

# **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

	<u>Page(s)</u>
I. Call to Order	
II. Public Hearing(s) <ul style="list-style-type: none"><li>● General Comments from the Public</li></ul>	
III. Changes to the Agenda	
IV. General Business Action Item(s) <ul style="list-style-type: none"><li>1. Approval of Minutes – Special Meeting Held January 3, 2017</li><li>2. Approval of Minutes – Regular Meeting Held December 21, 2016</li></ul>	3 – 6 7 – 11
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 3<sup>rd</sup> 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 3<sup>RD</sup> 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 1** – 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 1:**

**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 21<sup>st</sup> 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 21<sup>st</sup> 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 of the 2017 fiscal year on January 1, 2017.

**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 21<sup>st</sup> 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