MINUTES OF THE REGULAR BOARD MEETING
HOUSING AUTHORITY OF THE CITY OF DURHAM
Durham Housing Authority
330 E. Main Street Durham, North Carolina 27701
October 26, 2017

AGENDA ITEM I
Call to Order

Present:
  Thomas M. Niemann
  Daniel C. Hudgins
  Gloria M. Nottingham
  Barbara F. Lofton
  Steve Schewel, City Council Liaison

Conference In:
  Larry Yon, II

Absent:
  George K. Quick
  Robert “Bo” Glenn

Staff Present:
  Anthony Scott, CEO
  Barbara Newman
  Sahrina Sinegal
  Meredith Daye
  Elvert Dorsey
  Lorraine Erhumwunsee
  Keishma James
  Doris Jackson

Also Present:
  Eric Pristell, Attorney, The Banks Law Firm

The meeting was called to order by the Chair, Daniel C. Hudgins at 5:32 p.m.
A quorum was present and the Regular Meeting was called into session.

AGENDA ITEM II – GENERAL COMMENTS FROM THE PUBLIC

Mr. Allen Botnick, a resident of the Housing Choice Voucher Program, requested to speak before the board regarding his problems with the program. Mr. Botnick had previously sent his questions in advance and confirmed with the Board that they had received them. Mr. Botnick said after he did a housing search, he contacted 58 private apartment complexes and found two (2) that accepted housing vouchers. He said there is rapid discrimination against Section 8 participants. Also, he stated that “the program is a complete failure with the exception of either roach motels that are substandard and do not have dishwashers or tax credit properties.”
He addressed the following concerns: (1) Landlords are afraid of the manner in which tenants treat their property and are high risk. He suggested a volunteer insurance program that would cover a certain amount of damages. He asked if this has ever been researched or investigated and if DHA had found any other reasons on why the landlords are not accepting vouchers. (2) The payments are 10% lower. However, with the market down 10% this should not be that big of an issue. (3) Temporary housing. He was given a 30 day notice which is not enough time to do a complete search and get into a new place. He inquired if Section 8 funds can be used for temporary housing or if the Housing Authority could provide temporary housing units. Mr. Botnick also recommended that when people have temporary housing expenses or moving expenses that the Housing Authority could deduct these expenses from their income for the next year.

Chairman Hudgins asked the CEO, Anthony Scott, to address Mr. Botnick’s concerns.

Mr. Scott thanked Mr. Botnick for coming before the Board with solutions. Mr. Scott emphasized that Durham Housing Authority (DHA) is federally funded and not through the City. DHA is under federal regulations and some of the things that were proposed would be against these regulations. For example, providing funding for moving expenses is against federal regulations. DHA’s funding goes directly to providing residence assistance. Mr. Scott stated that DHA has been involved in a program called “Unlocking Doors” for over a year. This is an effort to get more landlords to participate in the voucher program, particularly those coming from homeless situations and they are currently pursuing a security deposit pilot program much like he described. A lot of effort is being made to make changes to make our program more efficient and more attractive for landlords. One of the nice things we have been involved with in the last year or so is that we are actually using landlords to spread the word about how good the program is and how well it works. As for rents, the rates are actually set at the highest level by HUD, the federal government. These are the rents we have to adhere to.

Mr. Botnick asked, “What was the maximum amount that DHA would pay out for insurance.” Mr. Scott responded that the program is still being developed. This is not something that DHA is actually doing, we are a partner with an organization called Community Empowerment Fund.

Mr. Botnick also advised that he contacted City Council about a regulation that in the City, landlords would be required to accept Section 8 payments because that is within their authority to do. He said if some type of insurance program was established it would go a long way towards ending discrimination. Although from their point of view, they have a right to not have people doing careless things – gross negligence. Mr. Botnick asked if a tenant caused gross negligence if they were kicked off the program.
- Commissioner Hudgins responded that we are not involved in those kinds of issues. The landlord makes the decision whether to accept the tenant or not.

- Commissioner Barbara Nottingham added that she was a Housing Choice Voucher participant. She said there was previously a shortage of one bedroom apartments. Also, there are nice apartments all over Durham. She mentioned newer apartments that accept Housing Choice Vouchers such as Southside and Magnolia Point.

- Mr. Botnick mentioned that he believed the housing authority should have a “black list.” The landlords want to see a black list for gross negligence. They want to know they don’t have to deal with them as a tenant.

- The Chair thanked Mr. Botnick for his time and advised he could meet with staff for any additional questions.

