



## Development and Finance Committee

**April 21, 2023  
10:00 a.m.**

**Livestream: <https://youtube.com/live/EN7PGsiUGfk?feature=share>**

HOC's offices are now open to the public. The public is invited to attend HOC's April 21, 2023 Development and Finance Committee meeting in-person. HOC's Board of Commissioners and staff will continue to participate through a hybrid model (a combination of in-person online participation).

### Approval of Minutes:

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### Discussion/Action Items:

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4. <b>HOC Headquarters:</b> Authorization of the Executive Director to Execute an Early Start Agreement with the General Contractor, Approval of the Reallocation of Savings to the Existing Predevelopment Budget to Fund the Early Start, Approval of the Selection of the Third-party Testing Contractor, and Approval of the Budget for the Third-party Testing Contractor	23

# Minutes

**HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY**

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

**Development and Finance Committee Minutes**

**March 23, 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 model on March 23, 2023, with some participating by online platform/teleconference, and others participating in-person at 10400 Detrick Avenue, Kensington, Maryland beginning at 1:05 p.m., available for viewing [here](#). Those in attendance were:

**Present**

Jackie Simon, Chair – Development and Finance Committee  
Richard Y. Nelson, Jr. – Commissioner

**Attending via Zoom**

Jeffrey Merkowitz – Commissioner

**Also Attending**

Chelsea Andrews, Executive Director  
Aisha Memon, General Counsel  
Zachary Marks  
Monte Stanford  
Paulette Dudley  
Jocelyn Koon

Kayrine Brown, Deputy Executive Director  
Paige Gentry, Deputy General Counsel  
Marcus Ervin  
Jennifer Hines Washington  
Kathryn Hollister

**Attending via Zoom**

John Brouillere  
Victoria Dixon  
Vivian Benjamin  
Eugenia Pascual

Fred Swan  
Jay Shepherd

**IT Support**

Irma Rodriques  
Aries Cruz  
Genio Etienne

**Commission Support**

Jocelyn Koon, Senior Executive Assistant

Commissioner Simon opened the meeting with a welcome and introduction of the Commissioners participating on the Committee.

### **APPROVAL OF MINUTES**

The minutes of the February 24, 2023, Development and Finance Committee open session meeting was approved upon a motion by Commissioner Simon and seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Simon, Nelson, and Merkowitz.

### **DISCUSSION ITEMS**

**1. Mortgage Purchase Program: Approval of New Participating Lenders for the Single Family Mortgage Purchase Program, Luminare Home Loans, Inc.**

Chelsea Andrews, Executive Director, provided an overview and introduction of Monte Stanford, Director of Mortgage Finance, and Paulette Dudley, Program Specialist who provided the presentation. A motion was made by Commissioner Nelson to recommend to the full Board approval of New Participating Lenders for the Single Family Mortgage Purchase Program, Luminare Home Loans, Inc. It was seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Simon, Nelson and Merkowitz.

**2. SF Mortgage Loan Subservicer Selection (RFP #2344): Approval to Select Single Family Loan Subservicer in Accordance with Request for Proposal #2344**

Chelsea Andrews, Executive Director, provided an overview and introduction of Monte Stanford, Director of Mortgage Finance, and Jennifer Washington, Assistant Director of Bond Management who provided the presentation. Staff addressed questions of the Commission. A motion was made by Commissioner Merkowitz to recommend to the full Board approval to Select Single Family Loan Subservicer in Accordance with Request for Proposal #2344. It was seconded by Commissioner Nelson. Affirmative votes were cast by Commissioners Simon, Nelson and Merkowitz.

**3. Mortgage Purchase Program: Approval to Increase the Sales Price and Income Limits for the Single Family Mortgage Purchase Program**

Chelsea Andrews, Executive Director, provided an overview and introduction of Monte Stanford, Director of Mortgage Finance, and Jennifer Washington, Assistant Director of Bond Management who provided the presentation. A motion was made by Commissioner Merkowitz requesting recommendation to the full Board approval to Increase the Sales Price and Income Limits for the Single

Family Mortgage Purchase Program. It was seconded by Commissioner Nelson. Affirmative votes were cast by Commissioners Simon, Nelson and Merkowitz.

**4. Hillendale Gateway: Approval to Select Construction Materials Testing and Third Party Inspection Service Consultant**

Chelsea Andrews, Executive Director, provided an overview and introduction of Marcus Ervin, Director of Development, Daejuana Donahue, Project Manager, and Kathryn Hollister, Housing Acquisition Manager. Kathryn Hollister, Housing Acquisition Manager and Daejuana Donahue, Project Manager provided the presentation. Staff addressed questions of the Commission. A motion was made by Commissioner Nelson to recommend to the full Board for approval to Select Construction Materials Testing and Third Party Inspection Service Consultant. It was seconded by Commissioner Merkowitz. Affirmative votes were cast by Commissioners Simon, Nelson and Merkowitz.

**5. Elizabeth House Apartments: Approval to Select the Berg Corporation as the Demolition Contractor for Elizabeth House Apartments in Accordance with information for Bid (“IFB”) #2361 and Authorization for the Executive Director to Negotiate and Execute a Contract for Demolition**

Chelsea Andrews, Executive Director, provided an overview and introduction and turned over the presentation to real estate team. Marcus Erwin introduced Gio Kavaladze, Senior Financial Analyst who gave the presentation. Staff addressed questions of the Commission. Timothy Goetzinger, Chief Development Funds Officer/Acting Chief Financial Officer provided further explanation. A motion was made by Commissioner Merkowitz to recommend to the full Board approval to select the Berg Corporation as the Demolition Contractor for Elizabeth House Apartments in accordance with IFB #2361 and authorization for the Executive Director to negotiate and execute a contract for demolition. It was seconded by Commissioner Nelson. Affirmative votes were cast by Commissioners Simon, Nelson and Merkowitz.

Based upon this report and there being no further business to come before this session of the Development and Finance Committee, the Committee adjourned the meeting at 4:25 p.m.

Respectfully submitted,

Chelsea Andrews  
Secretary-Treasurer

/lb

# Discussion Items

**MEMORANDUM**

**TO:** Housing Opportunities Commission of Montgomery County  
Development & Finance Committee

**VIA:** Chelsea J. Andrews, Executive Director

**FROM:** Staff: Monte Stanford, Director of Mortgage Finance Ext. 4877  
Jennifer H. Washington, Asst. Dir. of Bond Management Ext. 9760  
Paulette Dudley, Program Specialist III Ext. 9596

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

**DATE:** April 21, 2023

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**STATUS:** Consent  X  Deliberation       Status Report       Future Action      

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**OVERALL GOAL & OBJECTIVE:**

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

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**BACKGROUND:**

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

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

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

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

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

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

The following companies have applied to participate in the HOC Single Family Mortgage Purchase Program and have met the minimum requirements and criteria for selection stated above.

