MINUTES OF THE REGULAR BOARD MEETING
HOUSING AUTHORITY OF THE CITY OF DURHAM
Durham Housing Authority
330 E. Main Street Durham, North Carolina 27701
September 27, 2017

AGENDA ITEM I
Call to Order

Present:
Robert “Bo” Glenn
Daniel C. Hudgins
George K. Quick
Gloria M. Nottingham

Conferenced in:
Thomas M. Niemann
Larry D. Yon, II

Absent:
Barbara F. Lofton (excused)
Steve Schewel

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

Staff Present:
Anthony Scott, CEO
Denita Johnson
Barbara Newman
Pamela Davis
Sabrina Sinegal
Meredith Daye
Elvert Dorsey
Lorraine Erhunmwansee
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 – PUBLIC HEARING(S)
General Comments from the Public
Public Hearing
• There were none

AGENDA ITEM III -- CHANGES TO THE AGENDA
• There were none

AGENDA ITEM IV – BOARD ACTION
Approval of the Minutes of the Board of Commissioners’ Regular Meeting held on
August 23, 2017

Motion: Commissioner Glenn; Seconded: Commissioner Nottingham;
Approved: Unanimously
AGENDA ITEM V -- PRESENTATIONS

- External Auditors, CliftonLarsonAllen, LLP presentation was done by Mandy Merchant.

Ms. Merchant explained the 2016 Audit Report and results developed by CliftonLarsonAllen, LLP. She distributed the Auditors’ Report, the management discussion and analysis, Financial Statements and other supplemental information *(included the financial data required to be submitted to HUD every year by September 30th)*. The report also listed the results of all of the compliances and any kinds of findings. Durham does issue a Comprehensive Accounting Financial Report (CAFR). DHA will receive a set of certificates again this year.

Ms. Merchant provided high level explanations of the changes. Current assets increased $3.6 million, primarily due to DHA receiving HAP money in December and DHA receiving a grant from the City which repaid monies that DVI had used from the COCC. In addition, there was a decrease in capital assets of $2.4 million – combination of the increases and the annual depreciations. Finally, the increase of Deferred Inflows of Resources – the money received early from HUD is classified in a different line and was not used in prior years. Ms. Merchant also discussed the statement of revenue, expenses and changes in net position. The revenue increased $3 million due to an increase in HCV revenue of $2.2 million, the grant from the City of $1.2 million and the Century Learner Centers grant for $248,000. On the expenses side, operating expenses increased $739,000 primary due to the increase in HAP.

In addition to the PowerPoint presentation, Ms. Merchant also distributed the Comprehensive Annual Financial Report, the Auditor Communication Letter, and the Management Letter included the DVI trial balance, HUD 60002 *(due to HUD by January 10, 2018)*, and Declaration of Trusts *(completed on Club Boulevard and Morreene Road)*.

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

In addition to Mr. Scott’s Executive Summary included in the meeting material, he offered the highlights to the board:

- **Google Fiber Partnership:** Installation of high speed internet at DHA site is set to begin. The first meeting was held with the Google Fiber team who confirmed that Laurel Oaks will be the first site to receive the high speed internet.

- **Emergency DHA Plan:** In preparation of a direct hit emergency that DHA may face from the weather, we developed a communication tree, sent notices to residents and integrated with the City’s emergency operation plans

Commissioner Quick asked which of our properties were in a flood zone and if any units were subject to flooding. Mr. Scott responded that Club Boulevard has a few building in the newly designated flood zone but that no buildings have been directly subjected to
flooded. It was confirmed that in addition to Club Boulevard, that McDougald Terrace has a small area that has a tendency to experience flooding issues but that no buildings are subject to flooding.

Commissioner Glenn asked if we had a flood plan. It was confirmed that we do have structures that are in the 100 year flood plan.

Commissioner Quick asked if we could put some type of protection like a wall around these properties. Mr. Scott responded that with respect to Club "no because we were hoping to redevelopment." Mr. Scott advised that he would follow-up on McDougald Terrace and advise Commissioner Quick at the October meeting.