AGENDA ITEM III -- CHANGES TO THE AGENDA

- Three resolutions were added.
  ♦ #1 Resolution commending Barbara Fletcher Lofton -- an outgoing board member who had served her full term of ten (10) years and was not eligible to serve any more.
  ♦ #7 Resolution authorizing Morreene Road transaction
  ♦ #8 Resolution authorizing the issuance and sale of multifamily housing revenue bonds for Morreene Road.

AGENDA ITEM IV -- BOARD ACTION

Approval of the Minutes of the Board of Commissioners’ Regular Meeting held on September 27, 2017

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

AGENDA ITEM V -- PRESENTATIONS

- There were none

AGENDA ITEM VI -- CHIEF EXECUTIVE OFFICER’S BUSINESS REPORTS

In addition to Mr. Scott’s Executive Summary included in the meeting material, he had nothing else to add.

VII. GENERAL BUSINESS ACTION ITEMS (COMMITTEE REPORTS)

Chairman Hudgins stated that this is for the purpose of receiving and approving reports from the four (4) standing committees. The information from these committees were also included in the previously distributed board package. The reports were as follows:

Development Committee Report (Chair by Commissioner Thomas Niemann)

- The minutes from the September 14, 2017 meeting were submitted for acceptance.

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

- The “draft” October 12, 2017 minutes were submitted for review until the November meeting. A correction to the October minutes was requested to add Commissioner Hudgins as being in attendance.
• Commissioner Niemann made an inquiry about the Self-Help Construction Loan Modification. He asked for confirmation of the statement and received it that "the loan maturity date is November 1, 2017 and November 30, 2017 with NCHFA and the permanent loan is $600,000" which was used to pay off the construction loan.

• Commissioner Niemann asked for confirmation of the firm commitment for Damar. Director of Development, Ms. Meredith Daye, provided an update to the October 12th minutes. Ms. Daye advised that they did not discuss Mooreene Road because at the time we did not have the confirm commitment. However, the firm commitment was received October 18th. They are working with their financial partners to move the transaction forward by rate locking as soon as possible with an effort to get this closed by December 30, 2017. Ms. Daye confirmed that it is a 60 day rate lock. She has to provide the rate lock date for Damar Court.

• Miracle League Discussion: Mr. Anthony Scott advised that he did meet with the Miracle League along with counsel. We are waiting to hear back from them. DHA did make it clear that 20 years was not going to be an option but did come to term with a 10 year, 5 year automatic extension and 5 years at our option.

Finance Committee Report (Chaired by Commissioner George Quick was not present)

Commissioner Hudgins advised he did attend the Finance Committee meeting and would recommend approval of the August 16, 2017 minutes.

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

Operations Committee Report (Chaired by Commissioner Bo Glenn was not present)

The minutes from the September 21, 2017 meeting were submitted for acceptance. A motion was made to accept the minutes.

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

Resident Committee Report (Chaired by Commissioner Gloria Nottingham)

Commissioner Nottingham advised that the minutes from the September 14, 2017 had been corrected and she recommended approval.

Motion: Commissioner Lofton Seconded: Commissioner Niemann; Approved: Unanimously

AGENDA ITEM VIII – RESOLUTIONS FOR APPROVAL

The Chair, Daniel Hudgins, introduced the following eight (8) resolutions:

RESOLUTION NO. 3507

RESOLUTION COMMENDING BARBARA FLETCHER LOFTON FOR EXEMPLARY SERVICE RENDERED AS A COMMISSIONER OF THE HOUSING AUTHORITY OF THE CITY OF DURHAM

Commissioner Hudgins read into record the entire Resolution No. 3507 as follows:

WHEREAS, Barbara Fletcher Lofton served the City of Durham as a member of the Board of Commissioners of the Durham Housing Authority from December 17, 2007 to November 5, 2017; and
WHEREAS, the Commissioners, staff and residents of the Housing Authority of the City of Durham, North Carolina, recall with appreciativeness the commendable service rendered by this dedicated individual during her tenure as Commissioner; and

WHEREAS, Barbara Fletcher Lofton especially showed sincere concern about the well-being of public housing residents and participants of the Housing Authority’s assisted housing programs; and

WHEREAS, it is a privilege to officially recognize the outstanding service rendered by Barbara Fletcher Lofton to the citizens of this community and express the profound gratitude of this organization for this service.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Housing Authority of the City of Durham, North Carolina, recognizes with appreciation, the outstanding service rendered by Barbara Fletcher Lofton as a Commissioner of the Housing Authority of the City of Durham.

