister
Lynn Hayes
Patrick Mattingly
Ian Hawkins
Charnita Jackson
Eamon Lorincz
Matt Husman
Ellen Goff
Jennifer Arrington
Millicent Anglin
Karlos Taylor
Guidy Paul
Sewavi Prince
Stephanie Moore

IT Support

Gabriel Taube
Michael Tadesse

Commission Support

Patrice Birdsong, Spec. Asst. to the Commission

I. **Information Exchange**

Chair Pro Tem Nelson expressed his appreciation to the Executive Director and to staff on the positive work and adjustments made during the pandemic.

Chair Priest thanked the Commissioners for their ongoing involvement ensuring that projects move forward.

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

A. Approval of Minutes of April 1, 2020

B. Approval of Minutes of April 1, 2020 Administrative Session

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

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

- 1. Wheaton Gateway:** Approval to Expand the Scope of Services for DSI Services, Inc. to Complete the Demolition of the Mattress Firm Site and Approval of a Change Order to Increase the Demolition Budget and Contract Value for the Mattress Firm Site

Kayrine Brown, Chief Investment and Real Estate Officer, and Marcus Ervin, Housing Acquisitions Manger, were the presenters.

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, and Simon.

RESOLUTION NO.: 20-36

RE: Approval to Select Demolition Services, Inc. (“DSI”) to Complete the Demolition of the Mattress Firm Site and Approval of a Change Order to Increase the Demolition Budget and Contract Value for DSI to Include the Mattress Firm Site

WHEREAS, Ambassador Apartments is a 162-unit multifamily residential apartment building built around 1960 and located at 2715 University Blvd. W. Silver Spring, MD (“Ambassador Apartments”) that has been vacated and fully demolished due to numerous physical and structural concerns to make way for redevelopment and the expansion of affordable housing at the site; and

WHEREAS, on May 8, 2019, the Commission approved awarding a contract to Demolition Services Inc. (“DSI”) for the demolition of Ambassador Apartments in the amount of \$679,787, that was subsequently increased to \$815,745 (the “Contract”), which is funded by Montgomery County Capital Improvement Program (“CIP”) funds totaling \$1,300,000; and

WHEREAS, the demolition of Ambassador Apartments is part of the overall Wheaton Gateway development plan, which also includes the demolition of an adjacent site located at 11200 Veirs Mill Road, Wheaton, Maryland (the “Mattress Firm Site”); and

WHEREAS, in January 2020, HOC received approval from the Montgomery County Office of Management and Budget to use the remaining CIP funds to demolish the Mattress Firm Site, and HOC solicited bids from qualified demolition contractors, including DSI, Dabco Construction Inc., and Atlantic Environmental Solutions; and

WHEREAS, following the solicitation, DSI was deemed the lowest and most responsive bidder with a proposal amount of \$133,509; and

WHEREAS, staff is seeking approval to amend the Contract (via change order) to expand the scope of work to include the demolition of the Mattress Firm Site and increase the amount by \$133,509, which will bring the total Contract amount to no more than \$949,254, and an overall estimated project budget of \$1,278,826; and

WHEREAS, there are sufficient funds available in the initial CIP appropriation to cover the increase to the Contract amount.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County approves amending the Contract (via change order) to expand the scope of work to include the demolition of the Mattress Firm Site and increase the Contract amount by \$133,509, bringing the total Contract value to a maximum of \$949,254 and the total project budget to a maximum of \$1,278,826, which will be funded by remaining CIP funds.

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

2. **HQ Site:** Approval of Mandatory Referral Application Submission; Approval to Increase the Predevelopment Budget and Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund a Second Installment of Predevelopment

Kayrine Brown, Chief Investment and Real Estate Officer, and Jay Shepherd, Senior Financial Analyst, were the presenters.