Commissioner Hudgins inquired if DHA would be asked to provide any assistance with the public housing authorities that were hit hard by the hurricane. Mr. Scott responded that he had been contacted by a colleague of his from the U. S. Virgin Islands. He had sent out a solicitation to staff requesting donations of water, generators or food which were the essential items requested by that housing authority. Since that request, we have been asked to hold back until they determine how the goods will be delivered to them.

Also, Mr. Scott pointed out the publication that had been produced by the Council of Large Public Housing Authorities (CLPHA), in which DHA was featured. The article highlighted what Resident Services is doing in conjunction with NCCU around some of DHA’s health related activities.

Mr. Scott mentioned that because of the holiday season, the November and December meetings would have to be adjusted and new dates will be suggested at a later time.

Commissioner Glenn inquired regarding the findings of the Health Assessment that was done by Duke University of Nursing. Mr. Scott responded, "They completed a survey of four (4) sites -- Oxford, JJ Henderson, Hoover Road and one other which was a total of 61 residents. In essence they were showing that at some sites like JJ they were much more active and other sites less so, there were issues with food -- in terms of fruits and vegetables being one of the things they are not getting enough of, interested in doing more exercise but not necessarily having the ability to do that, and the wellness checks."

Commissioner Glenn asked if DHA found these surveys to be representative of all of communities. Mr. Scott responded, "It is a good sample, based on the data we have and the background that was taken for some of the senior sites -- it’s good information. Although the sample was low, it demonstrated that people wanted to share what their concerns are or what they would need. It’s a good sample. This information will be shared with some of DHA’s other medical partners to ensure that they have this same information. Some of the shortcoming of this is realizing that these are folks who were coming in and
participating in a convenience sampling – it is not scientific by any rate; therefore, we cannot provide our error rate.”

Commissioner Glenn stated: (1) His concern about the lack of available healthy foods as a problem that a lot of communities suffer. He would like DHA to start thinking about and conduct planning around that idea. (2) He would like DHAs efforts to be in consideration with similar efforts by the City. (3) Look at grant opportunities for our residents to provide walking trails, especially for communities that are not close to public parks.

Commissioner Nottingham asked about a previous program that delivered fruits and vegetables. Mr. Dorsey responded that the man that use to come by with fresh vegetables ended a little over a year ago. Also, Commissioner Nottingham inquired about the food pantry. Mr. Dorsey said the food bank primarily provides vegetables and no fruits.

Chairman Hudgins inquired if JJ Henderson still had the program where nurse practitioners would come in. Mr. Dorsey responded that Duke School of Nursing had expanded this. Additionally, there are other programs at Oldham Towers and Morning Glory that include North Carolina Central’s School of Nursing. Preiss Steele is visited twice a year.

Commissioner Nottingham added that Ms. Gilchrist who received the grant from the Save-a-Lot Market spoke at a resident council meeting about trying to get a grant or program started for fresh fruits and vegetables for that area. Mr. Dorsey agreed to reach out to her again.

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 (Chaired by Commissioner Thomas Niemann)
- Commissioner Niemann said the report and the minutes were self-explanatory.
- The minutes from the June 8, 2017 meeting were submitted for acceptance and the “draft” September 14, 2017 minutes were submitted for review until the October meeting.

A motion was made to accept the minutes.

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

Finance Committee Report (Chaired by Commissioner George Quick)
- Commissioner Quick had no additional comments to make regarding the minutes or the report.
- The minutes from the August 16, 2017 meeting were submitted for acceptance. A motion was made to accept the minutes.

Motion: Commissioner Glenn; Seconded: Commissioner Nottingham; Approved: Unanimously
Chairman Glenn mentioned – a couple of points – would like the Executive Director to share.

- Security in McDougald Terrace – Mr. Scott responded regarding the rash of shootings, that he, Chief Davis and other city officials attended a city council work session at the invitation of the City Manager and the Mayor. Most critical at this session, residents were present requesting that the City have greater police presence. The Mayor requested the police department to have a greater presence until the issues are under control. Commissioner Hudgins added that he got a sense from them that there is a real strong commitment on the part of the city and the Chief to work with DHA.