2. She has given freely of her time and abilities in the pursuit of the purposes of this organization, and her efforts were instrumental in bringing to fruition the mission of the Housing Authority to provide decent, safe and affordable housing for low-income families in this community.

3. The Housing Authority of the City of Durham, North Carolina, commends Barbara Fletcher Lofton for her dedicated and effective service, and hereby makes, as a matter of record, its official commendation for a job well done; and further, that her interests and desires, directed to the betterment of her fellowman, are recognized and applauded by Commissioners, staff and residents.

Done this 26th day of October 2017.

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

In addition, Commissioner Hudgins presented to Commissioner Lofton a plaque which read as follows:

Durham Housing Authority
Presented to
Barbara Fletcher Lofton
For
Exemplary Service and Commitment

While serving the City of Durham as a member of the Board of Commissioners of the Durham Housing Authority from December 17, 2007 to November 5, 2017;

The Durham Housing Authority’s Board of Commissioners appreciate your demonstration of sincere caring and commitment;

It is a privilege to officially recognize the outstanding service rendered by Barbara Fletcher Lofton to the citizens of this community. We express the profound gratitude of this organization for your service.

On This Day, October 26, 2017

DHA Board of Commissioners
There was a loud applause and Commissioner Lofton graciously accepted the award.

RESOLUTION NO. 3508

RESOLUTION AUTHORIZING THE WRITE-OFF OF CONVENTIONAL HOUSING COLLECTION LOSSES FOR THE PERIOD BEGINNING AUGUST 1, 2017 AND ENDING AUGUST 31, 2017

WHEREAS, the Housing Authority of the City of Durham has determined that it has exerted all efforts to collect monies owed from former residents; and

WHEREAS, the property management staff has notified each former resident of the amount owed; and

WHEREAS, the regulations of the U.S. Department of Housing and Urban Development require a housing authority to write off any and all monies owed that cannot be collected.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham approves the write-off of rents, utilities, repair charges, court costs and late fees owed as per the listing of delinquent accounts shown in the amount of $4,581.78 for the period beginning August 1, 2017 and Ending August 31, 2017.

This resolution shall take effect immediately.

Done this 26th Day of October, 2017.

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

RESOLUTION NO. 3509

RESOLUTION AUTHORIZING THE WRITE-OFF OF AFFORDABLE HOUSING COLLECTION LOSSES FOR THE PERIOD BEGINNING AUGUST 1, 2017 AND ENDING AUGUST 31, 2017

WHEREAS, the Housing Authority of the City of Durham has determined that it has exerted all efforts to collect monies owed from former residents; and

WHEREAS, the property management staff has notified each former resident of the amount owed; and

WHEREAS, the housing authority is required to write off any and all monies owed that cannot be collected.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham approves the write-off of rents, utilities, repair charges, court costs and late fees owed as per the listing of delinquent accounts shown in the amount of $1,803.60 combined total for the period beginning August 1, 2017 and Ending August 31, 2017.

This resolution shall take effect immediately.

Done this 26th Day of October, 2017

Motion: Commissioner Lofton Seconded: Commissioner Nottingham;
Approved: Unanimously
RESOLUTION NO. 3510

Discussion: Mr. Anthony Scott said these are additional changes to our Administrative Plan that were not included in the formal Administrative Plan that was approved last month.

Ms. Keishma James clarified the additional revisions to the plan. Ms. James said these claims were not included when the original plan was submitted in September. The first change is regarding DHA’s preference for victims of a federal declared natural disaster. What was in the original change was that applicants who meet this preference and are accepted on to the waiting list will be accepted whether or not the waiting list is currently opened or closed. In addition, those same applicants who meet this preference will have the opportunity to port out of DHA’s jurisdiction should they choose. Normally, DHA’s practice is for those who port out of Durham would have to be a Durham resident for at least one year before this is allowed. This would be an exception for those applicants who meets the natural disaster preference.

Mr. A. Scott pointed out that this was language that was recommended by HUD as an effort for housing authorities to deal with recent hurricanes that we are familiar.

Ms. Keishma James said the second change involved adding a bedbug infestation protocol to the current bedbug policy. This is more specific as to how DHA will operate and the obligations and the requirements of the landlords when it comes to a unit that is found to be infested with bedbugs.

Ms. James said the third change involved an enhancement to the first change. DHA added this to the natural disaster preference as well as their policy for allowable moves under portability.

