

DEVELOPMENT VENTURES INCORPORATED

AGENDA, REPORT, FINANCIALS, MINUTES

FOR

MEETING OF THE BOARD OF DIRECTORS

JULY 28, 2010

**Thomas M. Niemann
Chairman**

**Dallas J. Parks
President**

DEVELOPMENT VENTURES INCORPORATED

MEMORANDUM

TO: Board of Directors

FROM: Thomas M. Niemann, Chairman

SUBJECT: Regular Meeting Held July 28, 2010

DATE: July 20, 2010

OFFICERS: Chairman – Thomas M. Niemann; President – Dallas J. Parks; Vice President – John S. Ramsey; Secretary – Dallas J. Parks; Assistant Secretary – Brenda B. Edwards

The regular monthly meeting, of the Board of Directors of Development Ventures Incorporated, will be held after the regular meeting of the Board of Commissioners of the Housing Authority of the City of Durham, on Wednesday, July 28, 2010, at the Central Office of the Durham Housing Authority, located at 330 East Main Street, Durham, North Carolina.

AGENDA

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EXECUTIVE SESSION

PRESIDENT'S REPORT

DEVELOPMENT VENTURES INCORPORATED

Strategic Result #1: A Financially Viable Real Estate Company – “Today’s Resources/Tomorrow’s Investments”

Woodridge Commons

- There were zero leases signed this month, and currently there are no applications being processed for occupancy.
- The management office received a total of 12 inquiries, (telephone/walk-ins/online) during the month of June.
- There were no write-offs this month.

DEVELOPMENT/REAL ESTATE STRATEGIES

Strategic Result#1: financially Viable Real Estate Company

- The Development Ventures Incorporated Board and staff continue to negotiate with the potential buyer, regarding the sale of Woodridge Commons Apartments.

Strategic Result #4: Quality Affordable Housing/New H.O.P.E. (Housing Opportunities for People Everywhere

- Staff continues to prepare the Continuum of Care applications, for a total requested funding amount of approximately \$582,434. If awarded, the funds will assist Development Ventures Incorporated in developing up to six units for the benefit of the homeless population. The proposed public housing units will consist of one-, two- and three-bedroom units. The units will be developed on the 5 parcels conveyed to Development Ventures Incorporated by the City of Durham in May of 2009.

VACANT UNIT REPORT									
JUNE, 2010									
DEVELOPMENT AND NUMBER	TOTAL UNITS	BEGINNING VACANT	MOVE OUTS	MOVE INS	NUMBER VACANT	PERCENT OCCUPIED	PERCENT VACANT		
WOODRIDGE COMMONS - 13-31	38	5	0	0	5	86.84%	13.16%		
TOTALS	38	5	0	0	5	86.84%	13.16%		



330 E. Main Street
P.O. Box 1726
Durham, NC 27701
(919) 683-1551
FAX: (919) 683-1237
TDD/TTY: (800) 545-1833 ext. 774
durhamhousingauthority.org

A Commitment to Quality Living

Memorandum

To: DVI Board of Directors, Chief Executive Officer
From: Jeffrey G. Causey, *JGC* Chief Financial Officer
Date: July 15, 2010
Subject: June 2010 Financial Report

Please find attached the financial report and information for June 2010 for Development Ventures Incorporated(DVI).

If you have requests or suggestions for changes, please feel free to contact me.

Summary of the June 2010 Financial Report

Revenues

- Total operating revenue collected through June 2010 was \$101,241.
- Net rental income for Woodridge Commons Apartments was \$95,694, which is 90% of budget. The occupancy rate through June 2010 was 84%.

Expenses

- Total operating expenses through June 2010, were \$108,222.
- Total non-operating expense (mortgage expense) through June 2010 was \$18,807.
- Operating Expenses for Woodridge Commons Apartments were \$103,964, which is 123% of budget.
- As of June 30, 2010, Woodridge Commons Apartments has a net operating deficit of \$21,706. For the month of June, Woodridge Commons experienced a surplus of \$2,074.

