

MINUTES OF A REGULAR MEETING OF
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NORTH CAROLINA
BOARD OF COMMISSIONERS
MAY 28, 2020

The members of the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina met in a Zoom Meeting on Thursday, May 28, 2020 at 5:00 p.m.

The Board Chair called the meeting to order and upon roll call the following were present and absent:

Present: Eric Braun, Kyle Dilday (in late), Kistina Freeman, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead, Doris Wrench

Absent: Don Carothers

Visitors: Charles Francis, attorney with The Francis Law Firm.

RHA Staff: Sonia Anderson, Priscilla Batts, Liz Edgerton, Wayne Felton, Mark Holliday, Laura McCann, Jennifer Morgan, Donna Perez, Gwen Wall.

The Board Chair declared a quorum present and welcomed everyone to the meeting.

RECOGNITION OF VISITORS

Due to the Coronavirus outbreak, tonight's meeting was being held via Zoom Meeting. Charles Francis, attorney with The Francis Law Firm, was the only visitor participating in the call.

CONSENT AGENDA

Item 1

Charge-off of delinquent resident accounts for March 2020
Charge-off of delinquent resident accounts for April 2020

Item 2

There were no Financial statements due to FYE 2020 year-end closeout

Item 3

Vacancy and Turnover Summary for March 2020
Vacancy and Turnover Summary for April 2020

Item 4

Minutes of March 26, 2020 regular meeting
Minutes of May 7, 2020 special meeting

RECOMMENDATION: Approval as submitted by staff.

Commissioner Braun moved and Commissioner Warren seconded approval of the Consent Agenda. A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

The Consent Agenda has been adopted.

REPORT OF THE BOARD CHAIR

The Board Chair had no report.

REPORT OF THE BOARD SECRETARY

Mr. Felton thanked everyone for being flexible and understanding as RHA staff is practicing social distancing during this crisis. Staff will likely do virtual meetings for the rest of this year and possibly longer depending on how long the pandemic goes on.

Update on COVID-19

- Staff is working from home, where possible. Staff with health issues stay home.
- Office Assistants and Property Managers are now working in their offices. Their offices are set up so they can work separate from each other and are able to social distance. They were unable to do some of their work from home so that is why they were brought back.
- Staff is preparing to meet with tenants by appointment only for Section 8 and Public Housing. Protocols have been put together for staff and tenants and meetings with tenants will start soon.
- If any RHA employees are missing work due to COVID-19, RHA will make up any loss in income not covered by other government programs.
- Maintenance staff that enter units are receiving “hazard pay” for hours they work (a 10% increase). They are only entering units for urgent/emergency work orders. All other work is outside, so on rainy days some staff may be sent home. Those sent home would receive their regular pay.
- All staff gets their temperature checked daily at Maintenance and 900 Haynes Street. They must also sign a questionnaire daily.
- Maintenance staff have been issued infra-red thermometers so they can check resident’s temperatures prior to entering a unit.
- Protocols are being developed for entering occupied units for routine work orders and inspections. Staff must first talk with NCHARRP, RHA’s insurer, as well as RHA’s attorneys prior to beginning this next step.
- RHA currently has no residents reporting a positive COVID-19 test. The last known case was at the end of April. Only one staff person has been tested and those results should be in tomorrow. Another employee will be out for two weeks. However, staff has not received any information from the doctor as to why.
- HUD issued waivers in April that PHAs could choose whether to accept. The waivers that RHA has decided to take are listed on the website. All of these were adopted April 20th. Highlights of the waivers include:
 - Delayed annual re-exams for residents (will go through the end of 2020).
 - For initial Section 8 inspections, RHA is accepting self-certification by the landlords for non-life threatening deficiencies. That protects staff from going into occupied units.

- Staff is conducting bi-annual inspections through October 31st. That will likely be adopted through a revised Administrative Plan later this year.
 - Accepted oral briefing for Section 8 (through the end of July).
 - Keeping the PHAS and SEMAP scores from last year. The PHAS score was a 95 (high performer) and the SEMAP score was 104 points (out of 100 – 4 bonus points for deconcentration).
- Staff received additional funds for Public Housing and Section 8 (Public Housing received \$775,000 and Housing Choice Vouchers received \$560,000). This money is for COVID-19-related expenses and ordinary operation. Staff is waiting for guidance from HUD on how to account for these expenses.

RAD Update

- RHA had a log jam of things to get moving with RAD and Heritage Park. Some things are starting to move so hopefully there will be more progress over the next couple of months.
- RHA has contracted with Dominion Due Diligence to do a Capital Needs Assessment for the RAD conversion. Staff met with them yesterday to inspect two properties: Meadowridge and Stonecrest. The Community Centers and vacant units were inspected first. After that, the exterior of the units were inspected. After speaking with the inspector, it looks as if RHA will have minimal improvements needed. However, staff must see what the report says and how it goes with the other properties. An inspector will come tomorrow and again on Monday for the remaining properties.
- Staff is currently working on the environmental reports and title work. There is a concept call with HUD on August 24th and staff will need RHA's Finance plan prior to that call. Staff is still pushing to close on four properties by the end of November.
- Per the HUD field office, RHA is the only large housing authority that is moving forward with the RAD conversion.