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

RESOLUTION NO.: 20-37_A

RE: Approval of Mandatory Referral Application Submission and Approval to Increase the Predevelopment Budget in the Amount of \$2,650,150 for the Design and Entitlement of Fenwick & Second

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), has secured three lots located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910, as the site of a new headquarters building projected to be approximately 85,000 gross square feet or the maximum allowed by the current zoning regulations (the “New HQ”); and

WHEREAS, on September 5, 2018, the Commission approved a predevelopment budget in the amount of \$2,116,000 for the initial feasibility design and entitlement of the New HQ and a draw on the \$60 million PNC Bank, N.A. Line of Credit to fund the first installment of predevelopment funding in the amount of \$264,500; and

WHEREAS, in order to expedite the delivery of New HQ, reduce overall costs, and minimize development period risk, staff recommends submitting an application for Mandatory Referral for the New HQ; and

WHEREAS, the first installment of predevelopment funding has been exhausted, and unforeseen costs attributable to a required traffic engineering study and permit and application fees requires the total predevelopment budget to be revised; and

WHEREAS, the current revised predevelopment budget for the New HQ is \$2,650,150, and the cost of the second installment of predevelopment funding is \$793,800.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes the submission of a Mandatory Referral Application for the New HQ.

BE IT FURTHER RESOLVED that the Housing Opportunities Commission of Montgomery County approves a revised total predevelopment budget of \$2,650,150 for the design and entitlement of the New HQ.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his 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.

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

RESOLUTION NO.: 20-37_B

RE: Approval to Draw on the PNC Bank, N.A. Line of Credit to Fund a Second Installment of Predevelopment

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC” or the “Commission”), has secured three lots located at 1324 and 1328 Fenwick Lane, Silver Spring, MD 20910, as the site of a new headquarters building projected to be approximately 85,000 gross square feet or the maximum allowed by the current zoning regulations (the “New HQ”); and

WHEREAS, on September 5, 2018, the Commission approved a predevelopment budget in the amount of \$2,116,000 for the initial feasibility design and entitlement of the New HQ and a draw on the \$60 million PNC Bank, N.A. Line of Credit (the “PNC \$60MM LOC”) to fund the first installment of predevelopment funding in the amount of \$264,500; and

WHEREAS, the first installment of predevelopment funding has been exhausted, and unforeseen costs attributable to a required traffic engineering study and permit and application fees requires the total predevelopment budget to be revised; and

WHEREAS, the current revised predevelopment budget for the New HQ is \$2,650,150, and the cost of the second installment of predevelopment funding is \$793,800; and

WHEREAS, the Commission may make draws on the PNC \$60MM LOC at a taxable rate equal to London Interbank Offered Rate (“LIBOR”) (at 1-month, 3-month, 6-month, or 12-month LIBOR) plus 90 basis points.

NOW, THEREFORE, BE IT RESOLVED that the Housing Opportunities Commission of Montgomery County authorizes a second draw in the amount of \$793,800 at a rate of one-month LIBOR plus 90 basis points on the PNC \$60MM LOC to fund a second installment of the total predevelopment budget to be repaid, including cost of interest, from the proceeds of the New HQ’s construction-period financing, and that this draw shall have a due date that coterminous with the termination date of the PNC \$60MM LOC, which is currently June 30, 2020.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County that the Executive Director, or his 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.

Based upon this report and there being no further business to come before this session of the Commission, the open session adjourned at 5:11 p.m. and reconvened in closed session at approximately 5:15 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 May 6, 2020 at approximately 5:15 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)(13) to discuss the confidential commercial and financial terms of a real estate transaction.

The meeting was closed on a motion by Vice Chair Kelleher, seconded by Commissioner Simon, with Commissioners Priest, Kelleher, Nelson, Byrd, Croom, and Simon unanimously voting in approval. The following persons were present: Roy Priest, Frances Kelleher, Richard Y. Nelson, Pamela Byrd, Linda Croom, Jackie Simon, Stacy Spann, Aisha Memon, Kayrine Brown, Christina Autin, Zachary Marks, Cornelia Kent, and Marcus Ervin.

In closed session, the Commission discussed the confidential commercial and financial terms of a real estate transaction. The following actions were taken:

1. With a quorum present, the Commission duly adopted Resolution 20-38AS, with Commissioners Roy Priest, Frances Kelleher, Richard Y. Nelson, Jr., Pamela Byrd, Linda Croom, and Jackie Simon voting in approval, which approved the following for a certain real estate transaction in Montgomery County: (1) amending the terms of an operating agreement and, (2) pending third-party approval, the transfer and acceptance of a lien.

The closed session was adjourned at 5:28 p.m.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: June 3, 2020