Following that meeting, he and Chief Davis met to review plans for increased safety that included (a) how to keep people from driving through McDougald Terrace at a high rate of speed with no interruptions; (b) decals for resident cars; (c) the police department installing cameras on public streets; (d) the possibility of having a police officer living at McDougald Terrace; and (e) at having more police presence. Mr. Scott said if cameras are installed by DPD, he would want DHA to also have access; however, the police department would be primarily responsible for the monitoring.

- Resident Calendar – Commissioner Glenn was impressed with the calendar and explained how it represents the work of Mr. Lyon and R. Scott. Specifically, when looking at the Oldham Towers and the Preiss Steele Resident Patrol training, Mr. Lyon made it very clear that our residents have been instructed not to endanger themselves but to call 911 and know that they are not a police force. Commissioner Glenn was impressed that Mr. Lyon and Mr. R. Scott have developed relationships of trust with the residents which results in the sharing of information. Commissioner Glenn also pointed out that a lot of the criminal activity does not involve our residents but the other people who come on our property who take advantage and pray upon our residents.

- Accounts Receivable Issue – Commissioner Glenn said we are not receiving our payment of rents timely. Ms. Davis has been soliciting feedback from other authorities around the country to try to determine what other incentives to put in place. He said the numbers are coming up since the lock box was closed because residents are able to pay their rent through outside sources and through direct deposits. As we do new leases, this should be emphasized as a way to bring most of our tenants on board with these two options. We need to get our number up to high performance standard.

Commissioner Quick inquired if DHA had the ability to adjust rent payment due dates based on the receipt of income from residents. Mr. Scott responded that DHA does
have the ability to do this when this is requested by a resident. It is based on an individual basis.

- Housing Choice Voucher – This department has really turned it around by reissuing the voucher.

The minutes from the August 17, 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)**

- **ConnectHome:** Commissioner Nottingham mentioned that Samuel Wicks, the Vista Intern from AmeriCorps, provided updates on the projects he is involved. The National Center for Women and Information Technology awarded DHA-ConnectHome $3,300 for the STEM Like A Girl Program for the fall term. Also, DHA will partner with North Carolina Central University, North Carolina School of Science and Math and Kramden Institute.

- **Homeless Program:** Commissioner Nottingham asked Elvert Dorsey to comment on this program. Mr. Dorsey said this program was started in 2014 and was given the approval with this joint venture that they would approve three applicants per year. They increased it to four and this year we have had five. The program is going very well and they follow-up with the residents to ensure the cars are working fine without any issues. This is part of the case management services for the twelve homeless at Goley Pointe. Although they are still working with 11 and facing challenges; the agencies they are working with assist DHA in maintaining a good report with these tenants.

Approval of the minutes would take place at the October board meeting.

**AGENDA ITEM VIII -- RESOLUTIONS FOR APPROVAL**

_The Chair, Daniel Hudgins, introduced the following eleven (11) resolutions:_

**RESOLUTION NO. 3496**

**RESOLUTION AUTHORIZING THE WRITE-OFF OF CONVENTIONAL HOUSING COLLECTION LOSSES FOR THE PERIOD BEGINNING JULY 1, 2017 AND ENDING JULY 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 $8,663.10 for the period beginning July 1, 2017 and Ending July 31, 2017.

This resolution shall take effect immediately.

Done this 27th Day of September, 2017.

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

RESOLUTION NO. 3497

RESOLUTION APPROVING THE INVENTORY CONTROL POLICY

WHEREAS, the Housing Authority of the City of Durham developed its Inventory Control Policy in May 2011; and

WHEREAS, the Housing Authority of the City of Durham has revised the existing policy to include all material as well as non-material inventory owned by the Authority; and

WHEREAS, the Housing Authority of the City of Durham has included the Inventory Control Policy as a part of its Accounting policies manual.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham approve the Inventory Control Policy.

Done this 27th Day of September 2017.

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

RESOLUTION NO. 3498

Discussion: Eric Pristell, said to the extent that there are questions from the Board, he would recommend that the Board consider both agenda items 3 and 4. One is a bond issuance approval and the other is a final resolution approving the entire Damar Court transaction.