- Vellum Mortgage
- Primary Residential Mortgage, Inc.

**Vellum Mortgage, Inc.** (hereinafter “Vellum” or “Lender”) was established in 2017 and is headquartered in Fairfax, Virginia. It is licensed in 13 states. Vellum has two main offices in Fairfax and Annapolis but has a smaller branch in Rockville, MD Montgomery County. All applicants are welcome to apply online as well if they are unable to make it into a physical office.

Vellum Mortgage is a home mortgage lender created to elevate the mortgage experience for clients, employees as well as business partners. Their mission is to provide a transparent loan process, backed by quality and integrity. These are the principles of the name they were founded on, redefining the mortgage experience, and making it easier and more enjoyable as a result.

With the closing of Apex Home Loans dba Celebrity in February 2023, the Yi Team which was a producing team with Apex has partnered with Vellum to continue to help families achieve their dream of homeownership opportunities in the Montgomery County market. They are located in Rockville, MD. The Yi Team is looking forward to continuing their relationship with HOC and use of the Single Family Mortgage Purchase Program products.

Statistically in 2022 Vellum has originated 41 loans for MC properties with average/total:  
Sales Price - \$430,139/\$17,635,700;  
Loan Amount – \$382,969/\$15,701,735;  
Income - \$111,805/\$51,000-\$199,000.

Vellum participates in the Maryland CDA Mortgage Program, DC Housing Finance Agency, and Virginia Housing Development Authority.

It will also market any affordable housing programs that work in conjunction with the Commission’s lending programs.

**Primary Residential Mortgage, Inc. (hereinafter “PRMI” or “Lender”)** is a national lender that has been in business since 1997 and is currently licensed in 49 states. Corporate offices are located in Salt Lake City, Utah. Their goal is to provide all borrowers with the best possible financing options available in today’s



mortgage lending environment. PRMI are a direct correspondent lender which allows them to control the entire loan process in-house from start to finish. The end result provides quick turn times, in house underwriting and a more efficient and less costly loan process.

PRMI is currently approved with 51 Housing Finance Authorities. Not all our approved HFA's offer tax-exempt bond programs as HFA homeownership programs vary by state, but all are aimed at promoting homeownership and increasing mortgage affordability for first-time homebuyers.

As a Maryland CDA lender, PRMI has been designated as a Gold Level performer, originating thirty or more (30+) loans per quarter with the Maryland Mortgage Program.

PRMI currently has 19 Maryland licensed branch offices and are an FHA approved seller/servicer with FHA direct endorsement approval and an FHLMC and FNMA approved seller/servicer.

Statistically in 2022 PRMI has originated 29 loans for MC properties with average/total:

Sales Price - \$418,528/\$12,137,320;

Loan Amount – \$352,066/\$10,209,919;

Income - \$117,828/\$59,000-\$190,000.

#### **SERVICING**

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

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#### **ISSUES FOR CONSIDERATION:**

Will the Development and Finance Committee join staff's recommendation to the Commission that the Commission approve Vellum Mortgage, Inc. and Primary Residential Mortgage, Inc. for participation in the Single Family Mortgage Purchase Program?

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#### **PRINCIPALS:**

Housing Opportunities Commission of Montgomery County

Vellum Mortgage, Inc.

Primary Residential Mortgage, Inc.

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#### **BUDGET/FISCAL IMPACT:**

None.

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#### **TIME FRAME:**

For discussion at the meeting of the Development and Finance Committee on April 21, 2023 and formal action at the May 3, 2023 meeting of the Commission.

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**STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:**

Staff requests that the Development and Finance Committee join its recommendation to the Commission to approve Vellum Mortgage, Inc. and Primary Residential Mortgage, Inc. for participation in the Single Family Mortgage Purchase Program.

**Attachment 1**

**Approved HOC/U.S. Bank Lenders**

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

**APPROVAL OF STRUCTURE, COST OF ISSUANCE BUDGET, AND ADOPTION OF SERIES  
RESOLUTION(S) FOR THE ISSUANCE OF SINGLE FAMILY MORTGAGE REVENUE BONDS**

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**SINGLE FAMILY MORTGAGE FINANCE**



**CHELSEA ANDREWS, EXECUTIVE DIRECTOR**

**MONTE STANFORD, DIRECTOR OF MORTGAGE FINANCE**  
**JENNIFER HINES ARRINGTON, ASSISTANT DIRECTOR OF BOND MANAGEMENT**  
**PAULETTE DUDLEY, PROGRAM SPECIALIST III**

**APRIL 21, 2023**

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# EXECUTIVE SUMMARY

Since the creation of the Single Family Mortgage Purchase Program (the “Program” or “MPP”) in 1979, the Commission has issued multiple series of bonds under the Single Family Mortgage Revenue Bond (“MRB”) Resolution (the “1979 Indenture”) to provide low-interest rate mortgages to first-time homebuyers. The Commission also may issue bonds under the Single Family Housing Revenue Bond (“HRB”) Resolution 2009 Indenture (the “2009 Indenture”) and under the Program Revenue Bond (“PRB”) Resolution 2019 Indenture (the “2019 Indenture”). In addition, the Commission has utilized the practice of issuing refunding bonds in the Program to (i) recycle and extend the life of volume cap it allocates to each bond issue (“Replacement Refunding”) and/or (ii) refinance its outstanding bond debt at a lower bond yield, thus lowering costs of the Program (“Economic Refunding”).



As of April 2023, there are approximately \$12,500,000 remaining in bond proceeds for the Program, of which \$4,500,000 have been reserved, with further reservations anticipated in conjunction with the upcoming release of MCHAF funds; therefore, staff has begun planning for a 2023 issuance of bonds under the 1979 Indenture (the “2023 Bonds”). The 2023 Bonds is anticipated to include:

- **Replacement Refunding bonds** to (1) repay the Program’s \$3.7 million draw on the PNC Bank, N.A. Line of Credit (“PNC LOC”) made on January 2, 2023 that replacement refunded several series of MRBs, HRBs, and PRBs; and, (2) redeem several series of MRBs, HRBs, and PRBs eligible for July 1, 2023 redemptions. The total amount of Replacement Refunding bonds is estimated to be approximately \$7 million but will depend on the amount of prepayments and repayments received under the Program up to the time of the issuance.
- **New money bonds**, totaling approximately \$23 million of which \$15 million is estimated to be private activity, tax-exempt, will require an allocation of volume cap, and approximately \$8 million is estimated to be taxable and will not require an allocation of volume cap. Total existing volume cap available to the Commission’s for its single family and multifamily program needs in 2023 is approximately \$67.6 million.