Heritage Park Update

As part of the RAD calls with HUD, staff has been discussing with them RHA's plans for redeveloping Heritage Park. There are several different options for financing the redevelopment. Each has their own pros and cons. As part of the RAD conversion and Heritage redevelopment, staff is considering hiring a consultant to advise what to do and make sure it works for RHA financially. This will be covered in one of the resolutions this evening.

In a previous Board meeting, it was recommended that RHA look at building office space and retail space at Heritage Park. Staff received a proposal from JDavis Architects and it will cost approximately \$65,000 to look at these different programs. Given the pandemic and current slow-down, staff wanted to get feedback from the Board as to whether RHA needs to look at those options.

There were some concerns raised in that meeting about retail, and given the changes and concerns with the pandemic, staff thinks RHA should keep it all affordable housing and move forward. Staff doesn't think anyone is going to build affordable housing downtown. However, other developers may build retail and office space around RHA's site. (Mr. Felton asked for comments from the Board.)

Commissioner Braun said he was considering some of the services that could be provided to residents at Heritage Park (Triangle Family Services calls them "wrap around services"). They would be supplemental services that could benefit RHA residents. He thinks programming in some of the mixed-use options that allows flexibility isn't a bad thing (especially considering the proximity to the Dorothea

Dix property). RHA could always walk away from it. He said it could be explored more at the next meeting.

Commissioner Braun also encourages staff to talk to JDavis about filing a rezoning case (asking for 20 stories and community mixed use) since the current City Council is very willing to help RHA.

Commissioner Dilday said he does not disagree with what Commissioner Braun is saying. However, he thinks the timing is bad with everything that has been happening lately. He said he thinks RHA should not pursue it at this time. He thinks the rezoning would be okay. However, with the uncertainty of the future, Commissioner Dilday is not in favor of paying JDavis additional funds to look at different programs.

Commissioner Warren asked Commissioner Dilday if he was opposed to consider rezoning to include higher density. Commissioner Dilday said the rezoning is a different subject and he is not opposed to that. He is not in favor of paying JDavis additional funds for coming up with different programs.

Commissioner Warren agrees with Commissioner Dilday. He said he would approach Heritage Park like a crossword puzzle, where different pieces can be inserted into the development. RHA's first priority should be the affordable housing component (RHA doesn't want to lose any affordable housing units). The density will obviously be higher than what is at Heritage Park right now. However, he said he would like the Board to think about developing the community in phases and having some options in later phases that may involve more income-generating activities for RHA. He doesn't expect that RHA will develop all of these in the first phase.

Mr. Felton said it sounds like staff will need to go back to JDavis and get clarity from them as to how much the \$65,000 covers. He said staff will talk to them about the rezoning and also about having flexibility with future phases of the development.

Mr. Felton asked the Board if that covered all of their concerns/comments. Commissioner Freeman said she thinks it's reasonable to bring it up at the next Board Meeting.

Commissioner Braun said he agrees. He asked Mr. Felton to ask JDavis about a proposed schedule for filing the rezoning, assuming staff wants JDavis to pursue it. He said he could follow up and help, if needed. He said it would be beneficial to proceed with rezoning before the current City Council enters the elections process.

Commissioner Warren asked if staff would be willing to proceed now with rezoning, and should there be a motion to proceed. Mr. Felton said no motion is needed and staff can proceed immediately. RHA staff will speak with JDavis and bring it to the Board next month.

Glenwood Towers Update

- The roof is nearly complete and they are currently working on some punch items.
- The façade- brickwork should be completed by June 30th. Staff has begun turning those units so RHA can reoccupy them as soon as possible.
- The doors and ropes have been replaced on Elevator #2 and put it back into service. The ropes and doors on Elevator #1 should be completed within the next couple of weeks.

RHA Audit

The auditors have started the audit. Usually they come to the office in June and stay a couple of weeks to do their audit. Given the current circumstances with the virus, they said RHA's audit may be delayed until August or September unless they do some of their work remotely. Staff agreed to allow them to do it remotely and they had some down time now, so they started reviewing the files. Once RHA's year-end books are closed, they will look at those and staff does not anticipate them coming onsite. If they do come onsite, it will be for a short time.

RHA Audit Committee

In 2014, RHA started an Audit Committee. Commissioner Morris is the Chair of that committee and the other two members are no longer on the Board. Typically, the Audit Committee attends the entrance and exit meetings with the auditors and staff. At the end of each meeting, staff leaves and the Audit Committee meets with the auditor and can ask the auditors questions or ask them to look into things they may have concerns about. Both meetings are usually one hour each. At the next Board meeting, they will report back to Board anything they wish from those meetings. The Board Chair appoints those members so tonight the Board can take a moment to appoint the volunteers.