There being no additional discussion, Chairman Hudgins introduced the following resolution:

RESOLUTION TO APPROVE ADDITIONAL REVISIONS TO THE ADMINISTRATIVE PLAN

WHEREAS, The Housing Authority of the City of Durham developed its existing Administrative Plan to comply with the U.S. Department of Housing and Urban Development regulations; and

WHEREAS, The Housing Authority of the City of Durham has developed policies and procedures to improve its financial operations, to protect its physical assets and enhance the quality of life of its residents; and

WHEREAS, The Housing Authority of the City of Durham revised its Administrative Plan, and the Summary of Changes is attached as Exhibit A; and
WHEREAS, these amendments aren’t considered “significant changes” to the Administrative Plan

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of The Housing Authority of the City of Durham approve the changes to the Administrative Plan.

Done this 26th day of October 2017.

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

RESOLUTION NO. 3511

Discussion: Mr. Anthony Scott said each year HUD establishes the payment standards for our Section 8 Program by bedroom size. The Housing Authority’s current payment standards are at 90% and we are looking to raise our payment standards to 100%. This would give the landlords a raise and keeps us more competitive to what is going on in the market. Also, Mr. Scott confirmed that the maximum is 110%. This also impacts the number of vouchers we can issue.

There being no additional discussion, Chairman Hudgins introduced the following resolution:

RESOLUTION APPROVING THE REVISION OF THE HOUSING CHOICE VOUCHER PROGRAM PAYMENT STANDARDS SCHEDULE

WHEREAS, the Housing Authority of the City of Durham established the current Voucher Payment Standards schedule January 1, 2015: and

WHEREAS, DHA has determined a revision necessary as an inducement to increase leasing and reduce participant rent burdens by increasing the payment standards for the Housing Choice Voucher Program, effective January 1, 2018; and

WHEREAS, the Housing Authority of the City of Durham is authorized to establish voucher Payment Standards no less than 90% of the published Fair Market Rents and no more than 110% of the published Fair Market Rents; and

WHEREAS, the proposed Payment Standards schedule is an increased up to 100% of the published Fair Market Rents for all bedroom sizes; and

WHEREAS, the staff of the Housing Authority of the City of Durham performed an analysis to determine a Payment Standard schedule that will aid in pursuing program goals.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham adopt the Payment Standards schedule for the Housing Choice Voucher Program as follows:

For 0-bedroom units, the rate will be $731.00;
For 1-bedroom units, the rate will be $847.00;
For 2-bedroom units, the rate will be $990.00;
For 3-bedroom units, the rate will be $1,356.00;
For 4-bedroom units, the rate will be $1,512.00;
For 5-bedroom units, the rate will be $1,739.00;
For 6-bedroom units, the rate will be $1,966.00.
The new rates will become effective January 1, 2018.

Done this 26th day of October 2017.

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

Withdrawn: Resolution Providing Approval to Housing Authority of the City of
Durham, the Miracle League of the Triangle, Inc. and Capitol Broadcasting Company,
Incorporated Proposed Partnership.

RESOLUTION NO. 3512

Discussion: Mr. Anthony Scott requested that Meredith Daye explain Resolutions
Number 3512 and Number 3513.

Ms. Daye said the first resolution (3512), is for the Morreene Road transaction to be
approved by the Housing Authority. It lays out the financing terms for the transaction as
well as discusses the conversion for the development to convert under the Rental
Assistance Demonstration Program (RAD) via the project based rental assistance route.
This transaction has been underway for a couple of years. DHA finally received a firm
commitment that we reported earlier. In order to move forward with the transaction, it
has to be formally approved by the Board.

Ms. Daye said the second resolution (3513) is that DHA will serve as the bond issuer for
the bonds that will finance a portion of the deal and the Board must approve the issuance
of those bonds by DHA.

Eric Pristell did not have anything to add.

Commissioner Hudgins said that he knew that Commissioner Glenn had asked the
question at the last meeting to ensure that this has been approved by HUD before we
move forward.

Ms. Daye responded that she did a follow-up with Commissioner Glenn following the
meeting about the Damar Court transaction. His question regarding the subsidy layering
review. Ms. Daye said she shared with Commissioner Glenn that the transaction is
reviewed on both sides RAD and FHA. Also, FHA is reviewing the transaction because a
FHA insured loan is a source in the transaction. In addition, on the RAD/HUD side, they
are doing their review. There are two (2) different financing packages that go in – one to
FHA and one to RAD for approval. All of the funding sources are vetted and approved
before the transaction can close.