Development Ventures Incorporated

Statement of Net Assets

For the period ending June 30, 2010

	DVI Admin	DVI Woodridge	Total
ASSETS			
Current Assets			
Cash			
Cash – Operating	\$ 544,398	\$ -	\$ 544,398
Cash – Security Deposits	-	12,210	12,210
Cash – Other Restricted	38,464	-	38,464
Total Cash	582,862	12,210	595,072
Accounts Receivable			
A/R – Tenants	-	5,803	5,803
Allowance for Doubtful Accounts (Tenants)	-	(3,074)	(3,074)
Total Accounts Rec.	-	2,729	2,729
Inventory	-	19	19
Prepaid Items	-	3,655	3,655
Interprogram Due From	3,327	-	3,327
Total Current Assets	586,189	18,613	604,802
Noncurrent Assets			
Fixed Assets			
Land	-	152,000	152,000
Buildings & Equipment	-	722,324	722,324
Accumulated Depreciation	-	(336,148)	(336,148)
Total Fixed Assets	-	538,176	538,176
Notes Receivable	-	-	-
Total Noncurrent Assets	-	538,176	538,176
Total Assets	\$ 586,189	\$ 556,789	\$ 1,142,978
LIABILITIES & NET ASSETS			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Interest Payable	-	1,173	1,173
Accrued Liabilities	-	1,475	1,475
Security Deposits	-	9,011	9,011
Interprogram Due To	-	37,278	37,278
Total Current Liabilities	-	48,937	48,937
Noncurrent Liabilities			
Long-term Debt	-	399,750	399,750
Total Noncurrent Liabilities	-	399,750	399,750
Total Liabilities	-	448,687	448,687
NET ASSETS			
Net Invested in Capital Assets	-	138,426	138,426
Restricted Net Assets	37,852	-	37,852
Unrestricted Net Assets	548,337	(30,324)	518,013
Total Net Assets	586,189	108,102	694,291
Total Liabilities & Net Assets	\$ 586,189	\$ 556,789	\$ 1,142,978

Development Ventures Incorporated

Statement of Revenues, Expenses, and Changes in Net Assets

For the period ending June 30, 2010

	DVI Admin	DVI Woodridge	Total
Operating Income			
Gross Potential Rent	\$ -	\$ 109,776	\$ 109,776
Less: Vacancy Loss	-	(14,082)	(14,082)
Net Dwelling Rental	-	95,694	95,694
Other Income	-	5,362	5,362
Interest on Investments	176	9	185
Total Operating Income	176	101,065	101,241
Operating Expenses			
Administrative Salaries	-	17,314	17,314
Other Administrative	4,258	7,589	11,847
Resident Services	-	-	-
Utilities	-	10,064	10,064
Maintenance Salaries	-	15,730	15,730
Maintenance Materials	-	-	-
Maintenance Contracts	-	33,345	33,345
General Expenses	-	6,464	6,464
Interest Expense	-	6,759	6,759
Property Management Fees	-	6,699	6,699
Total Operating Expenses	4,258	103,964	108,222
Net Operating Income/(Deficit)	(4,082)	(2,899)	(6,981)
Nonoperating Income/(Expenses)			
Mortgages	-	18,807	18,807
Total Nonoperating Income/(Expenses)	-	18,807	18,807
Net Income/(Deficit)	(4,082)	(21,706)	(25,788)
Operating Transfers - In/Out	525,607	-	525,607
Change in Net Assets	521,525	(21,706)	499,819

DEVELOPMENT VENTURES INCORPORATED

Budget v. Actual Report

Woodridge Commons Apartments

For the period ending June 30, 2010

	YTD Actual	YTD Budget	YTD Variance Better/ (Worse)	% YTD (Actual/ Budget)	YTD PUM
Operating Income					
Gross Potential Rent	\$ 109,776	\$ 109,776	\$ -	100%	\$ 572
Less: Vacancy Loss	(14,082)	(3,130)	(10,952)	450%	(73)
Net Dwelling Rental	95,694	106,646	(10,952)	90%	498
Other Income	5,362	1,606	3,756	334%	28
Interest on Investments	9	25	(16)	36%	0
Total Operating Income	101,065	108,277	(7,212)	93%	526
Operating Expenses					
Administrative Salaries	17,314	12,208	(5,106)	142%	90
Other Administrative	7,589	5,289	(2,300)	143%	40
Utilities	10,064	11,255	1,191	89%	52
Maintenance Salaries	15,730	11,321	(4,409)	139%	82
Maintenance Expenses	33,345	22,010	(11,335)	151%	174
Interest Expense	6,759	6,517	(242)	104%	35
General Expense	6,464	8,372	1,908	77%	34
Property Management Fees	6,699	7,465	766	90%	35
Total Operating Expenses	103,964	84,437	(19,527)	123%	541
Net Operating Income/(Deficit)	(2,899)	23,840	(26,739)	(12%)	(15)
Debt Service (Principal)					
First Mortgage	18,807	19,048	241	99%	98
Second Mortgage	-	-	-	-	-
Third Mortgage	-	-	-	-	-
Total Debt Service	18,807	19,048	241	99%	98
Net Income/(Deficit)	\$ (21,706)	\$ 4,792	\$ (26,498)	(453%)	\$ (113)

Variance Information

Administrative Salaries – due to unforeseen raises and performance pay.