(Commissioner Freeman appointed Gregg Warren, Eric Braun, and Yolanda Winstead to be on the Audit Committee.)

Commercial Leases

RHA has commercial leases for the daycare at Capitol Park, Communities in Schools, Arts Together and St. Saviour's. When the pandemic started in March, staff told them RHA would defer their rent for 120 days, which would take them to August 1st. Staff will be talking with each tenant to assess their situation and see what their new normal will look like. From that, staff will determine how to handle each one. It will likely be a graduated rent structure which goes up over time and adds time to the end of the lease to make up for the time lost.

Salary Study

Staff is moving forward with RHA's salary study. It was in the budget this year and staff has decided to move forward with that. Evergreen Consultants is the consultant that was selected. They are reviewing the pay scales to make sure RHA is competitive with the market and also review the job descriptions.

Benefits Update

One item that staff wanted to offer the employees this year was a Health Savings Account (HSA) for health insurance. Unfortunately, that will not be offered this year. Staff has elected to remain with the current plan and look at an HSA for next year. Training had been planned for prior to open enrollment so that staff could make an informed decision. However, given the pandemic, that training could not be held.

RHA is continuing the Flex Spending Account (FSA) and increasing the limit from \$500 to \$1,500. Last year when the Board approved RHA to open the FSA, they also allowed the limit to be set as long as it was within IRS limits. The IRS limit is \$2,700. Staff is not setting the amount at \$2,700 because it would need to be "front loaded" into the account and then, through payroll deduction, collected from the employee. If an employee used all their money in the account and left the agency, RHA would have no means to collect the remaining balance.

Correspondence

Mr. Felton pointed out the thank you notes from RHA's service providers for the contributions approved in March.

NEW BUSINESS

Mr. Felton said this resolution is for the issuance and selling of bonds. Earlier this month, the Board approved raising the bond amount for Walnut Trace to \$23,000,000. Walnut Trace will be situated on 14.2 acres behind the Southgate Plaza shopping center at the corner of Rock Quarry Road and Cross Link Road. They are proposing to build 180 units with (6) 1-bedrooms, (108) 2-bedrooms and (66) 3-bedrooms. The unit rents range from \$478- \$1,043. All rents will be equal to or less than 60% of Wake County's AMI. They will remain affordable for 40 years. The development will have an onsite management office, computer center, community room, exercise facility, laundry room, playground, dog park and indoor/outdoor seating.

They are scheduled to close in early July and start construction soon thereafter. Construction completion is scheduled for January 2022.

The total development and acquisition will be approximately \$29,000,000. They have funding sources of \$23 million in bonds, \$2.2 million commitment from the City of Raleigh, deferring a portion of their developer's fee.

The site is near employment and commercial centers. They will be accepting Section 8 vouchers, which RHA administers.

RHA's fees for issuance of the bonds are \$230,000. This has been reviewed by RHA's legal counsel with no exceptions.

Commissioner Warren asked if these fees are unrestricted dollars for RHA. Mr. Felton said they are unrestricted. They go into RHA's Local Fund, which is non-regulated and are not subject to recapture.

Commissioner Warren said this seems very beneficial to RHA since it is no risk and helps the city promote affordable housing. Mr. Felton said they do work for RHA financially. The Board had asked staff to make sure they don't lose focus of RHA's mission, which is administering Public Housing and Section 8 Voucher programs.

Commissioner Warren asked how it could be inconsistent with RHA's mission. Mr. Felton said he didn't imply that it was inconsistent, just that staff doesn't want to lose sight of the day-to-day operations.

Commissioner Warren asked if serving as an issuing agent brings a heavy workload to RHA. Mr. Felton said staff spends some time reviewing the deals (and time is not blocked out to review them since staff has no idea when they will come in). It depends on whether the application is turned in early enough, giving staff sufficient time to review.

Commissioner Dilday said he still believes RHA should keep its focus on the mission. However, it is good money, if staff has the time and is able to do it without losing ground on RHA's mission.

Commissioner Freeman asked where Walnut Trace will be located. Mr. Felton said it is located behind Southgate Shopping Center and wraps around the shopping center and 440 exit.

Charles Francis said there is a parcel of land behind the shopping center and behind the bank – on the hill overlooking 440.

Commissioner Winstead said there is a possibility the bond program will get fixed at 4%, instead of a fluctuating rate. If that happens, there will be more interest in the bond program in the future. RHA might need to think about how staff will handle it if that happens.

Mr. Felton asked Commissioner Winstead if she thought the timeframes will be adjusted. She said the timeframes will likely remain the same since it tracks with the North Carolina Housing Finance Agency schedule.

Commissioner Warren said he thinks this is an important policy issue for RHA. The agency needs to determine whether or not it is “all in” for supporting bond transactions. It doesn’t need to be discussed today. However, he thinks RHA should be incredibly encouraging to support bond issues since there is no RHA obligation or risk.

