DEVELOPMENT VENTURES INCORPORATED

AGENDA AND MINUTES

FOR

REGULAR MEETING OF THE BOARD OF DIRECTORS

January 25, 2017

Thomas M. Niemann
Chair

Anthony Scott
President
DEVELOPMENT VENTURES INCORPORATED

MEMORANDUM

TO: Board of Directors
FROM: Thomas M. Niemann, Chair
SUBJECT: Regular Meeting Held January 25, 2017
DATE: January 20, 2017

OFFICERS: Chair – Thomas M. Niemann; President – Anthony Scott; Vice President – Larry D. Yon, II; Secretary/Treasurer – Anthony Scott

The Board of Directors of Development Ventures Incorporated will be holding its regular meeting on Wednesday, January 25, 2017, immediately following the regular meeting of the Board of Commissioners of the Housing Authority of the City of Durham. The meeting will be held in the Board Room of the Central Office Building, 330 East Main Street, Durham, North Carolina.

AGENDA

I. Call to Order

II. Public Hearing(s)
   • General Comments from the Public

III. Changes to the Agenda

IV. General Business Action Item(s)
   1. Approval of Minutes – Special Meeting Held January 3, 2017
   2. Approval of Minutes – Regular Meeting Held December 21, 2016

V. Information Items

VI. Consent Agenda Action Item(s)

VII. New Business

VIII. Closed Session

IX. Adjournment
Changes to the Agenda
There was none.

AGENDA ITEM IV
General Business Action Items
There was none.

AGENDA ITEM VI
Consent Agenda Action (Items)

ACTION 1:

RESOLUTION NO. 3476

RESOLUTION APPROVING FY2017 BUDGET FOR DEVELOPMENT VENTURES INCORPORATED

WHEREAS, a proposed annual budget for Development Ventures Incorporated for the fiscal year beginning January 1, 2017 and ending December 31, 2017 was presented before the members of the Board of Commissioners of the Housing Authority of the City of Durham at its public meeting held on December 21, 2016; and

WHEREAS, the proposed annual budget reflects total operating revenues and operating expenses as presented in the Operating Budget document for the year ending December 31, 2017; and

WHEREAS, the proposed revenues are estimated to be available during the fiscal year to fund the proposed expenditures.

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

1. That the budget as presented is approved for the fiscal year ending December 31, 2017;

2. That the Chief Executive Officer or his designee may authorize the transfer of line item appropriations between activities, objects and line items within the budget;

3. That any change in the budgeted expenditures or revenues which serves to change the overall budget amount may be made only by the Board of Directors;

4. That any operating funds encumbered as of December 31, 2016, or otherwise designated, are hereby re-appropriated for the fiscal year ending December 31, 2017;

5. That this resolution shall take effect January 4, 2017.
Done this 3rd day of January 2017.

Motion: Chair Hudgins; Seconded: Commissioner Nottingham; Approved: Unanimously

ACTION 2:

RESOLUTION NO. 3477

RESOLUTION APPROVING FY2017 BUDGET FOR PREISS-STEELE PLACE, LLC

WHEREAS, a proposed annual budget for Priess-Steele Place, LLC for the fiscal year beginning January 1, 2017 and ending December 31, 2017 was presented before the members of the Board of Commissioners of the Housing Authority of the City of Durham at its public meeting held on December 16, 2016; and

WHEREAS, the proposed annual budget reflects total operating revenues and operating expenses as presented in the Operating Budget document for the year ending December 31, 2017; and

WHEREAS, the proposed revenues are estimated to be available during the fiscal year to fund the proposed expenditures.

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

1. That the budget as presented is approved for the fiscal year ending December 31, 2017;

2. That the Chief Executive Officer or his designee may authorize the transfer of line item appropriations between activities, objects and line items within the budget;

3. That any change in the budgeted expenditures or revenues which serves to change the overall budget amount may be made only by the Board of Directors;

4. That any operating funds encumbered as of December 31, 2016, or otherwise designated, are hereby re-appropriated for the fiscal year ending December 31, 2017;

5. That this resolution shall take effect January 4, 2017.

Done this 3rd day of January 2017.
Motion: Chair Hudgins; Seconded: Commissioner Nottingham; Approved: Unanimously

AGENDA ITEM VIII
Closed Session
None

AGENDA ITEM IX
Adjournment

Motion: Commissioner Glenn; Seconded: Commissioner Nottingham; Approved: Unanimously

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Chair

(SEAL)

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Secretary
MINUTES OF REGULAR MEETING
DEVELOPMENT VENTURES INCORPORATED
330 EAST MAIN STREET
DURHAM, NORTH CAROLINA
December 21, 2016

AGENDA ITEM I
Call to Order

The regular meeting was called to order by the Chair, Thomas Niemann.