Other Administrative – due to legal fees related to sale of property, travel reimbursements for employees.

Maintenance Salaries – higher than budget due to overtime incurred responding to after hours work orders.

Maintenance Expenses – Numerous air conditioning units required repair or replacement. Vacant unit renovations have also driven costs up.

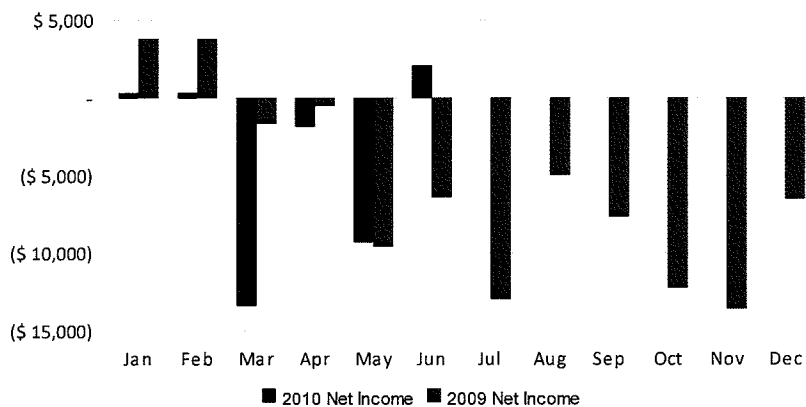
DVI – Woodridge Commons Apartments

Monthly Income v Expenses

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Operating Income	16,369	16,369	15,718	16,822	16,239	19,548						
Operating Expenses	12,951	12,951	25,845	15,522	22,352	14,343						
Debt Service	3,093	3,093	3,216	3,114	3,161	3,131						
2010 Net Income	325	326	(13,343)	(1,814)	(9,274)	2,074	-	-	-	-	-	-
2009 Net Income	3,798	3,798	(1,635)	(489)	(9,548)	(6,372)	(12,936)	(4,937)	(7,642)	(12,248)	(13,586)	(6,498)

DVI - Woodridge Apartments

2010 Monthly Income/(Deficit)
with 2009 Comparative Data



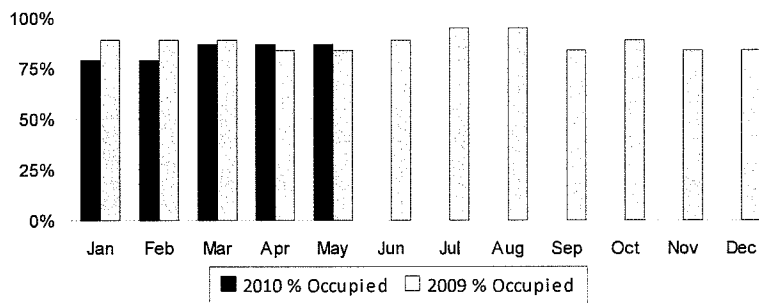
DVI – Woodridge Commons Apartments

Occupancy Data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Units Available	38	38	38	38	38	38							228
Units Leased	30	30	33	33	33	33							192
2010 % Occupied	79%	79%	87%	87%	87%	87%							84%
2009 % Occupied	89%	89%	89%	84%	84%	89%	95%	95%	84%	89%	84%	84%	88%

DVI - Woodridge Apartments

2010 Occupancy Rates By Month



MINUTES OF REGULAR MEETING
DEVELOPMENT VENTURES INCORPORATED
330 EAST MAIN STREET
DURHAM, NORTH CAROLINA
JUNE 23, 2010

AGENDA ITEM I

Call to Order

The regular meeting was called to order by the Chairman, Thomas M. Niemann, at 6:45 p.m.