Commissioner Freeman suggested the Board discuss it at a later date and move forward with the meeting.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 30 (2020)

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF MULTIFAMILY
HOUSING REVENUE BONDS (WALNUT TRACE), SERIES 2020

WHEREAS, Walnut Trace, LLC, a North Carolina limited liability company, or an affiliated or related entity (the “Borrower”), has requested that the Housing Authority of the City of Raleigh, North Carolina (the “Authority”) assist it in financing a portion of the cost of the acquisition, construction and equipping of a multifamily residential rental facility to be known as Walnut Trace Apartments, consisting of 180 units to be located on an approximately 14.2-acre site at 1800 Rock Quarry Road in the City of Raleigh, Wake County, North Carolina (the “Development”) and the Authority has agreed to do so; and

WHEREAS, the Authority proposes to provide the financing for the Development by the issuance of its (a) Multifamily Housing Revenue Bonds (Walnut Trace), Series 2020A in the aggregate principal amount of not to exceed \$17,500,000 (the “2020A Bonds”) and (b) Taxable Multifamily Housing Revenue Bonds (Walnut Trace), Series 2020B in the aggregate principal amount of not to exceed \$5,500,000 (the “2020B Bonds” and, together with the 2020A Bonds, the “Bonds”), in the combined aggregate principal amount of not to exceed \$23,000,000; and

WHEREAS, the Bonds will be issued pursuant to an Indenture of Trust dated as of July 1, 2020 (the “Indenture”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”); and

WHEREAS, it is anticipated that the Bonds will be privately placed with Deutsche Bank AG or an affiliated entity (the “Purchaser”), which is an Approved Buyer (as defined in the Indenture), which was identified by Stern Brothers & Co. (the “Placement Agent”), pursuant to a Bond Purchase Agreement, to be dated the date of sale of the Bonds, among the Authority, the Borrower, and the Placement Agent (the “Bond Purchase Agreement”); and

WHEREAS, the proceeds of the Bonds will be loaned to the Borrower pursuant to a Loan Agreement dated as of July 1, 2020 (the “Loan Agreement”), between the Authority and the Borrower, for the purpose of (i) paying a portion of the costs of the acquisition, construction and equipping of the Development, and (ii) paying certain issuance expenses in connection with the issuance of the Bonds; and

WHEREAS, the Borrower’s obligations under the Loan Agreement will be secured by a Deed of

Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (With Power of Sale) and Future Advance dated as of July 1, 2020 (the “Deed of Trust”), from the Borrower to the deed of trust trustee named therein for the benefit of the Trustee, and various other security documents, all of which will be assigned to the Trustee for the benefit of the holder of the Bonds; and

WHEREAS, there have been presented to this meeting draft forms of the following instruments (collectively, the “Authority Documents”), which the Authority proposes to execute to carry out the transactions described above, copies of which instruments shall be filed with the records of the Authority:

- (a) the Indenture, together with the forms of the Bonds attached thereto;
- (b) the Loan Agreement;
- (c) those certain promissory notes of the Borrower in favor of the Authority (the “Borrower Notes”), which will be assigned by the Authority to the Trustee;
- (d) the Bond Purchase Agreement;
- (e) the Regulatory Agreement and Declaration of Restrictive Covenants dated as of July 1, 2020 (the “Regulatory Agreement”), pursuant to which the Borrower will be required to operate the Development in accordance with Section 142(d) of the Internal Revenue Code of 1986, as amended;
- (f) the Deed of Trust; and
- (g) the Subordination Agreement dated as of July 1, 2020 (the “Subordination Agreement”), among the Authority, the Trustee, the Borrower, and the City of Raleigh, North Carolina;

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NORTH CAROLINA DOES HEREBY RESOLVE, AS FOLLOWS:

1. The Authority hereby determines to provide financing to the Borrower for the acquisition, construction and equipping of the Development 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 loan of the proceeds thereof and the deposit of such proceeds with the Trustee in accordance with the Indenture and the Loan Agreement.

2. The Authority hereby authorizes the issuance and sale of the Bonds pursuant to and in accordance with the terms set forth in the Indenture. The Bonds will bear interest at the rates and will mature 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 \$23,000,000.

3. Each of the Chairman, Vice Chairman and Executive Director of the Authority or his or her respective designee is hereby authorized and directed to execute and deliver the Authority Documents to the other parties thereto. Each of the Chairman, Vice Chairman and Executive Director of the Authority or his or her respective designee, is authorized and directed to execute and deliver such endorsements, assignments and other instruments as may be necessary to assign the Borrower Notes and other security documents to the Trustee.

4. Each of the Chairman and Vice Chairman of the Authority is 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 Purchaser, or any affiliate thereof, upon payment of the purchase price therefor.