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Eric Pristell, legal counsel, clarified what Commissioner Glenn question was at the September board meeting regarding the Damar Court transaction. Mr. Pristell stated that was "whether public housing funds were being pledged in connection with the transaction. The answer is "No, again. In the transaction documents you will see carve outs that specifically indicate that public housing funds are not being pledged in connection with the financing."

There was some mention about the project reserve funds being used as a source in the transactions. Mr. Pristell confirmed that the project reserves committed to the project are specific to that development.

Councilman Steve Schewel asked if we are where we want to be. Ms. Daye responded, affirmative and advised that DHA received an update last week for the Morreene Road transaction. She said DHA received a firm commitment on October 18th, and as far as Damar Court, we received a firm commitment back in September. Ms. Daye said the Damar Court transaction was rate locked. Also, DHA is moving very quickly to rate lock Morreene Road by the end of next week. The RAD and FHA packages for Damar Court have been submitted and have been accepted by the attorneys on both sides. DHA is working to expeditiously to submit both packages for Morreene Road.

Anthony Scott said by the end of the year, DHA will have closed on both Damar Court and Morreene Road.

There being no additional discussion, Chairman Hudgins introduced the following resolution:

**AUTHORIZATION OF MORREENE ROAD APARTMENTS TRANSACTION**

**WHEREAS**, Morreene Road, LLC, a North Carolina limited liability company (the “Owner”) wishes to rehabilitate the project known as Morreene Road Apartments that consists of two hundred twenty-four (224) low income housing tax credit (“LIHTC”) units on +/-21.723 acres of land located in Durham, Durham County, North Carolina (the “Project”); and

**WHEREAS**, DVI-MR, LLC, a North Carolina limited liability company (the “Owner’s Managing-Member”), is the managing-member of the Owner; RBC Tax Credit Equity, LLC, an Illinois limited liability company, will be the investor member (“Investor Member”) of the Owner, and RBC Tax Credit Manager II, Inc., a Delaware corporation, will be the special member (“Special Member”) of the Owner; and

**WHEREAS**, Development Ventures Incorporated (“DVI”), a North Carolina corporation and an instrumentality of the Housing Authority of the City of Durham (“DHA”), is the sole member and manager of the Owner’s Managing-Member; and

**WHEREAS**, DHA is the current owner of the land (the “Land”) and improvements (the “Improvements”) which comprise the Project; and

**WHEREAS**, DHA will lease the Land to the Owner, with lease payments to be made from the Project’s available cash flow according to the priority set forth in the Owner’s Amended and Restated Operating Agreement (the “Operating Agreement”); and
WHEREAS, DHA will sell the Improvements to the Owner for the amount up to Two Million Five Hundred Thousand and No/100 Dollars ($2,500,000.00) (the “Sales Price”); and

WHEREAS, the Sales Price will be treated as a purchase money loan (“Purchase Money Loan”) from DHA to the Owner with interest payments to be made from the Project’s available cash flow according to the priority set forth in the Operating Agreement; and

WHEREAS, in addition to the Purchase Money Loan, DHA will provide the following financing to the Project: (i) the issuance of short-term bonds in the amount up to Seven Million Nine Hundred Thousand and No/100 Dollars ($7,900,000.00) (the “Bonds”), with the Bond proceeds to be loaned to the Owner and repaid from permanent loan funds and/or the Investor Member’s capital contributions; (ii) a Reserve Funds loan in the amount up to Nine Hundred One Thousand and No/100 Dollars ($901,000.00), with interest payments to be made from the Project’s available cash flow according to the priority set forth in the Operating Agreement; and (iii) a Capital Funds loan in the amount up to One Million Eight Hundred Sixty-Six Thousand Six Hundred Sixty-Five and No/100 Dollars ($1,866,665.00); and

WHEREAS, in connection with the issuance of the Bonds, DHA will be required to approve an offering document and enter into a Bond Purchase Agreement with the underwriter of the Bonds, RBC Capital Markets, LLC, and other related documents; and

WHEREAS, in addition to the financing described above, the Project will also receive (i) a tax credit investment from the Investor Member based on a reservation of low income housing tax credits to the Project; (ii) a loan from Hunt Mortgage Capital, LLC in the amount up to Six Million Eight Hundred Thousand and No/100 Dollars ($6,800,000.00) which is insured under Section 221(d)(4) of the United States Department of Housing and Urban Development (“HUD”) Federal Housing Administration (“FHA”) mortgage insurance program; and