Present:

David J. Haley
George K. Quick
John S. Ramsey
Isaac A. Robinson

Absent:

Barbara F. Lofton

Staff Present:

Dallas J. Parks	Vickie Ellis
Tammy Atkins	Kelvin Macklin
Jean Bolduc	Shannon McLean
Jeff Causey	Willie "Sonny" McMahan
Jo-Ann Davis	Sabrina Sinegal
Brenda Edwards	Rhega Taylor

Also Present:

Brandon Coleman, The Banks Law Firm
Eric Pristell, The Banks Law Firm
Jim Scofield, Senior Investment Advisor & CEO, Apartment REP

A quorum was present, and due notice had been published.

AGENDA ITEM II

Comments from the Public

There were none.

AGENDA ITEM III
Additions to the Agenda

There were none.

AGENDA ITEM IV
Deletions from the Agenda

There were none.

AGENDA ITEM V
Information Items

The president's written report was contained on pages 1-2 of the board package, and was accepted as written.

Financial Report for the Period Ending April 30, 2010

The financial report was contained on pages 3-8 of the board package. There being no additional comments or questions the report was accepted as distributed.

AGENDA ITEM VI
Action Items

ACTION 1 – Approval of Minutes – Board of Directors Regular Meeting Held May 26, 2010

On motion of George Quick, seconded by Isaac Robinson, the minutes of the regular meeting, held May 26, 2010, were approved as distributed.

ACTION 2 – Board to Consider and Approve Resolution Approving Selection of Cline Design Associates, PA for Edgemont Elms

After review, discussion and consideration, the chairman introduced the following resolution:

RESOLUTION NO. 154

RESOLUTION APPROVING SELECTION OF CLINE DESIGN ASSOCIATES, PA FOR EDGEMONT ELMS PROJECT

WHEREAS, Development Ventures Incorporated, on behalf of Edgemont Elms Housing, Inc., is managing a project to complete a major rehabilitation of the Edgemont Elms property; and

WHEREAS, the services of a qualified architectural and engineering firm are required; and

WHEREAS, the Housing Authority of the City of Durham completed a procurement for qualified architectural and engineering firms for several projects to be completed by the Housing Authority of the City of Durham or its affiliates, including Development Ventures Incorporated and Edgemont Elms Housing, Inc.; and

WHEREAS, the procurement specifically included services required for the Edgemont Elms project; and

WHEREAS, the Housing Authority of the City of Durham entered into negotiations with the next most qualified firm, Cline Design Associates, PA, in the pool of firms that was created as part of the procurement; and

WHEREAS, the negotiations resulted in an agreement that is acceptable to both parties.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Development Ventures Incorporated finds as follows:

1. That Cline Design Associates, PA, is selected as the architectural and engineering firm for the provision of services for the Edgemont Elms project;
2. That staff is hereby directed to negotiate an agreement and all other documents for the provision of architectural and engineering services;
3. That, consistent with 24 CFR 85.36(b)(9) Procurement Standards, Development Ventures Incorporated maintains records sufficient to detail the significant history of the procurement, including the basis for the selection and contract prices;
4. That the Chief Executive Officer is hereby directed to execute all agreements or other documents necessary to effectively award this contract;
5. That this action is only effective upon receipt of approval from the U.S. Department of Housing and Urban Development;
6. This Resolution shall take effect immediately.

Done this 23rd day of June 2010.

George Quick moved that the foregoing resolution be adopted as introduced and read, which motion was seconded by John Ramsey and unanimously carried by the board. The "Ayes" and "Nays" were as follows:

AYES

David J. Haley
Thomas M. Niemann

NAYS

None

George K. Quick
 John S. Ramsey
 Isaac A. Robinson

The chairman thereupon declared said motion carried and said resolution adopted.

ACTION 3 – Board to Consider and Approve Resolution Approving Application for Continuum of Care Funding

After review, discussion and consideration, the chairman introduced the following resolution:

RESOLUTION NO. 155

RESOLUTION CONSIDERING AND APPROVING APPLICATION FOR CONTINUUM OF CARE FUNDING

WHEREAS, the Durham City/County Continuum of Care provides funding to develop permanent supportive housing for homeless families; and

WHEREAS, Development Ventures Incorporated desires to apply for the Durham City/County Continuum of Care funds to develop housing for homeless families in Durham, North Carolina; and

WHEREAS, the multi-family rental units will be located at 110, 111 and 113 North Goley Street; 1502 Morning Glory Avenue; and 1501 and 1503 East Main Street in Durham, North Carolina, all of which the parcels will be recombined at a later date, as required; and