Chairman Hudgins asked if there were any questions.

Commissioner Glenn stated that he had requested some help in understanding the cash flow of this project.

Anthony Scott displayed a chart. He explained that Damar Court, LLC was represented in the middle which was the official legal entity that will own and develop the Damar
Court renovation project. The entity on the top was the RBC which is DHA’s tax credit investor, limited/silent partner. The DVI-DC, LLC, i.e., Damar Court is the managing member. Those two legal entities make up the legal entity called Damar Court, LLC. RBC, DHA’s tax credit investor will be investing $6.9 million into the Damar Court Project. Prudential on the left will be investing $5.4 million into the Damar Court Project and DHA will be investing a total of $8 million into the Damar Court Project. That $8 million is broken down by the capital fund dollars, the reserves associated with Damar Court, a purchase money note (the cost of value of the property that DHA is going to be lending). DHA will also have a relatively small deferred developer fee that will remain in the project subject to cash flow. Those three primarily investment dollars will total the approximately $20 million for the renovation work of Damar Court, LLC.

During the additional discussion regarding the Board’s authorization of the Damar Court transaction, Anthony Scott, Meredith Daye and Eric Pritzell provided clarification to Commissioner Glenn’s inquiries. He asked and received confirmation that DHA’s investment in the transaction, including capital funds, project reserves, and PMN has been reviewed and approved by both FHA and HUD-RAD. It was pointed out that FHA reviewed and approved the transaction due to financing with the 221(d) (4) loan. Also, HUD-RAD (including the Field Office) completed and signed off on a subsidy layering review of the financial commitments. The review process for the Damar Court investment was done in tandem by both agencies. In order for the Firm Commitment to be issued, both agencies had to sign off on the transaction. In addition, Commissioner Glenn asked and received confirmation that any guaranties, reimbursements and or indemnifications being agreed to by DHA were permitted under HUD rules and regulations and all DHA organizational and internal documents and plans.

With there being no additional discussion, the Chair introduced the following resolution:

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

WHEREAS, the Housing Authority of the City of Durham (the “Authority”) is partnering with Damar Court, LLC, a North Carolina limited liability company (whose managing member is DVI-DC, 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 Damar Court Apartments, consisting of approximately 102 units and located at 1125 Morreene Road 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 (Damar Court Apartments), Series 2017, in the aggregate principal amount of not to exceed $9,775,000 (the “Bonds”); and

WHEREAS, a portion of the cost of the Project will be financed with the proceeds of (i) a mortgage loan from Prudential Huntoon Paige Associates, LLC (the “Mortgage
Lender”), (ii) a subordinate loan in the amount of approximately $3,217,329 from the
Authority, (iii) a subordinate loan in the amount of approximately $400,000 from the
Authority and (iv) a subordinate purchase money loan in the amount of $4,300,000 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 October 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 October 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 October 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 HOUSING AUTHORITY
OF THE CITY OF DURHAM:

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
$9,775,000.

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 nonarbitrage 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.

This resolution shall take effect immediately upon adoption.

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

RESOLUTION NO. 3499

AUTHORIZATION OF DAMAR COURT TRANSACTION

WHEREAS, Damar Court, LLC, a North Carolina limited liability company (the “Owner”) wishes to rehabilitate the project known as Damar Court that consists of one hundred and two (102) low income housing tax credit (“LIHTC”) units located in Durham, Durham County, North Carolina (the “Project”), and
WHEREAS, DVI-DC, 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 Four Million Three Hundred Thousand and No/100 Dollars ($4,300,000.00) (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 Nine Million Seven Hundred Seventy-Five Thousand and No/100 Dollars ($9,775,000.00) (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 Four Hundred Thousand and No/100 Dollars ($400,000,000), 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 Three Million Two Hundred Seventeen Thousand Three Hundred Twenty-Nine and No/100 Dollars ($3,217,329.00); 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 Prudential Hunton Paige Associates, LLC in the amount up to Five Million Eight Hundred Seventy-Two Thousand and No/100 Dollars ($5,872,000.00) 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 one hundred and two (102) 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, 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 rehabilitation of the Project to C.T. Wilson Construction Co., Inc. (the “General Contractor”) in an amount up to Eleven Million and No/100 Dollars ($11,000,000.00); 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 also requested 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 other documents necessary for the financing, rehabilitation, development and operation of the Project;

7. 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;

8. The Chief Executive Officer and the 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;

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

10. 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.