WHEREAS, all two hundred and twenty-four (224) dwelling units in the Project will be converted from public housing units to Project-Based Rental Assistance program units (“PBRA Units”) under the HUD Rental Assistance Demonstration (“RAD”) program (such conversion shall be referred to as the “RAD Conversion”); and

WHEREAS, DHA has entered into several lease agreements for the leasing of certain space at the Project for the placement and operations of a cell tower (the “Cell Tower Leases”); and

WHEREAS, upon request by FHA, DHA will convey the cell tower and the land on which the cell tower is located to the Owner and/or effectuate the assignment or transfer of DHA’s interest under the Cell Tower Leases to the Owner; and

WHEREAS, DVI will serve as developer of the Project; and

WHEREAS, DHA will serve as property manager of the Project; and

WHEREAS, the Owner has awarded/will award the contract for construction of the Project to KMW Builders, LLC (the “General Contractor”) in the amount up to Nine Million Six Hundred Forty-Four Thousand Six Hundred Seventy-Eight and No/100 Dollars ($9,644,678.00); and

WHEREAS, the projected permanent financing for the rehabilitation and development of the Project is attached as Exhibit A (the “Permanent Financing”); and

WHEREAS, the projected construction financing for the rehabilitation and development of the Project is attached as Exhibit B (the “Construction Financing”) (the Construction Financing and Permanent Financing shall collectively be referred to as the “Financing”); and
WHEREAS, to induce the Investor Member to invest in the Project, the Managing Member, DVI and/or DHA will provide certain guaranties (the “LIHTC Guaranties”) to the Investor Member, pursuant to the terms of certain guaranty documents to be executed by the Owner’s Managing Member, DVI and/or DHA; and

WHEREAS, the Owner may request the General Contractor to provide a construction guaranty (“Construction Guaranty”) to the Investor Member; and

WHEREAS, to induce the General Contractor to provide the Construction Guaranty, the Owner, DVI and/or DHA may be required to enter into certain reimbursement and indemnification documents (the “Indemnification Documents”) to be executed by the Owner, DVI and/or DHA for the benefit of the General Contractor; and

WHEREAS, DHA has determined that the Financing is in the best interest of DHA, and that it desires to enter into and execute and deliver any and all documents required to consummate the Financing; and

WHEREAS, DHA has determined that the LIHTC Guaranties, Construction Guaranty and Indemnification Documents are in the best interest of DHA, and it desires to enter into and execute and deliver any documents related to the LIHTC Guaranties, Construction Guaranty and Indemnification Documents; and

WHEREAS, DHA has determined that the RAD Conversion is in the best interest of DHA, and that it desires to enter into and execute and deliver any documents related to the RAD Conversion; and

WHEREAS, DHA has determined that the conveyance of the cell tower and the land on which the cell tower is located to the Owner and/or the assignment or transfer of DHA’s interest under the Cell Tower Leases to the Owner is in the best interest of DHA, and it desires to enter into and execute and deliver any documents related to the provision of such income from DHA to the Owner; and

WHEREAS, DHA desires to enter into and execute and deliver all documents necessary for the rehabilitation, development and operation of the Project; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of Durham, as follows:

1. The Financing is in all respects authorized and approved, and that all reasonable actions, in good faith, by DHA, are hereby confirmed and approved as being in the best interest of DHA;

2. DHA is authorized to execute and deliver all documentation evidencing the Financing and any other documents or instruments as may reasonably be required pursuant to said documents;

3. DHA is authorized to execute and deliver all documentation to effectuate the LIHTC Guaranties, Construction Loan Guaranties and Indemnification Documents;

4. The RAD Conversion is in all respects authorized and approved, and that all reasonable actions, in good faith, by DHA, to effectuate the RAD Conversion are hereby confirmed and approved as being in the best interest of DHA;

5. DHA is authorized to execute and deliver all documentation effectuating the RAD Conversion and any other documents or
instruments as may reasonably be required;

6. DHA is authorized to execute and deliver all documentation to effectuate the conveyance of the cell tower and the land on which the cell tower is located to the Owner and/or the assignment or transfer of DHA’s interest under the Cell Tower Leases to the Owner;

7. DHA is authorized to execute and deliver all other documents necessary for the financing, rehabilitation, development and operation of the Project;

8. DHA is hereby authorized to take any and all actions, execute any and all documents and instruments, make any and all filings and reasonable expenditures and take any and all reasonable steps it deems to be necessary, desirable or appropriate in order to carry out the purpose and intent of the foregoing resolutions in the name of DHA;

9. The Chief Executive Officer and Director of Development of DHA are hereby authorized to execute and deliver all documents or instruments as may reasonably be required to facilitate the financing, rehabilitation, development and operation of the Project;

10. All actions taken to effectuate the foregoing resolutions by DHA, the Chief Executive Officer and Director of Development of DHA shall be valid and binding obligations of DHA;

11. All actions taken by DHA in connection with the financing, rehabilitation, development and operation of the Project prior to the date hereof, are ratified and confirmed.

