

HOUSING OPPORTUNITIES COMMISSION OF MONTGOMERY COUNTY
10400 Detrick Avenue
Kensington, Maryland 20895
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Budget, Finance and Audit Committee Minutes

February 23, 2021

For the official record of the Housing Opportunities Commission of Montgomery County, an open meeting of the Budget, Finance and Audit Committee was conducted via an online platform and teleconference on Tuesday, February 23, 2021, with moderator functions occurring at 10400 Detrick Avenue, Kensington, Maryland beginning at 10:05 a.m. Those in attendance were:

Present

Richard Y. Nelson, Jr., Chair – Budget, Finance and Audit Committee
Roy Priest - Commissioner
Frances Kelleher – Commissioner

Also Attending

Stacy Spann, Executive Director
Aisha Memon, General Counsel
Terri Fowler
Eugenia Pascual
Ellen Goff
Nicolas Deandreis
Nathan Bovelie
Millicent Anglin
Claudia Wilson

Kayrine Brown, Deputy Executive Director
Cornelia Kent, Chief Financial Officer
Olutomi Adebo
Joan McGuire
Zachary Marks
Charnita Jackson
Jay Berkowitz
Nilou Razeghi
Leidi Reyes

Patrice Birdsong, Spec. Asst. to Commission

APPROVAL OF MINUTES

Commissioner Nelson opened the meeting of the Budget, Finance and Audit Committee with a motion to approve the Minutes of January 29, 2021. The minutes were approved as submitted with a motion by Commissioner Priest and seconded by Commissioner Kelleher. Affirmative votes were cast by Commissioners Nelson, Priest, and Kelleher.

Commissioner Nelson introduced the Commissioners who participate on the Committee, Richard Y. Nelson, Jr., Chair, Roy Priest, and Frances Kelleher.

DISCUSSION ITEMS

1. Fiscal Year 2021 (FY'21) Second Quarter Budget to Actual Statements: Presentation of the FY'21 Second Quarter Budget to Actual Statement

Cornelia Kent, Chief Financial Officer, introduced Olutomi Adebo, Assistant Budget Officer, to provide an explanation of the FY'21 Second Quarter Budget to Actual Statements. Ms. Adebo explained that the Agency ended the quarter with a net cash flow surplus. The surplus resulted in a positive variance. The primary causes were higher cash flow in some of the unrestricted Opportunity Housing Properties. Expenses were lower than budget primarily as a result of lapse in salary and benefits.

Ms. Adebo provided reports on the various funds. Commissioner Kelleher asked about deferred loan payments. Ms. Kent explained that it's County debt and HOC did received a deferment letter from the County for the loans that are on the properties. Commissioner Nelson wanted to know the terms of the deferral. Ms. Kent explained that the terms are based on whether HOC could demonstrate that there was a loss in income as a result of COVID-19 and an increase in expenses then the deferment will be added to the end of the loan.

Commissioner Nelson asked about the HAP payments and revenue. Ms. Kent explained that HOC has gotten more in revenue than has been expensed year to date. If funds are not spent HUD would hold back some of the appropriated funds until expenses increase. If funds cross over budget years, they remain in HOC's net assets for future use.

There was no formal action required for full Commission approval.

2. Fiscal Year 2021 (FY'21) Second Quarter Un-Audited Financial Statements: Presentation of the Un-Audited Financial Statements for the Second Quarter Ended December 31, 2020

Cornelia Kent, Chief Financial Officer, introduced Francisco Vega, Assistant Controller, who provided the presentation.

Mr. Vega explained that there was a net increase attributed to capital contributions from the Bauer Park Apartment closing for the first half of FY'21. Mr. Vega reported that the liquidity ratios decreased due to increase in current mortgage liabilities in connection with Westside Shady Grove closing. Mr. Vega also reported that the PNC Recycling Facility was retired on January 28, 2021 using proceeds from the MHDB Series 2021-A Bonds. Commissioner Nelson asked for the definition of the PNC Recycling Facility. Kayrine Brown, Deputy Executive Director, explained that funds were borrowed to redeem the outstanding bonds for CDA at 900 Thayer then Bonds were refunded to create mortgage for the Westside Shady Grove transaction.

Mr. Vega provided explanation of overall agency net income. Commissioner Kelleher asked questions regarding the decrease in investment income. It was explained that interest rates were the primary reason.

There was no formal action required for full Commission approval.

3. Fiscal Year 2021 (FY'21) Second Quarter Budget Amendment: Presentation of the FY'21 Second Quarter Budget Amendment

Cornelia Kent, Chief Financial Officer, introduced Terri Fowler, Budget Officer, who provided the presentation.

Ms. Fowler provided an explanation of the budget reforecast, as well as reduction in County funding. It was explained that income in the General Fund increased due to increased commitment and development fees based on revised schedules for the development projects. Ms. Fowler also reported that income decreased in the Opportunity Housing Fund. Development Corporation fees reduced, representing a decrease in cash flow paid to the General Fund. Revenues increased in the Opportunity Housing Reserve Fund as a result of an increase in Commitment and Development Fees.