As a result of issuing the 2023 Bonds, approximately \$30 million (but no more than \$40 million) is estimated to be made available to the Program to make new mortgage loans at below-market rates. Assuming an average loan size of \$250,000, this bond issue will generate approximately 160 new mortgage loans. Should volume cap not be made available for the Single Family Program, then a bond issuance may not be feasible, depending on market conditions..

# EXECUTIVE SUMMARY

The 2023 Bonds proposed structure assumes the issuance of up to three (3) series of bonds that will be fixed rate, tax-exempt non-AMT and/or AMT serial and/or term, par and/or premium bonds, along with taxable serial and/or term bonds with the latest maturity of all bonds to be the year 2054. The bonds are expected to be sold at par or a premium, but may also be sold at a discount.

Currently, 2023 Series A is proposed as fixed rate, non-AMT replacement refunding bonds (approximately \$6 million) and new money private activity bonds (approximately \$15 million); 2023 Series B is proposed as fixed rate, AMT replacement refunding bonds (approximately \$1 million); and 2023 Series C is proposed as fixed rate, taxable new money bonds (approximately \$8 million). As mentioned previously, volume cap will be required for the new money private activity bonds, which are tax-exempt in nature. No volume cap is required for the replacement refunding bonds, given that volume cap is being recycled and extended by executing the replacement refunding.

The cost of issuance is estimated to be approximately \$530,000 (and not to exceed \$610,000). This is commensurate with the size and structure of the overall issuance, and will be paid from funds available under the Single Family Program. Assuming a not to exceed issuance amount of \$40 million, the cost of issuance is estimated to be approximately \$610,000.

In addition, one or more Series Resolution(s) will be drafted to establish, among other things, authorization to issue the bonds, the purpose of the bonds and the application of proceeds, redemption provisions, types of accounts to be created, and authority to execute necessary documents. The Series Resolution(s) will be prepared by the Commission's bond counsel, Kutak Rock, LLP, which will be presented to the full Commission for approval.

Staff recommends that the Development & Finance Committee join its recommendation to the Commission of the following actions:

1. Approval of the structure and issuance of the 2023 Bonds under the 1979 Mortgage Revenue Bond Resolution in an amount not to exceed \$40 million in aggregate;
2. Approval to allocate up to \$15 million of private activity volume cap to complete the transaction herein proposed;
3. Approval of the cost of issuance budget, estimated to be approximately \$530,000 to be funded by the Single Family Program; and,
4. Adoption of one or more Series Resolution(s) authorizing the issuance of the 2023 Bonds.

# TRANSACTION STRUCTURE: OVERVIEW

The overall financing plan is comprised of the Replacement Refunding of various series of MRBs, HRBs and PRBs eligible for redemption on July 1, 2023 and the repayment of the Program’s \$3.7 million draw on the PNC LOC made on January 2, 2023 for scheduled redemptions, totaling an estimated \$7 million of Replacement Refunding depending on actual repayments; and, the issuance of new money of approximately \$23 million, producing a total issuance of approximately \$30 million. The new issuance will include up to three (3) series of fixed rate bonds. The following is a discussion of the transaction’s current proposed structure. Amounts are approximate.

	2023 Series A (Non-AMT) (Fixed)	2023 Series B (AMT) (Fixed)	2023 Series C (Taxable) (Fixed)	Total
<b>Replacement Refunding Bonds</b>	\$6,000,000	\$1,000,000		\$7,000,000
<b>New Money</b>	\$15,000,000		\$8,000,000	\$23,000,000
<b>TOTAL</b>	<b>\$21,000,000</b>	<b>\$1,000,000</b>	<b>\$8,000,000</b>	<b>\$30,000,000</b>

## Structure of Issuance

- Issue up to \$40 million under the 1979 Indenture.
- Fixed rate, tax-exempt non-AMT and/or AMT serial and/or term, par and/or premium bonds, along with taxable serial and/or term bonds.
- Latest Maturity – year 2054 (31 years).
- Up to three (3) series of bonds; current structure assumptions:
  1. 2023 Series A will include fixed rate, non-AMT Replacement Refunding and new money bonds (est. \$21 million);
  2. 2023 Series B will include fixed rate, AMT Replacement Refunding bonds (est. \$1 million); and
  3. 2023 Series C will include fixed rate, taxable bonds (est. \$8 million)



# TRANSACTION STRUCTURE: HIGHLIGHTS

<b>Lendable Proceeds via Replacement Refunding and New Money</b>	<ul style="list-style-type: none"><li>• Replacement Refunding of approximately \$7 million will be issued to (1) repay the Program’s \$3.7 million draw on the PNC LOC on January 2, 2023 that refunded several series of MRBs, HRBs, and PRBs; and, (2) redeem approximately \$3.3 million of several series of MRBs, HRBs, and PRBs scheduled for redemption on July 1, 2023, depending on actual repayments received.</li><li>• New money issued is estimated at \$23 million and includes zero percent funds. Approximately \$8 million of the new money issued is estimated to be taxable.</li><li>• Total lendable proceeds of approximately \$30 million will be made available, as a result of the premium bond proceeds, to make mortgage loans and provide funds for down payment and closing cost assistance for first-time homebuyers.<ul style="list-style-type: none"><li>— Creates funding for approximately 100 FHA and Fannie Mae HFA Preferred first mortgage loans</li></ul></li></ul>
<b>Volume Cap / TEFRA</b>	<ul style="list-style-type: none"><li>• Replacement refundings do not require an allocation of volume cap, given that existing cap is being recycled and extended by executing the replacement refunding.</li><li>• New debt that is tax-exempt private activity in nature will require the use of Bond Cap and satisfaction of Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requirements. Replacement refunding can require TEFRA, if the maturity is extended beyond the replacement refunded bonds.</li><li>• The TEFRA Hearing was held on May 19, 2022.*</li><li>• The Single Family Program could utilize approximately \$15 million out of the \$67.6 million in Bond Cap currently available to HOC, leaving approximately \$52.6 million utilized for multifamily transactions in 2023 or carried forward into 2024. Volume cap deficits may be secured through a request to the Maryland Department of Commerce or through Maryland Community Development Administration (“CDA”).</li></ul>

\* Confirming with Kutak whether last year’s TEFRA is sufficient or whether HOC needs to TEFRA for the new deal.