11. This Resolution shall take effect immediately.

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

RESOLUTION NO. 3500

RESOLUTION APPROVING AMENDMENT #1 TO TASK ORDER #1 WITH EJP (EJP) DEVELOPMENT CONSULTING AND RENEWAL AND EXTENSION OF AGREEMENT #16-022 WITH EJP BEGINNING NOVEMBER 1, 2017 - OCTOBER 31, 2021 FOR AN AMOUNT NOT TO EXCEED $400,000.00

WHEREAS, the Housing Authority of the City of Durham determined that it required development consulting services; and

WHEREAS, the Housing Authority of the City of Durham requested proposals, including qualifications information, from interested firms using a request for qualifications process; and

WHEREAS, the proposals received were reviewed and evaluated using established criteria in order to determine the most qualified firm; and

WHEREAS, EJP Development Consulting was determined to be the most qualified and therefore selected; and

WHEREAS, Agreement #16-022 was executed with EJP to perform task specific items; and
WHEREAS, Task order #1 for Development Advisory Services was issued with a not to exceed amount of $49,660; and

WHEREAS, Task Order #1 fees and services amount has changed from $49,668 to $85,412 through October 31, 2017; and

WHEREAS, EJP’s development consulting services agreement will be renewed as of November 1, 2017 for the term beginning on November 1, 2017 - October 31, 2021 for an amount not to exceed $400,000.00 for all task orders issued.

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

1. That the contract modification and renewal for the provision of development consulting services by EJP be approved;

2. That, consistent with 24 CFR 85.36(b)(9) Procurement Standards, the Housing Authority of the City of Durham maintains records sufficient to detail the significant history of the procurement, including the basis for the selection and estimated contract price of $300,000;

3. That the Chief Executive Officer is hereby directed to execute all contract documents or other documents necessary to effectively negotiate this contract.

4. This Resolution shall take effect immediately.

Done this 27th day of September 2017.

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

RESOLUTION NO. 3501

Discussion: Meredith Daye said this Homebuilder Resolution is to approve Habitat Humanity who qualified through a Request for Proposal process to build out the final phase of the open HOPE VI grant for the Few Gardens HOPE VI development. There are 37 lots remaining and Habitat has been qualified to serve as the homebuilder based on production.

Also, there was an additional question from the Development Committee Meeting regarding advertising for additional builders. That advertisement was open and it closed recently. We are waiting to evaluate the proposals.

Commissioner Hudgins asked if there was some discussion about giving priority to people who came from the Few Gardens Community through homeownership. Ms. Daye confirmed that DHA tries to honor their first right to return even with the for sale component and we reach out to some of the families who have moved away to give them an opportunity if they are able to purchase a home.
With there being no additional discussion, the Chair introduced the following resolution:

RESOLUTION APPROVING A HOMEBUILDER CONSTRUCTION PARTNER IN CONJUNCTION WITH THE REVITALIZATION OF THE EDGEMONT HOMEOWNERSHIP PHASE AS PART OF THE FEW GARDENS HOPE VI GRANT

WHEREAS, the Housing Authority of the City of Durham determined that it required the services of a homebuilder to effectively implement the Edgemont Homeownership Phase which is a part of the Few Gardens HOPE VI Grant; and

WHEREAS, the Housing Authority of the City of Durham requested proposals, including qualifications information, from interested firms using a request for proposals process; and

WHEREAS, the proposal received was reviewed and evaluated using established criteria in order to determine the most qualified firm.

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

1. That the contract negotiations/award for the provision of homebuilder services by Habitat Humanity of Durham be approved, upon furnishing evidence of current professional liability insurance;

2. That, consistent with 24 CFR 85.36(b)(9) Procurement Standards, the Housing Authority of the City of Durham maintains records sufficient to detail the significant history of the procurement, including the basis for the selection;

3. That the Chief Executive Officer is hereby directed to execute all contract documents or other documents necessary to effectively negotiate/award this contract.