5. The Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Purchase Agreement, the Subordination Agreement, the Borrower Notes (and assignment thereof) and the Bonds shall be in substantially the forms submitted to this meeting, which are hereby approved, with such completions, omissions, insertions and changes as may be necessary or convenient to reflect the final terms of the Bonds, and as otherwise approved by the officers of the Authority executing them after consultation with counsel to the Authority, their execution to constitute conclusive evidence of their approval of any such completions, omissions, insertions and changes.

6. Any authorization made hereby to the officers of the Authority to execute a document shall include authorization to the Chairman, Vice Chairman or Executive Director 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 and where appropriate, to deliver it to the other parties thereto, all in the manner provided in the Authority Documents.

7. 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 as may be necessary or desirable to the issuance of the Bonds. All other acts of the officers of the Authority that are in conformity with the purposes and intent of this resolution and in furtherance of the undertaking of the Development and the issuance and sale of the Bonds are hereby ratified, confirmed and approved.

8. This resolution shall take effect immediately.

Commissioner Dilday moved and Commissioner Morris seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Kyle Dilday, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 30 (2020) has been adopted.

Mr. Felton said this resolution approves the finance team for the Walnut Trace project. Within the resolution is a list of the different entities involved with financing, including the attorneys.

This is project is approximately \$29,000,000. It will have 180 units consisting of 1, 2 and 3-bedroom units.

These are non-recourse bonds so the Housing Authority is not financially responsible.

This has been reviewed by RHA's legal counsel with no exceptions.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 31 (2020)

RESOLUTION APPROVING FINANCING TEAM AND MAKING CERTAIN
FINDINGS WITH RESPECT TO THE ISSUANCE OF MULTIFAMILY HOUSING
REVENUE BONDS (WALNUT TRACE), SERIES 2020

WHEREAS, Walnut Trace, LLC, a North Carolina limited liability company, or an affiliated or related entity (the “Borrower”), has requested that the Housing Authority of the City of Raleigh, North Carolina (the “Authority”) assist it in financing a portion of the cost of the acquisition, construction and equipping of a multifamily residential rental facility to be known as Walnut Trace Apartments, consisting of 180 units to be located on an approximately 14.2-acre site at 1800 Rock Quarry Road in the City of Raleigh, Wake County, North Carolina (the “Development”) and the Authority has agreed to do so; and

WHEREAS, the Authority finds that the financing of the Development through tax-exempt and taxable bonds will fulfill the Authority’s purpose under the North Carolina Housing Authorities Law, Article 1 of Chapter 157 of the General Statutes of North Carolina, as amended (the “Act”) to provide for the construction, reconstruction, improvement, alteration or repair of any housing project, which is defined in the statute to include “loans 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 Authority proposes to provide the financing for the Development by the issuance of its (a) Multifamily Housing Revenue Bonds (Walnut Trace), Series 2020A in the aggregate principal amount of not to exceed \$17,500,000 (the “2020A Bonds”) and (b) Taxable Multifamily Housing Revenue Bonds (Walnut Trace), Series 2020B in the aggregate principal amount of not to exceed \$5,500,000 (the “2020B Bonds” and, together with the 2020A Bonds, the “Bonds”), in the combined aggregate principal amount of not to exceed \$23,000,000; and

WHEREAS, the North Carolina Local Government Commission has requested the Authority to make certain findings with respect to the Bonds consistent with Section 159-153 of the North Carolina General Statutes; and

WHEREAS, it is anticipated that the Bonds will be privately placed with Deutsche Bank AG or an affiliate, as purchaser (the “Purchaser”), through Stern Brothers & Co., as placement agent; and

WHEREAS, the Borrower has requested that the Authority approve its selection of the following financing team members for the issuance and sale of the Bonds, on the terms and at the fees set forth in the documents and financial information relating to the financing, providing for the issuance and sale by the Authority and the purchase by the Purchaser of the Bonds and in the financial information provided to the Authority with respect to the Bonds:

| | |
|--------------------------------|--|
| Bond Counsel: | McGuireWoods LLP |
| Authority’s Counsel: | The Francis Law Firm, PLLC |
| Trustee: | U.S. Bank National Association |
| Purchaser: | Deutsche Bank AG |
| Placement Agent: | Stern Brothers & Co. |
| Majority Owner Representative: | Bellwether Enterprise Real Estate Capital, LLC |
| Tax Credit Investor: | Community Equity Fund XXV Limited Partnership |
| Borrower’s Counsel: | Ellinger & Carr PLLC |

Trustee’s Counsel: Nexsen Pruet, PLLC
Purchaser Counsel: Kutak Rock LLP
Tax Credit Investor’s Counsel: Kutak Rock LLP

WHEREAS, based upon information and evidence received by the Authority, it has determined to approve the Borrower’s request;

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NORTH CAROLINA DOES HEREBY RESOLVE, AS FOLLOWS:

1. The above financing team for the issuance and sale of the Bonds by the Authority is hereby authorized and approved.

2. The Authority hereby finds that the financing is necessary and expedient to further the Authority’s purpose of promoting low and moderate income housing in the City of Raleigh, North Carolina, and that the acquisition, construction and equipping of the Development proposed by the Borrower are necessary and sufficient to accomplish the Authority’s purposes with respect to the properties involved.