# COST OF ISSUANCE BUDGET

Up to \$40 Million MRB Issuance	AMOUNT
<b>Underwriters Spread</b>	
Underwriters Counsel	34,000
Travel/Tax/Miscellaneous	4,000
CUSIP	1,846
DTC	800
IPREO	4,047
Tax	359
Takedown	250,000
Management	30,000
<b>Underwriter's Spread - Total</b>	<b>325,052</b>
<b>Other Cost of Issuance</b>	
Bond Counsel	52,000
Financial Advisor	40,000
Financial Advisor - Computer	35,000
Universal cap	26,000
Analysis of Loan Data	12,500
OS printing	2,500
Rating	53,500
Auditor	6,920
Trustee	8,500
Trustee Counsel	4,000
Program Marketing	30,000
Miscellaneous / Disbursements	14,028
<b>Other Cost of Issuance - Total</b>	<b>284,948</b>
<b>TOTAL COST OF ISSUANCE BUDGET</b>	<b>610,000</b>

The cost of issuance is estimated to be \$530,000 based on the current proposed structure of \$30 million. The cost of the issuance is estimated to be \$610,000 based upon the not-to-exceed bond issuance amount of \$40 million. The amount of the cost of issuance is commensurate with the size of the overall issue of the 2023 Bonds.

As with other transaction costs for the Single Family Program, the cost of issuance is paid from funds available under the Single Family Program.

Revenues generated from the issuance of the 2023 Bonds will accumulate over time in the 1979 Indenture.

# SERIES RESOLUTIONS FOR THE 2023 BONDS

For each bond issue, the Commission is asked to approve one or more Series Resolution(s) which contain specific information about the series of bonds being issued. A Series Resolution authorizes the issuance of one or more series of bonds defining, among other things, the bonds' purpose, redemption provisions, creation of certain accounts, and use of the bond proceeds.

Bond Counsel of the Commission, Kutak Rock, LLP, will prepare one or more Series Resolution(s) for the 2023 Bonds.

The Series Resolution(s) will set forth the structure of the bonds, as described previously herein. The interest rates on the 2023 Bonds will be determined when the bonds are priced. Currently, the 2023 Bonds are expected to price in June 2023.

# SCHEDULE (SUBJECT TO CHANGE)

## April 2023

- Kick-Off Conference Call
- Notify Auditors and Rating Agency of Financing
- Distribute preliminary Cost of Issuance Budget
- Approval of the Structure, Cost of Issuance Budget and Adoption of Series Resolution(s) for the 2023 Bonds (Development & Finance Committee)

## May 2023

- Provide comments to POS, Bond Purchase Agreement and Series Resolution(s)
- Approval of the Structure, Cost of Issuance Budget and Adoption of Series Resolution(s) for the 2023 Bonds (Commission)
- Receive Rating (est. 5/22/2023)
- Post POS (est. 5/24/2023)

## June 2022

- Bond Sale (est. 6/7/20223)
- Receive Auditor's Consent Letter and Verbal Assurances (est. 6/8/2023)
- Clear OS (est. 6/13/2023)
- Closing (est. 6/29/2023)
- Repay PNC LOC
- Redeem Replacement Refunded Bonds

## ISSUES FOR CONSIDERATION

Will the Development and Finance Committee join staff's recommendation to the Commission in its request of the following:

1. Approval of the structure and issuance of the 2023 Bonds under the 1979 Mortgage Revenue Bond Resolution in an amount not to exceed \$40 million in aggregate?
2. Approval of an allocation of up to \$15 million of private activity volume cap to complete the transaction herein proposed?
3. Approval of the cost of issuance budget, estimated to be approximately \$530,000 and not to exceed \$610,000, to be funded by funds available under the Single Family Program?
4. Adoption of one or more Series Resolution(s) authorizing the issuance of the 2023 Bonds?

## PRINCIPALS

- Housing Opportunities Commission of Montgomery County
- Caine Mitter & Associates Incorporated – Financial Advisor
- Kutak Rock, LLP – Bond Counsel
- BofA Securities – Senior Managing Underwriter
- PNC Capital Markets – Co-Senior Managing Underwriter
- Jefferies LLC – Co-Manager\*
- Morgan Stanley – Co-Manager \*
- RBC Capital Markets – Co-Manager\*
- Wells Fargo Company – Co-Manager\*
- Bank of New York Mellon – Trustee

\* Co-Managers are subject to change for the 2023 Bonds.

## FISCAL/ BUDGET IMPACT

Expenses of the Single Family Program are borne from excess revenue in the program; therefore, there is no impact on the Commission's operating budget. Savings from reduced bond cost remain with the indenture.

## TIME FRAME

For deliberation at the April 21, 2023 Development & Finance Committee meeting, and for formal action at the May 3, 2023 Commission meeting.

## STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

Staff requests that the Development & Finance Committee join its recommendation to the Commission to approve the following actions:

1. Approval of the structure and issuance of the 2023 Bonds under the 1979 Mortgage Revenue Bond Resolution in an amount not to exceed \$40 million in aggregate;
2. Approval to allocate up to \$15 million of private activity volume cap to complete the transaction herein proposed;
3. Approval of the cost of issuance budget, estimated to be approximately \$530,000 and not to exceed \$610,000, to be funded by funds available from the Single Family Program; and,
4. Adoption of one or more Series Resolution(s) authorizing the issuance of the 2023 Bonds.

**HOC HEADQUARTERS:** AUTHORIZATION OF THE EXECUTIVE DIRECTOR TO EXECUTE AN EARLY START AGREEMENT WITH THE GENERAL CONTRACTOR, APPROVAL OF THE REALLOCATION OF SAVINGS TO THE EXISTING PREDEVELOPMENT BUDGET TO FUND THE EARLY START, APPROVAL OF THE SELECTION OF THE THIRD-PARTY TESTING CONTRACTOR, AND APPROVAL OF THE BUDGET FOR THE THIRD-PARTY TESTING CONTRACTOR

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**PURPOSE-BUILT HEADQUARTERS**



**CHELSEA J. ANDREWS, EXECUTIVE DIRECTOR**

**Zachary Marks, Chief Real Estate Officer  
Marcus Ervin, Director of Development  
Jay Shepherd, Housing Acquisitions Manager**

**April 21, 2023**

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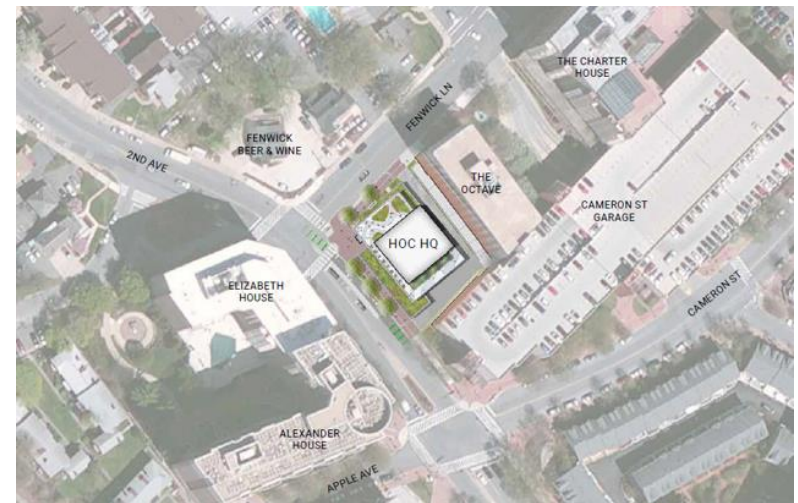
# Executive Summary