4. This Resolution shall take effect immediately.

Done this 27th day of September 2017.

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

RESOLUTION NO. 3502

Discussion: Tom Mignogna of Millennia Housing Development addressed the Board. He stated that Millennia Housing Development currently has JFK Towers under a purchase contract agreement with the seller GMF North Carolina. In order to acquire the property, apply for 4% low income housing tax credit, receive financing from North Carolina Housing Finance Agency (NCHFA), along with bonds issuance from the Durham Housing Authority, their intent is to undergo extensive rehab of the property that was acquired by the current owner in 2012 with bonds issued by the Durham Housing Authority.

Regarding some of the questions that were raised by the Finance and Development Committees, they did not notice that many improvements were made at the time of the acquisition. He believed that the housing authority issued
around $9 million worth of bonds that coincides with the acquisition price. The manner in which the financing was set up previously there was not a requirement for the purchaser (current owner) to put any equity or improvements into the property. They are addressing that now with their scope of work. They intend to do $6 million worth of improvements. Although they will project manage one or two individuals from their home office, Mr. Mignogna has confirmed with their construction team that they would use all North Carolina subcontractors.

Mr. Mignogna requested approval of the issuance of $17 million of tax exempt bonds so they could proceed with this project.

With there being no additional discussion, the Chair introduced the following resolution:

RESOLUTION AUTHORIZING PRELIMINARY APPROVAL FOR THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS TO FINANCE THE ACQUISITION, REHABILITATION AND EQUIPPING OF AN AFFORDABLE HOUSING DEVELOPMENT – JFK TOWERS

WHEREAS, the Board of Commissioners of the Housing Authority of the City of Durham (the “Authority”) met in Durham, North Carolina at 5:30 p.m. on the 27th day of September, 2017; and

WHEREAS, the Authority is organized and operates pursuant to the North Carolina Housing Authorities Law, Article 1 of Chapter 157 of the General Statutes of North Carolina, as amended (the “Act”); and

WHEREAS, the Act defines “housing project” in N.C.G.S. § 157-3(12) to include “property, buildings and improvements ... acquired or constructed ... pursuant to a ... plan or undertaking ... to provide grants, loans, interest supplements and other programs of financial assistance to public or private developers of housing for persons of low income, or moderate income, or low and moderate income”; and

WHEREAS, the Act in N.C.G.S. §§ 157-9 and 157-37 gives the Authority the power “to provide for the construction, reconstruction, improvement, alteration or repair of any housing project” and “to borrow money upon its bonds, notes, debentures or other evidences of indebtedness and to secure the same by pledges of its revenues”; and

WHEREAS, JFK Towers NC TC, LP, a North Carolina limited partnership or an affiliated or related entity (the “Borrower”), intends to provide low and moderate income housing in Durham; and

WHEREAS, the Borrower has requested that the Authority assist it in financing the acquisition, rehabilitation and equipping of a low and moderate income residential rental housing facility for seniors known as JFK Towers, consisting of approximately 178 units located at 4900 North Roxboro Street in Durham, North Carolina (the “Development”); and

WHEREAS, the Borrower has described to the Authority the benefits of the Development to the City of Durham and the State of North Carolina and has requested the Authority to agree to issue its housing revenue bonds in such amounts as may be necessary to finance the costs of acquiring, rehabilitation and equipping the Development; and
WHEREAS, the Authority is of the opinion that the Development is a facility that can be financed under the Act and that the financing of the same will be in furtherance of the purposes of the Act;

NOW THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF DURHAM:

1. It is hereby found and determined that the Development will involve the acquisition, rehabilitation and equipping of low and moderate income housing facilities, and that therefore, pursuant to the terms and subject to the conditions hereinafter stated and the Act, the Authority agrees to assist the Borrower to finance the acquisition, rehabilitation and equipping of the Development by undertaking the issuance of the Authority’s multifamily revenue housing bonds (the “Bonds”) in an amount now estimated not to exceed Seventeen Million Dollars ($17,000,000) to provide all or part of the cost of the Development.