3. The Authority hereby finds that the Borrower has demonstrated that the amount of debt to be incurred in connection with the Development and the fees to be paid in connection therewith are sufficient but not excessive for the purpose of acquiring and constructing the Development.

4. The Authority hereby finds, based on (i) information provided by the Borrower, (ii) the commitment of Bellwether Enterprise Real Estate Capital, LLC to arrange for the private placement of the Bonds with the Purchaser, through Stern Brothers & Co., and (iii) the award of bond volume cap allocation by the North Carolina Federal Tax Reform Allocation Committee at the recommendation of the North Carolina Housing Finance Agency, that the Borrower has demonstrated that (a) it is financially responsible and capable of fulfilling its obligations to make loan repayments and other payments under the Loan Agreement between the Authority and the Borrower (the “Loan Agreement”), which will provide the funds to pay principal and interest on the Bonds, and (b) the Development will generate sufficient revenues to make loan repayments and other payments under the Loan Agreement, to operate, repair and maintain the Development at its own expense and to discharge such other responsibilities as may be imposed under the Loan Agreement. The Authority further finds that adequate provision has been made for the payment of the principal of, redemption premium, if any, and interest on the Bonds, and the operation, repair and maintenance of the Development at the expense of the Borrower.

5. The Authority hereby finds that the use of the proceeds of the Bonds for a loan to finance the costs of the Development and for the other purposes stated above will accomplish the public purposes set forth in the Act and hereby approves such use of proceeds.

6. This Resolution shall take effect immediately upon its passage.

Commissioner Braun moved and Commissioner Warren seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Kyle Dilday, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 31 (2020) has been adopted.

Mr. Felton said with Asset Management, each Public Housing AMP should maintain at least four months' worth of expenditures in its unrestricted net assets, or "operating reserve". In addition to ensuring adequate funds to operate for a period of time, the Month's Expendable Net Asset Ratio (MENAR) must be at least 4.0 to ensure the AMP maximizes its financial score in the Public Housing Assessment System or PHAS.

HUD provides that housing authorities may transfer "excess cash" between AMPs following the completion of the annual audit. Excess cash are unrestricted funds that are not needed to pay the liabilities and one month's worth of expenses for the AMP. So the "excess cash" staff is transferring between the AMP's is based on last year's financials. RHA is able to pay the asset management fee to the CCC, which it earns from the AMPs.

After this redistribution, each AMP will have approximately 8.94 months' worth of expenditures in its reserves. This is a decrease by approximately \$163,000 from the previous year. This is due to fire entries for Glenwood Towers, expenses that increased \$32,000 from the previous year, HOTMA, plus what was moved into the Local Fund.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 32 (2020)

WHEREAS, the U. S. Department of Housing and Urban Development ("HUD") mandated housing authorities with 250 or more units of public housing convert to Asset Management, which required establishing separate ledgers for each Asset Management Project ("AMP"); and

WHEREAS, the Housing Authority of the City of Raleigh ("RHA") fully implemented Asset Management as of March 31, 2009; and

WHEREAS, to ensure RHA operates in a manner that is in the best interest of each AMP, the Agency, and its residents, it is important that each AMP maintain a Month's Expendable Net Asset Ratio ("MENAR") of at least 4.0, which means there is at least four months' worth of expenditures in the unrestricted net position ("operating reserve"); and

WHEREAS, housing authorities must maintain a MENAR of at least 4.0 to maximize their financial score in the Public Housing Assessment System ("PHAS"); and

WHEREAS, AMPs with operating reserves significantly greater than four months' worth of expenses risk recapture of operating reserves and lower Project Expense Levels ("PELs"), which means less subsidy available in the future for the AMPs; and

WHEREAS, it is in RHA's best interest to utilize the full amount of the current PEL available while maintaining a MENAR slightly more than 4.0; and

WHEREAS, to ensure RHA has at least four months' worth of expenditures in the unrestricted net assets in all AMPs, excess cash may be transferred between the AMPs (as illustrated by the attached spreadsheet); and

WHEREAS, HUD regulations (24 CFR Part 990) allow the transfer of “excess cash” as defined by the regulations from one AMP to another after the close of the fiscal year, subject to verification of the calculation by the independent public accountant; and

WHEREAS, the independent public accountant completed the field work for the fiscal year ended March 31, 2019 on June 20, 2019; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that staff is directed to transfer excess cash between AMPs to ensure a minimum of four months’ worth of expenditures in the unrestricted net position in all AMPs and provide funding for budgeted capital expenditures as listed above.

Commissioner Winstead moved and Commissioner Braun seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Kyle Dilday, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 32 (2020) has been adopted.