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

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

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

and the Administrative Subdivision Plan was approved on May 17, 2021. On May 4, 2022, the Commission approved a revised total predevelopment budget of \$5,020,756 for the design and entitlement of the New HQ and the Approval of the Construction Manager to negotiate and enter into a contract with JLL for construction management services that obligates HOC only for the pre-construction phase. **Currently, the design team has completed Construction Development documents, and submitted for Building Permits, with the goal of finalizing permitting and starting construction in Quarter 3 2023.**



# Executive Summary

## 1) General Contractor Selection

The design team completed Construction Development documents and submitted them for Building Permits, which are expected in July 2023. Staff are working on the Final Development and Financing Plans and will return to the Commission in September 2023. In addition, through RFP #2340, staff solicited a request for general contracting services to construct HOC HQ, including an advance review of the Contracts and Early Start Agreement drafts.

**Resolution Required\*: Approval to select Paradigm Contractors, LLC as the General Contractor (“GC”) and authorize the Executive Director to negotiate a Guaranteed Maximum Price (“GMP”) contract.**

## 2) Early Start Budget and Funding

For HOC HQ, the benefits of an Early Start include the following:

- 1) **Expediting the process of selecting and approving materials & equipment to stem lead-time issues during construction, and;**
- 2) **providing a short-term bridge (120-150 days) between Early Start Notice to Proceed and contract closing.**

The Early Start scope of work proposed for the HOC HQ consists of releasing subcontractors to produce shop drawings for and buying out several trades with critical paths and long lead times. The cost of the Early Start is projected to be less than \$1,000,000 and includes hard construction costs, soft costs, and a contingency. Only \$766,968 of the Early Start costs are projected to be drawn before the full construction closing; however, staff has identified \$837,000 in the Predevelopment Budget that can be re-obligated to cover the entire Early Start budget until construction closing is completed.

Staff, therefore, recommends using the funding of the already approved Predevelopment Budget from the PNC \$60MM LOC as the source for the Early Start.

**Resolution Required: Authorize the Executive Director to execute the Early Start Agreement with Paradigm Contractors, LLC and provide a Limited Notice to Proceed for the Early Start Work.**

\*General Contractor selection already recommended by the Committee on December 16, 2022 (see attached Committee packet).

# Executive Summary

## 3) Third-party Testing RFP & Selection

HOC's Procurement Office issued a Request for Proposal (RFP #2356) for construction materials testing and third-party inspection services for HOC Headquarters in accordance with HOC's Procurement Policy. The scope of work outlined in RFP #2356 included, among other items, concrete testing, steel testing, earthwork, envelope commissioning, and window testing. ECS received the highest score.

**Resolution Required: Approval to select ECS for third-party testing services; authorization of the Executive Director to execute a contract with ECS in an amount up to \$299,930; and approval of a total budget of \$344,920 for the services outlined and a 15% owner's contingency.**

# Early Start Costs & Funding

## Early Start Costs

- The Early Start scope of work proposed for the HOC HQ consists of releasing subcontractors to produce shop drawings for and buying out several trades with critical paths and long lead times.
- Staff recommends using the funding of the already approved Predevelopment Budget from the PNC \$60MM LOC as the source for the Early Start.

HOC Headquarters Early Start Budget	
Item	Amount
General Conditions	\$ 54,481
Sheeting and Shoring (Foundations)	\$ 43,000
Concrete	\$ 154,000
Structural Steel/Misc. Metal	\$ 57,000
Waterproofing/Fireproofing	\$ 5,000
Siding	\$ 195,000
Doors, Frames & Hardware	\$ 26,000
Plumbing	\$ 100,000
Electrical	\$ 100,000
GL & Excess Liability	\$ 4,597
Fee	\$ 15,115
Insurance & Bonding	\$ 12,775
Contingency	\$ 70,032
<b>Total Early Start Budget</b>	<b>\$ 837,000</b>

# Early Start Costs & Funding

## Funding - Predevelopment Budget

The Early Start scope of work proposed is \$766,968 as well as a \$70,032 contingency (for a total of \$837,000).

There is no need to modify the Predevelopment Budget as there were equal offsets from two factors:

**OFF-SITE WORK:** \$250,000 reduction from a possible HAWK signal for offsite improvements determined not required, and

**PERMITS & FEES:** \$587,873 reduction for Growth and Infrastructure Policy Fees that are not required as determined by Land Use Counsel due to the Opportunity Zone benefits.

Both costs no longer apply to this project; therefore, staff recommends reallocating them toward the Early Start costs.

	Original Predev.	Early Start
Early Start Amount		\$766,968
Early Start Contingency		\$70,032
HAWK Signal	\$250,000	\$0
Utility Fees	\$775,121	\$775,121
Arch. & Eng.	\$2,175,125	\$2,175,125
Permits & County Fees	\$1,051,189	\$463,316
Construction Manager	\$60,000	\$60,000
Legal	\$360,000	\$360,000
Insurance	\$190,000	\$190,000
Soft Cost Contingency	\$122,991	\$123,864
Financing	\$36,467	\$36,467
<b>Total</b>	<b>\$5,020,893</b>	<b>\$5,020,893</b>

# Third-party Testing RFP & Selection

HOC’s Procurement Office issued a Request for Proposal (RFP #2356) for construction materials testing and third-party inspection services for HOC Headquarters in accordance with HOC’s Procurement Policy. RFP #2356 was released on December 16, 2022, with a due date of January 20, 2023. The RFP was posted to HOC's website and distributed to over 300 vendors registered in the Montgomery County Central Vendor Registration System (“CVRS”). The applicable vendors receive a notification via the system that there is a solicitation for their review and potential response. A pre-proposal meeting and conference was held virtually on January 4, 2023. Seven (7) firms attended the pre-bid conference. However, the pre-bid conference does not reveal whether a firm intends to submit a response to the RFP.