2. The Authority intends that the adoption of this resolution be considered as “official action” toward the issuance of the Bonds within the meaning of the regulations issued by the Internal Revenue Service pursuant to Section 150 of the Internal Revenue Code of 1986, as amended (the “Code”), which will permit the Authority and the Borrower to incur costs and to reimburse those costs with the proceeds of the Bonds.

3. The Authority and the Borrower may proceed with plans for acquisition and rehabilitation of the Development, enter into contracts for the same, obtain interim construction financing therefor, and take such other steps as may be deemed appropriate in connection therewith. The Authority and the Borrower, as applicable, may be reimbursed from the proceeds of the Bonds for all qualifying costs so incurred by it as permitted by Internal Revenue Service Regulations Section 1.150-2.

4. The Bonds shall be issued in such series and amounts and upon such terms and conditions as are mutually agreed upon between the Authority and the Borrower. The Authority and the Borrower shall enter into a “financing agreement” pursuant to the Act for a term and upon payments sufficient to pay the principal of, premium if any, and interest on the Bonds and to pay all of the expenses of the Authority in connection with the Bonds and the Development. The Bonds will be issued pursuant to an indenture or security agreement between the Authority and a trustee (the “Trustee”) or the bondholder which will set forth the form and terms of the Bonds and will assign to the Trustee for the benefit of the holders of the Bonds, or directly to the bondholder, the Authority’s rights to payments under the financing agreement, except the Authority’s right to payment of fees and expenses and indemnification. The Bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the State of North Carolina or any political subdivision or agency thereof, including the Authority and the City of Durham, but shall be payable solely from the revenues and other funds provided under the proposed agreements with the Borrower.

5. The Authority will proceed, upon the prior advice, consent and approval of the Borrower, bond counsel and the Authority’s counsel, to obtain approvals in connection with the issuance and sale of the Bonds, including, without limitation, from the City Council and Mayor of the City of Durham and the North Carolina Local Government Commission. The Authority’s agreement to proceed is based in part upon the allocation of a sufficient amount of the State of North Carolina’s “private activity bond limit,” as required by Section 141 of the Code and as defined in Section 146 of the Code, for the Bonds.

6. It having been represented to the Authority that it is desirable to proceed with the acquisition, rehabilitation and equipping of the Development, the Authority agrees that the Borrower may proceed with plans for such acquisition, construction and equipping, enter into contracts for the same, and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Borrower to obligate the Authority without its written consent in each instance to the payment of any monies or the performance of any act in connection with the Development and no such consent shall be implied from the Authority’s adoption of this resolution. The
Authority agrees that the Borrower may be reimbursed from the proceeds of the Bonds, if and when issued, for all qualifying costs so incurred by it.

7. All obligations hereunder of the Authority are subject to the further agreement of the Authority and the Borrower to terms for the issuance, sale and delivery of the Bonds and the execution of a financing agreement, indenture or security agreement and other documents and agreements necessary or desirable for the issuance of the Bonds. The Authority has not authorized and does not authorize the expenditure of any funds or monies of the Authority from any source other than the proceeds of the Bonds. All costs and expenses in connection with the financing and the acquisition, rehabilitation and equipping of the Development, including the reasonable fees and expenses of the Authority’s counsel, bond counsel and the agent or underwriter for the sale of the Bonds, shall be paid from the proceeds of the Bonds or by the Borrower, but if for any reason the Bonds are not issued, all such expenses shall be paid by the Borrower and the Authority shall have no responsibility therefor. It is understood and agreed by the Authority and the Borrower that nothing contained in this resolution shall be construed or interpreted to create any personal liability of the officers or commissioners from time to time of the Authority.

8. The Chief Executive Officer of the Authority and his designee(s) are hereby authorized and directed to take all actions in furtherance of the resolution and the issuance of the Bonds.


10. This resolution shall take effect immediately upon its passage.

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

RESOLUTION NO. 3503

Discussion: Commissioner Glenn inquired about in the future simplifying DHA’s plan. Mr. Scott responded that the plan had more detail than what an Annual Plan would normally have. Also, included were the procedural items that are necessarily common to an Annual Plan. Next year, DHA will be looking at slimming it down so that additional procedures can be available through another source.