A motion was made by Commissioner Kelleher and seconded by Commissioner Priest to recommend to the full Commission at the April 7, 2021 monthly Commission meeting. Affirmative votes were cast by Commissioners Nelson, Priest, and Kelleher.

Commissioner Priest commented on the significant impact COVID has had on fiscal positioning and how housing authorities across the country were not as calculating as HOC. Commissioner Nelson agreed and also commented on the work of HOC staff analyzing and appreciating what all the impacts are and providing a plan on how to address those impacts so that we continue on the strong financial path.

4. Uncollectable Tenant Accounts Receivable: Presentation of request to Write-off Uncollectable Tenant Accounts Receivable (October 1, 2020 – December 31, 2020)

Cornelia Kent, Chief Financial Officer, introduced Nilou Razeghi, Accounting Manager, who provided the presentation.

Ms. Razeghi provided an explanation of the Agency's policy for allowance of any tenant accounts receivable balances for more than 90-days. The next anticipated write-off will be for the third quarter fiscal year 2021.

Commissioner Priest commented that the bad debt write-off for this quarter was less than what was reported the previous quarter. Mr. Spann also explained that COVID impact has to be consider on write-off across the portfolio, and reminded that we are in an eviction

moratorium. Ms. Kent also added that these write-offs are for residents who are no longer in our units.

A motion was made by Commissioner Priest and seconded by Commissioner Kelleher to recommend to the full Commission at the April 7, 2021 monthly Commission meeting. Affirmative votes were cast by Commissioners Nelson, Priest, and Kelleher.

There was a detailed discussion by the Commissioners on how to present the following property management contract renewals. Commissioners provided suggested recommendations for the Executive Director and staff to consider.

5. Forest Oak Towers – Property Management Contract: Presentation of request to Renew the Property Management Contract of Forest Oak Towers

Jay Berkowitz, Asset Manager, provided individual presentations.

6. Diamond Square – Property Management Contract: Presentation of request to Renew the Property Management Contracts at Diamond Square

Jay Berkowitz, Asset Manager, provided the presentations.

7. Alexander House Apartments, Georgian Court, Stewartown Homes, Glenmont Crossing, Glenmont Westerly, and Brookside Glen – Property Management Contract: Presentation of request to Renew the Property Management Contracts at Alexander House Apartments, Georgian Court, Stewartown Homes, Glenmont Crossing, Glenmont Westerly, and Brookside Glen

Millicent Anglin, Asset Manager, provided the presentation. Commissioner Kelleher commented that the charts presented are what the Board would be looking for when request for renewals are presented. Commissioner Nelson asked a question regarding Brookside Glen and its REAC score. Ms. Anglin explained that it was due to dry rot and the repairs were made shortly after REAC was completed.

8. MetroPointe Apartments – Property Management Contract: Presentation of request to Renew the Property Management Contracts for Wheaton Metro Limited Partnership and Wheaton Metro Development Corporation

Millicent Anglin, Asset Manager, provided the presentation. Commissioner Nelson asked about the number of spaces rented at the MetroPointe in terms of having appropriate availability. Staff informed that they would research.

9. Greenhills Apartments and Westwood Towers Apartment – Property Management

Contract: Presentation of request to Renew the Property Management Contracts at Greenhills Apartments and Westwood Tower Apartments

Millicent Anglin, Asset Manager, provided the presentation. Commissioner Kelleher had a questions regarding the effect of COVID. Mr. Spann explained that it's not the only property impacted but the only one that was explicitly pointed out. Ms. Anglin reported the affordability had been increased at the property.

Commissioner Nelson had a question on Greenhills in regards to accessibility. Mr. Spann reported that the occupancy is good due to the extensive rehab.

10. Cider Mill Apartments – Property Management Contract: Presentation of request to Renew the Property Management Contract at Cider Mill Apartment

Millicent Anglin, Asset Manager, provided the presentation.

A motion was made by Commissioner Priest and seconded by Commissioner Kelleher to recommend to the full Commission renewal of property management contracts for Forest Oak Towers, Diamond Square, Alexander House Apartments, Georgian Court, Stewartown Homes, Glenmont Crossing, Glenmont Westerly, Brookside Glen, MetroPointe Apartments, Greenhills Apartments, Westwood Towers Apartments, and Cider Mills Apartment with the respective property management companies, at the April 7, 2021 monthly Commission meeting. Affirmative votes were cast by Commissioners Nelson, Priest, and Kelleher.

Commissioner Nelson recommended that a single resolution be created with supporting memorandum of individual renewal request.

The meeting adjourned at 11:19 a.m. on a motion by Commissioner Kelleher and seconded by Commissioner Priest. Next scheduled meeting is April 13, 2021.

Respectfully submitted,

Stacy L. Spann
Secretary-Treasurer

/pmb

Approved: April 20, 2021