The scope of work outlined in RFP #2356 included for instance, concrete testing, steel testing, earthwork, envelope commissioning and window testing. The scoring team received written instructions prior to scoring and currently consists of staff from Finance, Mortgage Finance, and Real Estate divisions, as well a Promark representative (together, the “Third-Party Testing Scoring Team”) who reviewed the responses on February 9, 2023. After corresponding with some of the firms in attendance at the pre-bid conference, they stated that due to the lack of capacity, they did not respond to the solicitation. The Proposals were scored on the following: five (5) evaluation criteria. The maximum points a proposal could receive is 100.

Background and Experience (Maximum 30 Points)	Management Plan (Maximum 15 Points)	Price (Maximum 25 Points)	Methodology (Maximum 15 Points)	MFD Participation (Maximum 15 Points)
Experience with properties similar in scope and size including working with Montgomery County Special Inspection Program and Housing Authorities in the Baltimore – Washington Metropolitan area with a preference for Montgomery County.	Provide a brief narrative description of the staffing assignments, roles and responsibilities who will be assigned to directly or indirectly work on this contract.	Price and Fees for performing the services described in this request for proposal. Price proposals should include detailed cost of each service.	Describe how your firm proposes to perform the services described in this RFP. The methodology should address coordination of inspections capabilities, availability of staff as required to meet scheduling and reporting requirements and compliance.	Up to 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 10 points for MFD Subcontracting Score”). 0 points for < 25%, 5 points ≥25% and < 30% and 10 points for ≥30%.

# Third-party Testing RFP & Selection - Bidders

HOC received two (2) responsive proposals in response to RFP# 2356 by the proposal deadline on January 20, 2023, at 12:00 pm.

## **Hillis-Carnes Engineering Associates, Inc. (“Hillis-Carnes”)**

Founded in 1989, Hillis Carnes is a large multidisciplinary consulting engineering firm, providing construction materials testing, third-party inspections, geotechnical engineering, facilities consulting and more. They have 16 full-service branch offices. The firm has been in the testing business for over 30 years and has completed numerous projects in Montgomery County. Hillis Carnes has provided third-party testing services for HOC projects, such as The Leggett and The Laureate.



## **ECS Mid-Atlantic, LLC (“ECS”)**

Founded in 1988, Engineering Consulting Services (ECS) is a leader in geotechnical, construction materials, environmental and facilities engineering. The firm has over 80 offices with the closest office located in Hanover, MD. Furthermore, ECS has extensive experience providing a range of Construction Material Testing and Third-Party Inspections in Maryland. The firm has provided third-party testing services for HOC’s Fenton Silver Spring project.





# Third-party Testing RFP & Selection - Scoring

ECS received the highest score of 89 points. The scores below reflect the average of the individual scores from each member of the Third-Party Testing Scoring Team. The results of the Third-Party Testing Scoring Team are summarized below.

Rank	Third-Party Testing	Background and Experience (Maximum 30 Points)	Management Plan (Maximum 15 points)	Price (Maximum 25 Points)	Methodology (Maximum 15 Points)	MFD Participation (Maximum 15 Points)	Total (Maximum 100 Points)
1	ECS	30	15	24	15	5	89
2	Hillis-Carnes	30	11	25	11	10	87

## **Background and Experience:**

- Hillis-Carnes and ECS demonstrated properties similar in scope and size, including working with Montgomery County Special Inspection Program and Housing Authorities in the Baltimore – Washington Metropolitan area with a preference for Montgomery County. Both firms have also worked on HOC projects and received the maximum points in this category.

## **Management Plan:**

- ECS' management plan included fifteen (15) personnel and 619 more hours in services.
- Hillis-Carnes' management plan included twelve (12) personnel.

## **Price:**

- Hillis-Carnes received the highest points for pricing due to submitting the lowest bid among the two bidders. Although ECS was a close second in terms of pricing, Hillis-Carnes still submitted the most competitive bid.

## **Methodology:**

- ECS provided significant information to support their methodology for the project, including their envelope commissioning and window testing approach.
- Hillis-Carnes provided information regarding their methodology for the project; however, they did not provide as much detail on their envelope commissioning and window testing approach, which reflects the lower score.



# Third-party Testing RFP & Selection - Scoring

Third-Party Testing	Direct MFD Efforts	MFD Subcontracting
Hillis-Carnes	<ul style="list-style-type: none"><li>N/A</li></ul>	30%
ECS	<ul style="list-style-type: none"><li>Demonstrated commitment to employ MFD personnel</li><li>Proposed a staffing plan with MFD personnel on the project.</li></ul>	N/A