Commissioner Hudgins reverted back to what Commissioner Nottingham had voiced earlier regarding a request that had to do with one particular provider in the community. The recommendation from staff was that we work directly through the CoC and for them to determine what member providers DHA plan to work with in using the vouchers. Also, they have the power to reallocate if one provider is not using those project based vouchers for people who are transitioning from homelessness.

With there being no addition discussion, the Chair introduced the following resolution:

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RESOLUTION APPROVING THE SUBMISSION OF THE PHA ANNUAL PLAN FOR THE FISCAL YEAR BEGINNING JANUARY 1, 2018

WHEREAS, the Housing Authority of the City of Durham receives federal funds to operate the Low Income Public Housing and to administer the Housing Choice Voucher programs; and

WHEREAS, the Housing Authority of the City of Durham must submit a Public Housing Agency (PHA) Annual Plan as required by Section 511 of Quality Housing and Work Responsibility Act (QWHRA) and;

WHEREAS, the Housing Authority of the City of Durham developed its PHA Annual plan and published legal notification of the availability of the draft plan for a 45-day review and comment period; and

WHEREAS, the Housing Authority of the City of Durham held a Public Hearing to receive and consider feedback from the community; and

WHEREAS, the Housing Authority of the City of Durham received comments and responded to questions and comments from the community and the Resident Advisory Board (RAB).

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

1. That the Board of Commissioners approve the Annual PHA Plan effective for the fiscal year beginning January 1, 2018.

2. That the Chief Executive Officer is hereby directed to formally submit the PHA Annual Plan to United States Department of Housing and Urban Development.

Done this 27th day of September 2017.

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

RESOLUTION NO. 3504

RESOLUTION AMENDING THE ADMISSIONS AND CONTINUED OCCUPANCY POLICY

WHEREAS, the Housing Authority of the City of Durham developed its existing Admissions and Continued Occupancy Policy 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 Admissions and Continued Occupancy Policy and the amendments are attached; and

WHEREAS, these amendments are considered “significant changes” to the Admissions and Continued Occupancy Policy.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the Housing Authority of the City of Durham approve the changes to the Admissions and Continued Occupancy Policy.
Done this 27th day of September 2017.

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

RESOLUTION NO. 3505

RESOLUTION TO CONSIDER AND APPROVE CHANGES 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 are 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 27th day of September 2017.

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

RESOLUTION NO. 3506

RESOLUTION APPROVING THE APPROVAL OF THE VACANCY
PREPARATION CONTRACT

WHEREAS, the Housing Authority of the City of Durham retains independent contractors
to provide vacancy preparation services; and

WHEREAS, the Housing Authority of the City of Durham is required to perform
renovations on vacant units; and

WHEREAS, current contracts with these vendors expire on March, 2018; and

WHEREAS, the Housing Authority of the City of Durham issued a Request for Proposal
for interested vendors to provide these services consistent with the internal procurement
policies, State laws, and Federal rules and regulations; and

WHEREAS, the Housing Authority of the City of Durham received 13 proposals on May
5, 2017 from several interested Renovation Contractors and thereafter evaluated those
proposals.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners of the
Housing Authority of the City of Durham approve the Vacancy Preparation Contract as
follows:
1. The thirteen vendors, as specified in Attachment A be approved to be qualified to be awarded contracts at the prices and for the locations specified in Attachment B to the Resolution.

2. That, consistent with 24 CFR 85.36(b)(9) Procurement Standards, the Housing Authority of the City of Durham maintains sufficient records to detail the significant history of the procurement, including the basis for the selection and contract prices.

3. That this Resolution shall take effect immediately.

Done this 27th Day of September 2017.

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

AGENDA ITEM IX – INFORMATION ITEMS
There was none

AGENDA ITEM X – CLOSED SESSION
There was none.

AGENDA ITEM XI -- ADJOURNMENT
The meeting was adjourned at 7:02 p.m.

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

(Seal)

Chair

Secretary