MINUTES OF REGULAR MEETING
DEVELOPMENT VENTURES INCORPORATED
330 EAST MAIN STREET
DURHAM, NORTH CAROLINA
October 26, 2017

AGENDA ITEM I
Call to Order
The regular meeting was called to order by the Chair, Thomas M. Niemann, at 6:18 p.m.

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
Sabrina Sinegal
Meredith Dayo
Barbara Newman
Elvert Dorsey
Lorraine Erhurnwunsee
Krishna James
Doris Jackson

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

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

AGENDA ITEM II – PUBLIC HEARING(S)
• General Comments from the Public
  There were none.

AGENDA ITEM III – CHANGES TO THE AGENDA
• There were none.

AGENDA ITEM IV – APPROVAL OF THE MINUTES
• Approval of the Minutes of the Board of Commissioners’ Regular Meeting held on
  September 27, 2017

Motion: Commissioner Lofton; Seconded: Commissioner Nottingham;
Approved: Unanimously
• Approval of the Minutes of the Board of Commissioners’ Special Meeting held on October 12, 2017

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

AGENDA ITEM V – PRESENTATIONS
• There were none.

AGENDA ITEM VI – BUSINESS REPORT
• There were none.

AGENDA ITEM VII – GENERAL BUSINESS ACTION ITEMS (COMMITTEE REPORTS)
• There were none.

AGENDA ITEM VIII – RESOLUTIONS FOR APPROVAL

The Chair, Thomas Niemann, read into the minutes the following resolutions:

RESOLUTION NO. 217 (DVI)

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 cell towers (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 of 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 guarantees (the "LIHTC Guarantees") 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, the Investor Member and Special Member desire to become members of the Owner; and

WHEREAS, the admission of Investor Member and Special Member into the Owner is found to be in the best interest of DVI, the Owner and the Owner’s Managing-Member; and

WHEREAS, DVI has determined that the Financing is in the best interest of DVI, the Owner and the Owner’s Managing-Member, and that it desires, on behalf of itself, the Owner and the Owner’s Managing-Member, to enter into and execute and deliver certain documents required to consummate the Financing, including but not limited to loan agreements, promissory notes, deed of trusts and security agreements, assignment of leases and rents and financing statements (together with all other documents and instruments which govern, secure or otherwise relate to the Financing, which DVI, the Owner and the Owner’s Managing-Member are required to execute and deliver), and the Owner’s organizational documents (including the Operating Agreement and amendments thereto); and

WHEREAS, DVI has determined that the LIHTC Guaranties, Construction Guaranty and Indemnification Documents are in the best interest of DVI, the Owner and the Owner’s Managing-Member, and it desires to enter into and execute and deliver any documents related to the LIHTC Guaranties, Construction Guaranty and Indemnification Documents; and

WHEREAS, DVI has determined that the RAD Conversion is in the best interest of DVI, the Owner and the Owner’s Managing-Member, and it desires to enter into and execute and deliver any documents related to the RAD Conversion; and

WHEREAS, DVI 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 DVI, the Owner and the Owner’s Managing-Member, 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, DVI desires to enter into and execute and deliver all documents necessary on behalf of itself, the Owner and the Owner’s Managing-Member for the rehabilitation, development and operation of the Project; and

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

1. The President and Vice President of DVI are authorized to execute any organizational documents for DVI, the Owner and the Owner’s Managing-Member;

2. DVI and the Owner hereby authorize and approve the admission of the Investor Member and Special Member into the Owner, and the President and Vice President of DVI are authorized to execute the Operating Agreement of the Owner, as may be amended from time to time;
3. DVI is authorized to reasonably do or perform or cause to be done or performed, in good faith, and to execute and deliver such documents required regarding the admission of the Investor Member and Special Member into the Owner;

4. The Financing is in all respects authorized and approved, and that all reasonable actions, in good faith, by DVI, as managing member of the Owner’s Managing-Member, to consummate the Financing on behalf of DVI, the Owner and the Owner’s Managing-Member are hereby confirmed and approved as being in the best interest of DVI, the Owner and the Owner’s Managing-Member;

5. DVI, as managing member of the Owner’s Managing-Member, 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 on behalf of DVI, the Owner and the Owner’s Managing-Member;

6. DVI, as Manager-Member of the Owner’s Managing-Member, is authorized to execute and deliver all documentation to effectuate the LIHTC Guaranties, Construction Loan Guaranty and Indemnification Documents for DVI and the Owner’s Managing-Member;

7. All reasonable actions, in good faith, by DVI, as managing member of the Owner’s Managing-Member, to effectuate the RAD Conversion on behalf of DVI, the Owner and the Owner’s Managing-Member are hereby confirmed and approved as being in the best interest of DVI, the Owner and the Owner’s Managing-Member;

8. DVI, as managing member of the Owner’s Managing-Member, is authorized to execute and deliver all documentation effectuating the RAD Conversion and any other documents or instruments as may reasonably be required pursuant to said documents on behalf of DVI, the Owner and the Owner’s Managing-Member;

9. DVI, as Manager-Member of the Owner’s Managing-Member, 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;

10. DVI, as managing member of the Owner’s Managing-Member, is authorized to execute and deliver all other documents necessary for the financing, rehabilitation, development and operation of the Project;

11. DVI, as Manager-Member of the Owner’s Managing-Member, 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 and on behalf of DVI, the Owner and the Owner’s Managing-Member;

12. The President and Vice President of DVI 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;

13. All actions taken to effectuate the foregoing resolutions by DVI, the President and Vice President of DVI shall be valid and binding obligations of DVI, the Owner and the Owner’s Managing-Member;
14. All actions taken by DVI on behalf of DVI, the Owner and the Owner’s Managing-Member, in connection with the financing, rehabilitation, development and operation of the Project prior to the date hereof, are ratified and confirmed.

15. This Resolution shall take effect immediately.

Done this 26th day of October, 2017.

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

AGENDA ITEM IX – INFORMATION ITEMS
- There were none.

AGENDA ITEM X – CLOSED SESSION
- There was none

AGENDA ITEM XI -- ADJOURNMENT
The meeting was adjourned at 6:21 p.m.

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

[Signature]
Chair

(SEAL)

[Signature]
Secretary