Mr. Felton said in August 2019 the Board approved for staff to submit an application for participation in the RAD program. The Board had recommended the use of a consultant to provide technical expertise and general guidance on the conversion of public housing to RAD. They wanted someone to check the financials and make sure converting to RAD cash flowed for the properties and they were sustainable.

Staff sent out an RFP for consulting services in March and received seven proposals. The attached spreadsheet is the evaluation of the consultants.

Staff evaluated the proposals and selected EJP Consulting based on the following:

- Their experience with RAD, including affordable housing and rehabilitation.
- Complexity of the services they provide.
- Taking into account the size of RHA and their ability to work with and train staff.
- RAD revisions and Section 18 experience,
- Plan of action, resumes, costs and experience with similar scope of services.

EJP was the high scorer for all three people scoring the proposals. They worked with Durham Housing Authority on their RAD conversion and RHA’s HUD consultant has worked with them in the past with no issues. All references were very positive.

With this resolution, the Board is approving the selection of EJP Consulting as well as the budget for this work. Staff estimates the initial contract not to exceed \$24,500. Staff budgeted \$35,000 in case anything comes up that is not anticipated.

This will be paid out of RHA’s operating budget.

Some of the things staff wants their guidance on include:

- Making sure properties are sustainable after conversion to RAD.
- Funding recommendations for Capital Needs and/or redevelopment.
- Assisting in preparation of HUD required Financing plan.
- Looking at the order of RAD conversion.
- Looking at converting the scattered home sites to RAD.
- Looking at potential ownership structure of RAD properties. (The idea of setting up another non-profit similar to CAD which would own the RAD properties.)
- Assisting in redevelopment budgets, LIHTC and review of RFP for LIHTC developer for Heritage.

Commissioner Morris asked if there is anything in RHA's RFP process that requires, or tries, to get minority companies to apply for these jobs. Mr. Felton said he doesn't know if RHA has a requirement for that. He will check on it and get back to the Board.

Commissioner Morris asked if RHA monitors the pool of applicants to see how many minority companies apply. Mr. Felton said RHA monitors that with Section 3.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 33 (2020)

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") introduced the Rental Assistance Demonstration ("RAD") program in 2012 that, upon successful conversion, provides long-term Section 8 contracts to Public Housing Authorities ("PHAs"); and

WHEREAS, the RAD program seeks to preserve low income housing by allowing PHAs access to more stable funding sources for capital needs; and

WHEREAS, on August 22, 2019 the RHA Board of Commissioners approved Resolution No. 46 authorizing staff to submit an application for participation in the RAD program; and

WHEREAS, on December 4, 2019 RHA submitted a RAD application to HUD for the 16 public housing Asset Management Projects; and

WHEREAS, the RHA Board of Commissioners recommended the use of a consultant to provide technical expertise and general guidance on the conversion of the public housing properties to RAD; and

WHEREAS, RHA issued a Request for Proposal ("RFP") for a RAD consultant on March 10, 2020 with the proposals due back by 11:00 a.m. on March 24, 2020; and

WHEREAS, the seven proposals received were opened and recorded on March 24, 2020; and

WHEREAS, the proposals received are set forth on the attached bid tabulation sheet, which by reference is made part of the resolution; and

WHEREAS, the staff of RHA evaluated the proposals in areas including consultant staff qualifications and experience with RAD, Low Income Housing Tax Credits ("LIHTC"), and other HUD regulations that may be applicable to a RAD conversion or redevelopment; complexity of services provided to other housing authorities, and fair and reasonable cost; and

WHEREAS, the staff of RHA recommends the use of EJP Consulting Group, LLC based on their experience with complex RAD conversions including LIHTCs and knowledge of HUD programs used for redevelopment; and

WHEREAS, the consultant will:

- Offer technical expertise and general guidance on RAD conversion including assisting RHA in determining a sequencing order for the Portfolio conversion.
- Offer strategic advice and guidance on the best funding plan(s) for Heritage Park including review of LIHTC application.
- Prepare funding recommendations for each property if needed.
- Review the RHA prepared HUD required Financing Plan for RAD conversions and operational proforma for feasibility.
- Assist RHA in resolving any outstanding issues for the conversion on an as needed basis related to the RAD Conversion Commitment (RCC), the HAP Contract, the RAD Use Agreement, and other RAD-related documents required by HUD or other applicable documentation.
- Review development budgets including all sources and uses and assist in training RHA staff related to LIHTC as needed.
- Offer technical expertise and general recommendations on the ownership structure of the RAD properties.
- Provide board and/or staff training if needed.
- Review the RFP for the developer at Heritage Park; and

WHEREAS, the consultant fee is based on an estimated number of hours with an hourly rate of \$195 for the Partner, \$170 for the Senior Associate, and \$150 for the Associate with an estimated contract amount not to exceed \$24,500; and

WHEREAS, the hourly rate may be increased by 4% effective January 1, 2021;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, that the contract for RAD consulting services be awarded to EJP Consulting Group, LLC.