WHEREAS, upon completion, this phase will include up to six (6) rental units, of which one hundred percent (100%) of the units will serve as public housing replacement units; and

WHEREAS, it is now appropriate for approval and authorization to apply for the Durham City/County Continuum of Care funding.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Development Ventures Incorporated as follows:

1. That an application for the Durham City/County Continuum of Care funding is in all respects authorized and approved.
2. That the President, Vice-President and/or Chairman are hereby authorized, empowered and directed, on behalf of DVI, to take such actions and to execute such documents and instruments as required by federal, state and local laws and regulations and the United States Department of Housing and Urban Development, and take any and all reasonable steps as they deem necessary or

appropriate in connection with the matters described in this Resolution, and the signature of such President, Vice-President and/or Chairman on any documents or instrument or the performance of any such actions shall be conclusive evidence of such President's, Vice-President's and/or Chairman's authority to take such actions or execute such documents or instrument on behalf of DVI.

3. That any and all acts heretofore taken by the President, Vice-President and/or Chairman of DVI in connection with the matters authorized by this Resolution are hereby ratified, confirmed, adopted and approved by DVI, including any and all acts taken prior to the passage of this Resolution.
4. That all motions, orders, resolutions and parts thereof in conflict with this Resolution are hereby repealed and superseded, and all other acts of DVI that are in conformity with the purposes and intent of this Resolution are hereby ratified, confirmed and approved.
5. This Resolution shall take effect immediately.

Done this 23rd day of June 2010.

John Ramsey moved that the foregoing resolution be adopted as introduced and read, which motion was seconded by Isaac Robinson and unanimously carried by the board. The "Ayes" and "Nays" were as follows:

AYES

David J. Haley
 Thomas M. Niemann
 George K. Quick
 John S. Ramsey
 Isaac A. Robinson

NAYS

None

The chairman thereupon declared said motion carried and said resolution adopted.

ACTION 4 – Board to Consider and Approve Resolution Approving the Amended Purchase Price of Woodridge Commons Apartments

In lieu of a resolution a discussion was held. Shannon McLean distributed to members of the Board the following documents:

- 1) Woodridge Commons Sale to Robert L. Schmitz
- 2) Thayer Construction, Inc. Replacement Vinyl Siding and Trim

Shannon McLean said, "The letter from Jim Scofield, dated June 22, 2010, shows the appraised and sales approach value and tax value of the Woodridge Commons property and how the agency got to where it is today. The 2009 sales approach appraised value is

\$1.2 million, the 2010 tax value is \$1.4 million, the estimated market value per the broker is \$922,596, the property was listed at \$995,000, the first offer by the potential buyer was \$850,000, DVI submitted a counter-offer of \$900,000, and the potential buyer submitted a counter-offer to the agency's counter-offer in which it agreed upon in the amount of \$887,000. At the May meeting, the Board approved the Purchase Agreement for the sale of Woodridge Commons in which it also allowed for the potential buyer to complete its due diligence process. As part of their due diligence process, the agency's real estate broker informed the administration that there was exterior wood damage to the property. Originally, the administration thought that this was a termite infestation issue; however, the broker made me aware today that it was not actually a termite infestation issue it was just basically due to deteriorated wood on the exterior of the property. As a result of that, our broker, Apartment REP, had a third party entity to complete cost estimates for replacement of the siding. The current siding is wood, and the estimates, the information that you have, is for replacement of vinyl siding as opposed to wood. The estimate from Thayer Construction, Inc. (see attachment) is the cost estimate that the agency's real estate broker completed and information from the potential buyer. The potential buyer estimated that the exterior siding repairs would be \$5,000; however, they received vinyl siding replacement estimates between \$69,000 and over \$95,000. As a result of these estimates the potential buyer is asking that the purchase price be reduced to \$823,000. The information provided to the Board shows where the agency is in terms of the sales approach value. For example, with a reduced purchase price of \$823,000 that is approximately 68% of the sale approach value of the \$1.2 million; \$823,000 is also 57% of the tax value of \$1.4 million, and is also 89% of the estimated market value in which the broker prepared of \$922,596. The potential buyer is asking that the agency amend its offer to \$823,000."

Ms. McLean did not have the adjusted offer amount but the original offer per unit was approximately \$23,000-\$24,000; and the adjustment is \$64,000. Mr. Scofield said the original offer was approximately \$23,368 per unit, and the final sales price is \$23,342.