12. This Resolution shall take effect immediately.

Done this 26th day of October, 2017.

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

RESOLUTION NO. 3513

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF MULTIFAMILY HOUSING REVENUE BONDS (MORREENE ROAD APARTMENTS), SERIES 2017

WHEREAS, the Housing Authority of the City of Durham (the “Authority”) is partnering with Morreene Road LLC, a North Carolina limited liability company (whose managing member is DVI-MR, LLC, a North Carolina limited liability company, whose managing member is Development Ventures Incorporated) (the “Borrower”), in order to finance a portion of the cost of the acquisition, rehabilitation and equipping of a mixed income multifamily residential rental project known as Morreene Road Apartments, consisting of two hundred twenty-four (224) units and located at 3412 Glasson Street in the City of Durham, Durham County, North Carolina (the “Project”); and

WHEREAS, the Authority proposes to issue its multifamily housing revenue bonds, to be designated Multifamily Housing Revenue Bonds (Morreene Road Apartments), Series 2017, in the aggregate principal amount of not to exceed Seven Million Nine Hundred Thousand and No/100 Dollars ($7,900,000.00) (the “Bonds”); and

WHEREAS, a portion of the cost of the Project will be financed with the proceeds of (i) a mortgage loan from Hunt Mortgage Capital, LLC (the “Mortgage Lender”), (ii) a subordinate loan in an amount not to exceed One Million Eight Hundred Sixty-Six Thousand Six Hundred Sixty Five and No/100 Dollars ($1,866,665.00) from the Authority, (iii) a subordinate loan in an amount not to exceed Nine Hundred One Thousand and No/100 Dollars ($901,000.00) from the Authority and (iv) a subordinate purchase money
loan in the amount of Two Million Five Hundred Thousand and No/100 Dollars ($2,500,000.00) from the Authority to the Borrower; and

WHEREAS, a portion of the cost of the Project will be financed with funds provided by a tax credit investor as a result of the purchase of 4% low income housing tax credits available under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Borrower has received an allocation of volume cap for the Bonds and the Project from the North Carolina Housing Finance Agency and the North Carolina Federal Tax Reform Allocation Committee as required by Section 146 of the Code; and

WHEREAS, the Authority proposes to authorize and, where applicable, execute the following instruments to carry out the transactions described above (the "Documents");

(a) Trust Indenture dated as of December 1, 2017 (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), authorizing the issuance of the Bonds and providing for the terms and details thereof and the security therefor, together with the form of the Bonds attached thereto;

(b) Loan Agreement dated as of December 1, 2017 (the "Loan Agreement"), between the Authority and the Borrower, providing for the terms and conditions pursuant to which the loan of the proceeds of the Bonds will be made by the Authority to the Borrower, together with a Promissory Note from the Borrower to the Authority, which the Authority will assign to the Trustee (the "Note");

(c) Regulatory Agreement and Declaration of Restrictive Covenants dated as of December 1, 2017 (the "Regulatory Agreement"), by the Borrower for the benefit of the Authority and the Trustee, pursuant to which the Borrower agrees to comply with the requirements of the Code relating to low and moderate income housing;

(d) Preliminary Official Statement (the "Preliminary Official Statement") relating to the offering and sale of the Bonds; and

(e) Bond Purchase Agreement to be dated the date of the sale of the Bonds (the "Bond Purchase Agreement") among the Borrower, the Authority and RBC Capital Markets, LLC (the "Underwriter"), providing for the issuance and sale by the Authority and the purchase by the Underwriter of the Bonds.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the City of Durham, as follows:

1. The Authority hereby determines to provide financing to the Borrower for the acquisition, rehabilitation and equipping of the Project through the issuance of the Bonds pursuant to the North Carolina Housing Authorities Law, Article 1 of Chapter 157 of the General Statutes of North Carolina, as amended, the deposit of the proceeds thereof with the Trustee and the advance of such proceeds to the Borrower in accordance with the Loan Agreement.