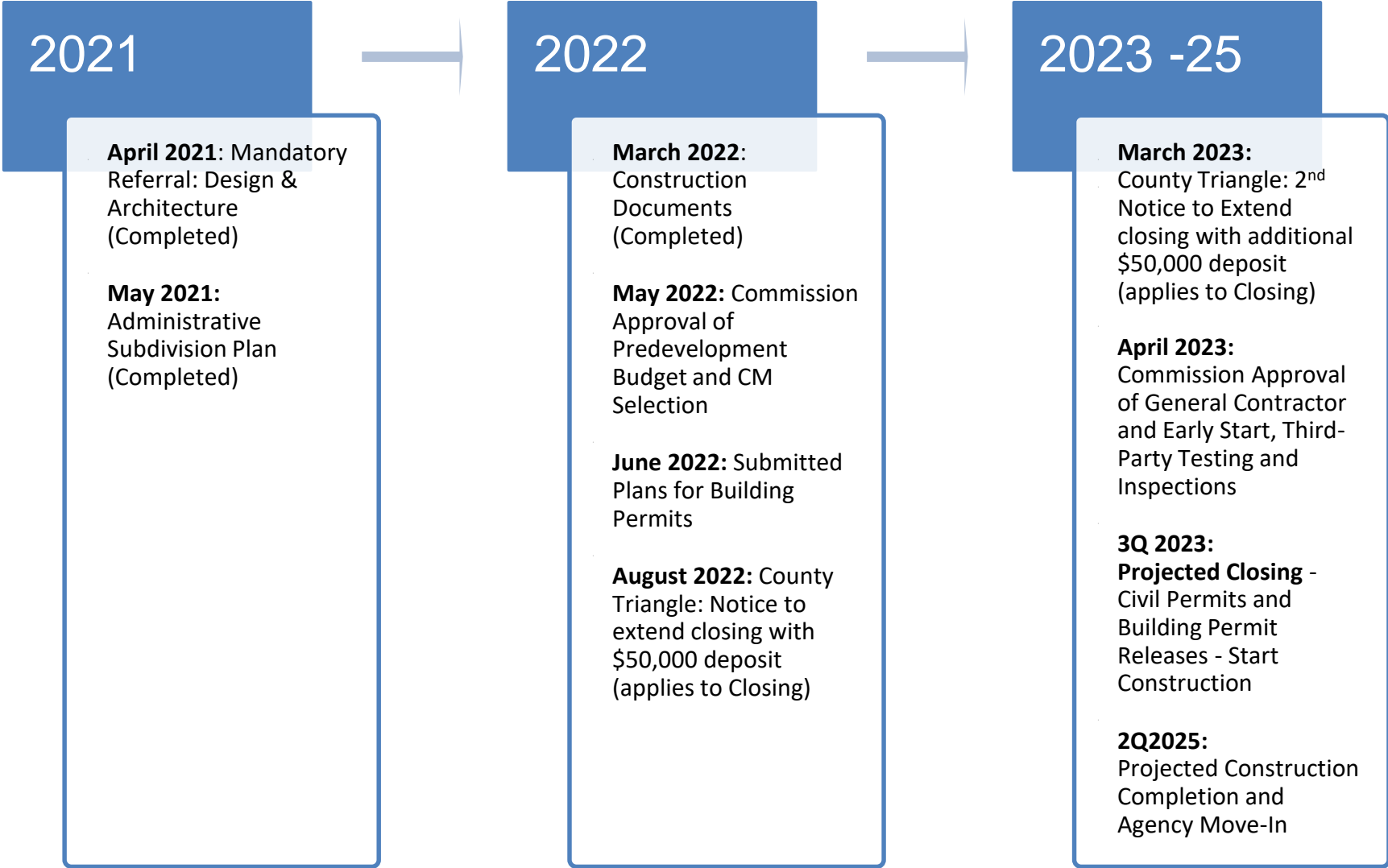
## **MFD Participation:**

- Hillis-Carnes did not demonstrate direct MFD efforts within their proposals; however, they disclosed a MBE firm for subcontracting at 30%. Hillis-Carnes received a total of ten points for MFD participation.
- ECS demonstrated direct MFD efforts. However, they are not subcontracting any portion of the services. ECS received five points for MFD participation.

## **Staff Recommendation:**

- Staff recommends ECS for third-party testing services for \$299,930 and that the Commission include a 15% contingency on top of the awardee's price (for a total budgeted price of \$344,920) to cover any unforeseen or additional services required.

# Development Timeline



# Development Timeline

## HOC HQ Summary Pre-Construction Schedule

Task Name	Duration	Start	Finish	Predecessors
1 <input type="checkbox"/> Permitting	218d	09/03/22	07/04/23	
2 <input type="checkbox"/> Record Plat	218d	09/03/22	07/04/23	
3 MCDPS Review of RW Plans	426d	09/03/22	02/23/23	
4 Octave Easement Executed (Loading & Trash, Drainage)	0	05/01/23	05/01/23	
5 Record Plat: Resubmit and Agencies Final Review	15d	05/01/23	05/19/23	3, 4
6 Record Plat Signature: Fenwick SS, DOT, County, DPS	15d	05/22/23	06/09/23	5
7 MNCPPC: Hearing & Sign Plat	17d	06/12/23	07/04/23	6
8 Obtain Plat from Land Records	0	07/04/23	07/04/23	7
9 Fee in lieu payments	0	06/20/23	06/20/23	8FS -10d
10 <input type="checkbox"/> Civil Permits	32d	05/01/23	06/13/23	
11 Sediment Control Permit Issued	6d	05/01/23	05/08/23	4
12 RW Permit Issued (Plat Release)	0	06/09/23	06/09/23	6
13 WSSC Permits Issued	2d	06/12/23	06/13/23	6
14 Complex Structural Review Mtg & Proof of Testing Contract	1d	06/08/23	06/08/23	21FS +30d
15 Building Permit Release	0	07/04/23	07/04/23	8, 9, 10, 14, 21FS +5d
16 Crane Swing Agreement - Garage 7				
17 On and Off Site Tree Permit - HOC to Sign	4d	03/01/23	03/01/23	
18				
19 <input type="checkbox"/> Closing on Financing / Sign GC Contract & Testing Consultant	110d	04/05/23	09/06/23	120
20 Commission Meeting	0	04/05/23	04/05/23	87
21 Testing Contract: Execute	0	04/26/23	04/26/23	114, 20FS +15d
22 GC Contract: Negotiate and Finalize	40d	04/06/23	05/31/23	20
23 GC Contract: Execute Early Start & AIs	0	05/31/23	05/31/23	22, 20FS +5d
24 Insurance Documentation	110d	04/06/23	09/06/23	25SS
25 Financing: Documentation	110d	04/06/23	09/06/23	20
26 Financing: Closing	0	09/06/23	09/06/23	15FS +5d, 20FS +5d, 25
27				
28 <input type="checkbox"/> County Triangle Parcel Purchase	70d	05/31/23	09/06/23	
29 Condition to Purchase: Building Permit Release	0	07/04/23	07/04/23	15
30 Condition to Purchase: GC Contract Executed	0	05/31/23	05/31/23	23
31 Condition to Purchase: Financing Closed	0	09/06/23	09/06/23	26
32 Triangle Parcel Closing	0	09/06/23	09/06/23	29, 30, 31
33 Outside Closing Date (Contractual)	0	09/11/23	09/11/23	
34				
35 <input type="checkbox"/> Construction Notice to Proceed	154d	02/06/23	09/07/23	
36 <input type="checkbox"/> Dry Utility Undergrounding/Relocation	120d	02/06/23	07/21/23	
37 Washington Gas Relocation	120d	02/06/23	07/21/23	
38 Verizon Hub Relocation	120d	02/06/23	07/21/23	
39 FiberNet Relocation	120d	02/06/23	07/21/23	
40 Crown Castle Relocation	120d	02/06/23	07/21/23	
41 Early Start Work	65d	06/01/23	08/30/23	23
42 IFC Set of Drawings				
43 Construction Notice to Proceed	1d	09/07/23	09/07/23	15, 23, 26, 32, 36

For HOC HQ, the benefits of an Early Start include the following:

1. Expedite the process of selecting and approving materials & equipment to stem lead-time issues during construction, and
2. Provide a short-term bridge (120-150 days) between Early Start Notice to Proceed and Contract Closing.

# Sustainability Highlights

The proposed HOC Headquarters project demonstrates a strong commitment to sustainable building practices and is expected to achieve LEED v4 BD+C Gold level certification. The project includes several sustainability features such as bike storage and shower facilities, plumbing fixtures with reduced potable water use, metering capabilities for water and energy sub-systems, and façade design optimization for energy use. The project also promotes alternative transportation options by excluding on-site parking. Additionally, the project incorporates a high-performance HVAC system and a building automation system for remote monitoring and energy management routines.