Mr. Scofield, lead broker in the sale of Woodridge Commons said, "During the May meeting he presented to the Board a deal that he said was too good to be true and I still believe it is too good to be true. The Board approved an \$887,000 sale price to Bob Schmitz who is an established real estate investor in the Durham market place who specializes in what he calls "workforce housing or lower income housing" in this market by providing a very clean, safe and functional housing for residents who are not able to rent in nicer market rate communities. Mr. Schmitz negotiated an offer that was not contingent upon financing and was a very quick close. He was offering only a 25-day due diligence period principally based on his inspection of the property which was to include a termite inspection of the property in addition to his unit-by-unit inspection of all the units to just make sure that he was not biting off an extraordinary repair problem with the property. He quickly started his inspection 10-days after the Board approved the sale. When Mr. Schmitz got out to the property he discovered that the four wood sided 2-bedroom buildings had far more extensive deterioration of the wood siding than he could have ever expected. The siding is the key issue. Because the damage to the siding was so bad Mr. Schmitz called off the terminate inspector – it was not necessary. Clearly there

was termite damage underneath the siding, but the overall siding was the problem. Mr. Schmitz had budgeted \$5,000 in his initial assessment of the property just based on a walk thru of the property for a power wash of the exterior, a repaint, and some siding repair; but once he really got into it he saw that there was quite extensive siding. I participated in the walk-thru with Mr. Schmitz and agree that the siding is rotten from top to bottom on each of those buildings. In fact it is so extensive that it does not make economic sense to cut out sections of the wood siding which is T-111 and then replace it with new siding. That would be far more expensive and it would not look very nice as well. The most economic alternative is to replace it with wood siding. Mr. Schmitz is requesting a \$64,000 price reduction to accomplish that work. I am pleased that he only requested that amount because there could be thousands of dollars more underneath that you can see in the photographs. Some of the window frames are rotted out. He could have asked for a lot more but he only asked for that amount so that is why we have recommended approval.”

Mr. Quick said, “If we were to agree to this is this the end of it? The inspections are over and whatever he finds after this or does not find he has bought it?”

Mr. Scofield said, “Absolutely.”

Mr. Ramsey asked, “Was our staff aware of the condition?”

Ms. McLean said, “I am not sure to that extent. I do know that a Physical Needs Assessment was completed of the property in 2006 and I do believe that was one of the items noted in the Physical Needs Assessment.”

Tom asked, “When was this property built? Do we know?”

Ms. McLean said, “I believe in 1982. It seems like it was done in two phases – one was prior to 1982 and then there were additional buildings built in 1982.”

The CEO said, “Four of the buildings are frame construction and three of them are brick.”

Mr. Scofield said, “That’s correct. And incidentally, the brick buildings also have a small amount of wood siding and then the eaves on the roofs are wood and may suffer from the same deterioration that the wood buildings are but not to the same extent.”

Mr. Niemann said, “We ended up buying this property because we were encouraged, I believe, by the HUD office to do that. So, we didn’t develop it. We’ve owned it for, you know how long?”

Mr. Scofield said, “Since 1996. It was a HUD foreclosure and the agency picked it up in 1996.”

Tom asked, “Was it a tax credit project prior to that or do you know the history?”

Mr. Scofield said, "I don't know the exact history. It does look like it was a tax credit property and the Deed that was picked up with it at least implemented the tax credits."

Ms. McLean said, "At one point I believe it was project-based Section 8 in that property."

Mr. Niemann said, "Ok, and then Jim you mentioned the buyer had the intention to create work force housing. He is not committing to us nor are we requiring anything after we sell it."

Mr. Scofield said, "No when I say work force housing what I am saying is he is not a luxury apartment owner he is a fellow who specializes in what I would call "blue collar" properties where regular people who don't make a lot of money have a safe clean place to live. He is going to retain all of the existing tenants, but one of the conditions of the transaction as well is that the Deed restrictions that are on there right now not remain on there so that he does not have to continue to operate it as a low income property."

Tom said, "The Deed was lifted?"

Mr. Scofield said, "Right."

Mr. Ramsey asked, "Were we under any duty to reveal defects in this transaction?"

Mr. Scofield said. "The answer to the question is yes. Anything that we know about the property is to be revealed. In commercial transactions that standard is more of let the buyer beware. So, if we actually knew about things that were hidden we certainly would have to do that. If you go to the property and look at it it looks fine – it looks like it needs a lot of repair work but until you start looking at it in detail you don't discover the extent of the deterioration of the wood siding. We have not violated any obligation, in my opinion, to disclose this because it is clearly evident."