2. The Authority hereby authorizes the issuance and sale of the Bonds pursuant to the Indenture and in accordance with the terms set forth in the Bond Purchase Agreement and the Indenture. The Bonds will bear interest at the rates and will mature, be subject to mandatory tender and be redeemed in the years and amounts all as set forth in the Indenture; provided, however, that the aggregate principal amount of the Bonds shall not exceed $7,900,000.

3. The Chairman, Vice Chairman or Chief Executive Officer of the Authority or their respective designees are each hereby authorized and directed to execute and deliver the Indenture, the Loan Agreement, the Regulatory Agreement and the Bond Purchase Agreement to the other parties thereto.
4. The distribution of the Preliminary Official Statement by the Underwriter to prospective purchasers of the Bonds is hereby approved. The Authority is authorized to deem the Preliminary Official Statement to be "final" within the meaning of Rule 15c2-12 of the Rules and Regulations promulgated under the Securities Exchange Act of 1934, as amended. The Chairman, Vice Chairman and Chief Executive Officer of the Authority or their respective designees are hereby authorized and directed to execute and deliver the final Official Statement (in substantially the form of the Preliminary Official Statement, but incorporating the final terms and details of the Bonds) to the Underwriter and the Underwriter is hereby authorized and directed to distribute the Official Statement to the purchasers of the Bonds.

5. The Chairman or Vice Chairman of the Authority or their respective designees are hereby authorized and directed to execute and deliver the Bonds in the manner and subject to the conditions provided in the Indenture to the Trustee for authentication and to cause the Bonds so executed and authenticated to be delivered to or for the account of the Underwriter upon payment of the purchase price therefor as provided in the Bond Purchase Agreement.

6. The Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Purchase Agreement, the Preliminary Official Statement and the Bonds (in the form of Exhibit A to the Indenture) shall be in substantially the forms previously reviewed by staff and described herein, which are hereby approved, with such completions, omissions, insertions and changes as may be necessary to reflect the final terms of the Bonds, including any changes that may be required by any rating agency that is rating the Bonds, any changes in dates as may be required to reflect the date of the actual closing, and as otherwise approved by the officers of the Authority executing them after consultation with bond counsel and counsel to the Authority, their execution to constitute conclusive evidence of their approval of any such completions, omissions, insertions and changes.

7. Any authorization made hereby to the officers of the Authority to execute a Document shall include authorization to the Chairman, Vice Chairman and Chief Executive Officer of the Authority or their respective designees to execute the document, authorization to the Secretary or any Assistant Secretary to affix the seal of the Authority to such document and attest such seal if necessary, and, where appropriate, to deliver it to the other parties thereto, all in the manner provided in the Documents.

8. Such officers are hereby authorized and directed to execute and deliver any and all other documents, agreements, instruments, and certificates in the name and on behalf of the Authority and to take such other actions on behalf of the Authority as may be necessary or desirable to the issuance of the Bonds, including but not limited to a nonpartisanship certificate, tax forms and other certificates. All other acts of the officers of the Authority previously taken or to be taken that are in conformity with the purposes and intent of this resolution and in furtherance of the undertaking of the Project and the issuance and sale of the Bonds are hereby authorized, ratified, confirmed and approved.

9. This resolution shall take effect immediately upon adoption.

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

AGENDA ITEM IX – INFORMATION ITEMS

There were none

Commissioner Hudgins recommended a motion to go into a recess at 6:18 p.m. to discuss DHA entities – Development Ventures, Inc.; Edgemont Elms Housing, Inc., and Learning Assistance Housing, Inc.

Motion: Commissioner Lofton; Seconded: Commissioner Nottingham

Approved: Unanimously

Commissioner Hudgins recommended a motion to come out of recess at 6:24 p.m.
Motion: Commissioner Niemann; Seconded: Commissioner Nottingham; Approved: Unanimously

AGENDA ITEM X – CLOSED SESSION
Commissioner Hudgins recommended a motion to go into closed session at 6:24 p.m. to discuss DHA business (Lawsuit on Morris)

Motion: Commissioner Neumann; Seconded: Commissioner Lofton; Approved: Unanimously

Commissioner Hudgins recommended a motion to come out of closed session at 7:15 p.m.

Motion: Commissioner Lofton; Seconded: Commissioner Niemann; Approved: Unanimously

AGENDA ITEM XI – ADJOURNMENT
The meeting was adjourned at 7:15 p.m.

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

[Signature]
Chair

(SEAL)
Secretar