**Notable Features included in the new HQ:**

- Plumbing fixtures meet the credit target of a 40% reduction in potable water use.
- Metering capabilities for water and energy sub-systems are included.
- Environmental Product Declaration ("EPD") and Material ingredients requirements are incorporated into the specification to evaluate the sustainability of building products and carbon footprint.
- Façade design limits the amount of glazing, integrates daylight design strategies, and maximizes view opportunities where appropriate.
- The HVAC system uses a variable refrigerant flow ("VRF") system with decoupled ventilation through a dedicated outdoor air system with energy recovery.
- A building automation system ("BAS") with direct digital control components will be provided for remote monitoring and energy management routines.

LEED v4 for BD+C: New Construction and Major Renovation Project Checklist				Project Name:	HOC Headquarters
				Date:	CD Progress: 2022-02-09
Y	?	N			
1	1			Credit	Integrative Process
<b>10 3 3 Location and Transportation 16</b>					
1	1			Credit	LEED for Neighborhood Development Location
1	1			Credit	Sensitive Land Protection
1	2			Credit	High Priority Site
2	3			Credit	Surrounding Density and Diverse Uses
5				Credit	Access to Quality Transit
1				Credit	Bicycle Facilities
1				Credit	Reduced Parking Footprint
1				Credit	Green Vehicles
<b>3 5 2 Sustainable Sites 10</b>					
Y				Prereq	Construction Activity Pollution Prevention
1	1			Credit	Site Assessment
2				Credit	Site Development - Protect or Restore Habitat
1				Credit	Open Space
3				Credit	Rainwater Management v4.1
2				Credit	Heat Island Reduction
1				Credit	Light Pollution Reduction
<b>5 3 3 Water Efficiency 11</b>					
Y				Prereq	Outdoor Water Use Reduction
Y				Prereq	Indoor Water Use Reduction
Y				Prereq	Building-Level Water Metering
1	1			Credit	Outdoor Water Use Reduction
3	2	1		Credit	Indoor Water Use Reduction
1				Credit	Cooling Tower Water Use
1				Credit	Water Metering
<b>18 9 6 Energy and Atmosphere 33</b>					
Y				Prereq	Fundamental Commissioning and Verification
Y				Prereq	Minimum Energy Performance
Y				Prereq	Building-Level Energy Metering
Y				Prereq	Fundamental Refrigerant Management
3	3			Credit	Enhanced Refrigerant Management
14	2	2		Credit	Optimize Energy Performance (includes monitoring - 1, envelope - 2 pts)
1				Credit	Advanced Energy Metering
2				Credit	Demand Response
3				Credit	Renewable Energy Production v4.1
3	1			Credit	Enhanced Refrigerant Management
2				Credit	Green Power and Carbon Offsets
<b>6 2 5 Materials and Resources 13</b>					
Y				Prereq	Storage and Collection of Recyclables
Y				Prereq	Construction and Demolition Waste Management Planning
1	2	2		Credit	Building Life-Cycle Impact Reduction - Option 4 (whole bldg life cycle) v4.1
1	1	1		Credit	Building Product Disclosure and Optimization - Environmental Product Declarations
1	1	1		Credit	Building Product Disclosure and Optimization - Sourcing of Raw Materials v4.1
1	1	1		Credit	Building Product Disclosure and Optimization - Material Ingredients
2				Credit	Construction and Demolition Waste Management
<b>7 5 4 Indoor Environmental Quality 16</b>					
Y				Prereq	Minimum Indoor Air Quality Performance
Y				Prereq	Environmental Tobacco Smoke Control
2				Credit	Enhanced Indoor Air Quality Strategies
3				Credit	Low-Emitting Materials v4.1
1				Credit	Construction Indoor Air Quality Management Plan
2				Credit	Indoor Air Quality Assessment
1				Credit	Thermal Comfort
1	1			Credit	Interior Lighting
3				Credit	Daylight
1				Credit	Quality Views
1				Credit	Acoustic Performance
<b>6 0 0 Innovation 6</b>					
5				Credit	Innovation
1				Credit	LEED Accredited Professional
<b>4 0 0 Regional Priority 4</b>					
1				Credit	Regional Priority: Access to Quality Transit
1				Credit	Regional Priority: Outdoor Water Use Reduction (50%)
1				Credit	Regional Priority: Indoor Water Use Reduction (30%)
1				Credit	Regional Priority: Optimize Energy Performance (25% reduction)
<b>60 27 23 TOTALS Possible Points: 110</b>					
Certified: 40 to 49 points, Silver: 50 to 59 points, Gold: 60 to 79 points, Platinum: 80 to 110					

Figure: LEED Scorecard

# Prior Commission Actions

## Prior Commission Actions Related to HOC HQ

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

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

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

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

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

# Summary & Recommendations

## ISSUES FOR CONSIDERATION

Will the Development & Finance Committee, join staff's recommendation to the Commission to:

1. Authorize the Executive Director to execute an Early Start Agreement with Paradigm Contractors, LLC for an amount not to exceed \$837,000 (which includes \$766,968 for early start work plus a \$70,032 contingency) and to provide a Limited Notice to Proceed ("LNTP") for the Early Start work?
2. Approve a reallocation of savings to the HQ predevelopment budget to fund the Early Start in an amount not to exceed \$837,000?
3. Authorize the selection of ECS to provide construction materials testing and third-party inspection services and authorize the Executive Director to negotiate and execute a contract with ECS in an amount up to \$299,930?
4. Accept a total budget for materials testing and third-party inspection services of \$344,920, which includes a Commission-held contingency of \$44,990 (15% of contract)?

## BUDGET/FISCAL IMPACT

There is no adverse impact on the Commission's FY2023 Operating Budget.

## TIME FRAME

For discussion at the April 21, 2023, meeting of the Development & Finance Committee, followed by formal action at the April 21, 2023, Special Meeting of the Commission.

## STAFF RECOMMENDATION AND COMMISSION ACTION NEEDED

As these approvals would allow HQ to maintain its development timeline and better position the development team to manage construction cost risk, staff is recommending that the Commission accept staff's recommendation to:

1. Authorize the Executive Director to execute an Early Start Agreement with Paradigm Contractors, LLC for an amount not to exceed \$837,000 (which includes \$766,968 for early start work plus a \$70,032 contingency) and to provide a Limited Notice to Proceed ("LNTP") for the Early Start work?
2. Accept an Early Start budget reallocation for HQ in an amount not to exceed \$837,000;
3. Authorize the selection of ECS to provide construction materials testing and third-party inspection services and authorize the Executive Director to negotiate and execute a contract with ECS in an amount up to \$299,930;
4. Accept a total budget for materials testing and third-party inspection services of \$344,920, which includes a Commission-held contingency of \$44,990 (15% of contract).

April 21, 2023

*Adjourn*