Tom said, "I think it was kind of our understanding that we were selling it as is so to speak. I can read your opinion, but if we, and I am not saying that we are going to do this, but if we just said hey a deal is a deal, what do you think the likelihood of him walking away is if we just kept our price or didn't fully come down to his number. Do you have an opinion on that?"

Mr. Scofield said, "Yes, we have been pushing back. Since the inspection we knew this was a problem and he immediately went to work to get his cost estimates. And just to make sure to keep him honest we went on our own and got a separate cost estimate and much to our relief it came in the same ballpark as his lowest cost estimate as well. We have been pushing back on this. In fact I had a conversation with Bob Schmitz as late as about 4 o'clock today talking about this and we actually said to him "you know you were planning on painting and repairing and so forth and now you are talking about new siding, and he said yes you are absolutely right. This is all extraordinary and I could ask for all of the stuff that I could discover above and beyond that – I'm not, I want the

property, and so this is why I think this is a fair choice. Our goal is to maximize your benefit. That's who we represent in this transaction. If I thought we could go to another buyer I know he would walk away if we don't do this amount and I believe that if we did that I would be coming back to you in 30 days and seeing if we could resurrect this deal, because notwithstanding the appraisal that you have which if you wanted to go in detail I could show you that that is a faulty appraisal. There are many mistakes made in that by the appraiser and notwithstanding our opinion the values as related in our last meeting the operating history of this property will make it impossible to finance with any type of reasonable financing. This is an all cash transaction that does not have a financing contingency and I honestly believe that the best purchase offers that we would get after this would be somewhere in the \$600,000 to \$650,000 range because of where the market is in terms of its rents, the 20 tenants that are in place right now, what their rents are, and the work that is required to the property."

After review, discussion and consideration, John Ramsey made a motion to hold the item and have further discussion in closed session related to a real estate matter, which motion was seconded by Isaac Robinson and unanimously carried by the Board.

Isaac Robinson made a motion to recess the DVI meeting, which motion was seconded by David Haley and unanimously carried by the Board.

John Ramsey then made a motion to reconvene the DVI meeting, which motion was seconded by Isaac Robinson and unanimously carried by the Board.

Tom Niemann said no action was taken in closed session. He said the Board is back to agenda item #4 – Board to Consider and Approve Resolution Approving the Amended Purchase Price of Woodridge Commons Apartments.

George Quick made a motion that agenda item #4 is pulled from the agenda and that management be instructed to obtain additional information, to call a special meeting on or before July 9, 2010, to go over its final recommendation, which motion was seconded by Isaac Robinson and unanimously carried by the Board.

George Quick also made a motion to instruct management to offer an extension of a closing date no later than August 2, which motion was seconded by Isaac Robinson and unanimously carried by the Board.

There being no further business before the meeting, it was on motion duly made and seconded adjourned at 8:20 p.m.

Chairman

ATTEST:

(SEAL)

Secretary

MINUTES OF SPECIAL MEETING
DEVELOPMENT VENTURES INCORPORATED
330 EAST MAIN STREET
DURHAM, NORTH CAROLINA
JULY 7, 2010

PURPOSE: To Discuss Matters Related to Woodridge Commons

AGENDA ITEM I

Call to Order

The special meeting was called to order by the Chairman, Thomas M. Niemann, at 12:30 p.m.

Present:

David J. Haley
George K. Quick
Isaac A. Robinson

Absent:

Barbara F. Lofton
John S. Ramsey

Staff Present:

Brenda Edwards
Shannon McLean
Dallas J. Parks

Also Present:

Brandon Coleman, The Banks Law Firm
Benjamin Karb, The Banks Law Firm
Eric Pristell, The Banks Law Firm

A quorum was present, and due notice had been published.

Commissioner Robinson made a motion to go into closed session to seek legal advice in connection with a contract, which motion was seconded by Commissioner Quick and unanimously carried by the Board.

Commissioner Robinson made a motion to come out of closed session and reconvene the special meeting, which motion was seconded by Commissioner Haley and unanimously carried by the Board.

The chairman said no action was taken in closed session.

There being no further business before the meeting, it was on motion duly made and seconded adjourned at 2:15 p.m.

Chairman

ATTEST:

(SEAL)

Secretary