Present:
Thomas M. Niemann, Chair
Larry D. Yon, II
Robert “Bo” Glenn
Daniel C. Hudgins
Barbara F. Lofton
Gloria M. Nottingham
George K. Quick
Steve Schewel

Absent: None

Staff Present:
Anthony Scott, CEO
Jonathan Blum
Elvert Dorsey
Charles Lyon
Sabrina Sinegal
Denita Johnson
Pamela Davis
Zelda Everson

Also Present:
Eric Pristell, Attorney, The Banks Law Firm
Ted Edwards, Attorney, The Banks Law Firm
Danielle Barbour Wilson, Attorney, The Banks Law Firm

AGENDA ITEM II
Public Hearing(s)
• General Comments from the Public

There was none.
AGENDA ITEM III
Changes to the Agenda
There was none.

AGENDA ITEM IV
General Business Action Item(s)
ACTION I – Approval of the Minutes – Regular Meeting Held November 16, 2016.
Minutes were not available for approval at meeting.

AGENDA ITEM V
Information Items
There was none.

AGENDA ITEM VI
Consent Agenda Action Item(s)
Request was made to approve a Continuing Resolution budget for the first three days of January 2017 because proper Public Notice had not been timely filed for the board to vote. A special meeting will be held on January 3, 2017 to vote on DHA’s FY Budget 2017.

ACTION I:

RESOLUTION NO. 3464

DEVELOPMENT VENTURES INCORPORATED

A CONTINUING RESOLUTION TO AUTHORIZE EXPENDITURES FOR DEVELOPMENT VENTURES INCORPORATED UNTIL THE ADOPTION OF ITS FY 2017 BUDGET

WHEREAS, Development Ventures Incorporated (“DVI”) is a North Carolina non-profit corporation and an instrumentality of the Housing Authority of the City of Durham (“DHA”);

WHEREAS, the Local Government Budget and Fiscal Control Act (North Carolina General Statutes 159-42(c)) requires DHA to operate under an annual budget;

WHEREAS, Section 11(D) of the Consolidated Annual Contributions Contract, between DHA and the United States Department of Housing and Urban Development, dated August 1, 2003 (the “ACC”), prohibits DHA from incurring any operating expenses except pursuant to an approved operating budget;
WHEREAS, DHA’s (including DVI’s) fiscal year 2017 operating budget (“FY 2017 Operating Budget”) will not be adopted prior to the beginning of the 2017 fiscal year on January 1, 2017.

NOW THEREFORE, BE IT RESOLVED by DVI, through its Board of Directors, that DVI hereby adopts a continuing resolution whereby DVI is authorized to pay all ordinary, necessary and proper obligations of DVI, including but not limited to employee payroll, which are of the nature and at the level appropriated in the DVI fiscal year 2016 approved budget, until such time as the FY 2017 Operating Budget has been properly adopted by DVI.

Effective this the 21st day of December, 2016.

- Mr. Quick engaged a discussion to provide clarity about the terms of the M&F Bank deal and the offered collateral from DHA. Mr. Scott stated M&F Bank was unclear about what DHA could offer as asset collateral. Mr. Glenn’s concerns were if M&F Bank could foreclose on the public housing units/developments offered as collateral. Mr. Pristell indicated DHA’s proposal had preventive carve-outs and advised DHA would need HUD’s approval before it could close on the M&F deal.

Motion: Commissioner Quick; Seconded: Commissioner Nottingham; Approved: Unanimously

Chairman motioned to adjourn for a recess.

RESOLUTION NO. 3465

DEVELOPMENT VENTURES INCORPORATED

RESOLUTION AUTHORIZING MECHANICS AND FARMERS BANK LINE OF CREDIT

WHEREAS, Development Ventures Incorporated (“DVI”) is a North Carolina non-profit corporation and an instrumentality of the Housing Authority of the City of Durham (“DHA”);

WHEREAS, DVI’s mission is to provide affordable housing to low and moderate income persons in Durham County, North Carolina;

WHEREAS, DVI is fulfilling its mission by engaging in various real estate development activities including but not limited to the acquisition, improvement and renovation of real property;
WHEREAS, DVI desires to secure private financing to further its mission;

WHEREAS, in order to assist DVI in furthering its mission, Mechanics and Farmers Bank has agreed to loan DVI, through a secured revolving line of credit, an amount of up to the lesser of $750,000 or 80% of the appraised market value of Edgemont Elms Apartments, located at 301 South Elms Street, Durham, North Carolina;

WHEREAS, the loan is proposed to be secured by Edgemont Elms Apartments and other pledged collateral;

WHEREAS, Edgemont Elms Apartments is owned by Edgemont Elms Housing, Inc., a North Carolina non-profit corporation and instrumentality of DHA; and

WHEREAS, the terms of the proposed Mechanics and Farmers Bank loan are specifically described in Exhibit A, attached hereto and incorporated into this resolution by reference (the “Mechanics and Farmers Loan”).

NOW THEREFORE, BE IT RESOLVED BY DVI, THROUGH ITS BOARD OF DIRECTORS, AS FOLLOWS:

1. That the Mechanics and Farmers Loan is hereby approved and authorized.

2. That the Chairman and President (including his designees, if any) are hereby authorized, empowered and directed to do any and all other acts, and to execute, approve and deliver any and all documents, not inconsistent with this resolution which they, in their discretion, deem necessary or appropriate in order to consummate the transaction contemplated by this resolution, including, without limitation, the full execution of all documents to close the Mechanics and Farmers Loan.

3. That all motions, orders, resolutions and parts thereof in conflict with this resolution are hereby repealed and all other acts of the Chairman and President (including his designees, if any) that are in conformity with the purposes and intent of this resolution are hereby ratified, confirmed and approved.

Effective this the 21st day of December, 2016.

Motion: Commissioner Yon, II; Seconded: Commissioner Lofton; Approved: Unanimously

RESOLUTION NO. 3466
PREISS-STEELE PLACE, LLC

A CONTINUING RESOLUTION TO AUTHORIZE EXPENDITURES FOR
PREISS-STELLE PLACE, LLC UNTIL THE ADOPTION OF ITS
FY 2017 BUDGET

WHEREAS, Preiss-Steele Place, LLC ("PSP, LLC") is a North Carolina limited
liability company and affiliate of Development Ventures Incorporated ("DVI"), a non-
profit corporation and an instrumentality of the Housing Authority of the City of Durham
("DHA");

WHEREAS, DVI is the managing member of PSP, LLC;

WHEREAS, the Local Government Budget and Fiscal Control Act (North
Carolina General Statutes 159-42(c)) requires DHA to operate under an annual budget;

WHEREAS, Section 11(D) of the Consolidated Annual Contributions Contract,
between DHA and the United States Department of Housing and Urban Development,
dated August 1, 2003 (the "ACC"), prohibits DHA from incurring any operating expenses
except pursuant to an approved operating budget;

WHEREAS, DHA’s (including DVI’s and PSP’s LLC’s) fiscal year 2017
operating budget ("FY 2017 Operating Budget") will not be adopted prior to the beginning

NOW THEREFORE, BE IT RESOLVED by DVI, through its Board of
Directors, on behalf of PSP, LLC, that DVI hereby adopts a continuing resolution whereby
PSP, LLC is authorized to pay all ordinary, necessary and proper obligations of PSP, LLC,
including but not limited to employee payroll, which are of the nature and at the level
appropriated in the PSP, LLC fiscal year 2016 approved budget, until such time as the FY
2017 Operating Budget has been properly adopted by DVI on behalf of PSP, LLC.

Effective this the 21st day of December, 2016.

Motion: Commissioner Glenn; Seconded: Commissioner Quick; Approved:
Unanimously

AGENDA ITEM VII
New Business
There was none.

AGENDA ITEM VIII
Closed Session
There was none.

**AGENDA ITEM IX**

Adjournment

There being no further business before the meeting, it was unanimously approved to adjourn.

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Chair

ATTEST:

(SEAL)

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Secretary