BE IT FURTHER RESOLVED that the Executive Director is authorized to enter into a contract with EJP Consulting Group, LLC for these services.

BE IT FURTHER RESOLVED that the operating budget be adjusted in the amount of \$35,000 to allow for additional hours if needed.

Commissioner Morris moved and Commissioner Dilday seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Kyle Dilday, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 33 (2020) has been adopted.

Mr. Felton said in December 2019 RHA submitted the application to be part of the RAD program. All 16 public housing properties were included in the application.

In January 2020 RHA was awarded its Commitment to Housing Assistance Payment (CHAP). One of the things that must be done as part of this conversion process is to amend RHA's Agency Plan and 5-Year Plan. This usually occurs later in the conversion process. However, since staff is at a standstill on some of the activities for the RAD conversion, HUD said the Agency Plan and 5-year Plan could be amended.

The real change is based on Revision 4 for the RAD program. RHA is converting from Public Housing to Project Based Vouchers. Upon conversion, staff will adopt the resident rights, participation, waiting list and grievance procedures with the listed HUD regulations.

This will go out for public comments for 30 days. Staff will then bring the final back to the Board for approval.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 34 (2020)**

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") introduced the Rental Assistance Demonstration ("RAD") program in 2012 that, upon successful conversion, provides long-term Section 8 contracts to Public Housing Authorities ("PHAs"); and

WHEREAS, in September 2019, HUD issued PIH notice 2019-23 which implemented a fourth revision to the RAD program which is still in effect today; and

WHEREAS, RHA successfully received a RAD portfolio award from HUD in January 2020; and

WHEREAS, RHA's current annual and five year plans include that the agency is intending to pursue RAD conversion during the plan period as approved by the Board of Commissioners and in accordance with HUD requirements; and

WHEREAS, current RAD program guidelines require PHAs update their annual and five year plans through a significant amendment prior to the closing process; and

WHEREAS, specific information will need to be provided through the amendment including bedroom sizes, units to be converted, and changes in the policies that govern eligibility, admission, selection, and occupancy of units at the project after it has been converted; and

WHEREAS, RHA and HUD anticipate to close on the RAD conversion by the end of 2020;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that staff is directed to begin the process of amending the Agency Plan and Five Year Plan to comply with requirements of the RAD closing process;

BE IT FURTHER RESOLVED that the final plan will be brought back before RHA Board of Commissioners for final approval prior to submitting it to the U. S. Department of Housing and Urban Development.

Commissioner Morris moved and Commissioner Braun seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Kyle Dilday, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 34 (2020) has been adopted.

Mr. Felton said this resolution is the lease agreement for Saint Saviour's. Saint Saviour's provides Community Service programs for the residents at Glenwood Towers and Carriage House out of two buildings: 616 and 618 Tucker Street. They have been there since 2002 and have been paying rent since 2016. Their current lease expires October 2020. Meals on Wheels operates out their space and that is part of their lease.

The highlights of the new lease are:

- RHA is getting \$500 per month rent for the spaces.
- It is a 2-year lease and staff can look at other options at that time.
- RHA will handle fire safety inspections, equipment maintenance contracts, and fire extinguishers.
- RHA will maintain and change filters on the HVAC systems.
- RHA will change light bulbs in the auditorium annually. Saint Saviour's will supply the bulbs.
- They have access to RHA's parking lot at 420 Boylan for their volunteers from 8:00 am until 6:00 pm. They are required to have a permit to park there.
- Staff has also asked them to reach out to provide programming to RHA's other public housing residents (not just Glenwood Towers and Carriage House).

St. Saviour's operates a program called the Diaper Train, which is one of few programs that are operating during pandemic. The Diaper Train is doing a drive thru service now and is well-utilized by many of RHA's residents.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 35 (2020)**

WHEREAS, the Housing Authority of the City of Raleigh ("RHA") is the owner of the facilities located at 616 and 618 Tucker Street, Raleigh, North Carolina more commonly referred to as Saint Saviour's Outreach Center adjacent to the Glenwood Towers senior apartments; and

WHEREAS, the operation of community service programs on the premises requires such programs be operated by a fully established, responsible and continuing community agency serving the public housing senior residents of Glenwood Towers and Carriage House; and

WHEREAS, this community service agency is beneficial to the Glenwood and Carriage House residents and this space has been occupied by St. Saviour's since 2002; and

WHEREAS, St. Saviour's wishes to continue to lease the space and extend their services to all of RHA's public housing communities; and

WHEREAS, RHA desires to lease the space for a specified period with an extension of the lease period to be considered and determined at the end of a lease agreement as it does not renew automatically; and

WHEREAS, the Executive Director was authorized by the Board to negotiate terms of the lease; and

WHEREAS, both parties agree that a two (2) year lease would be accepted for the rental amount in accordance with the attached lease; and the Lessee shall pay the Lessor as rental for the premises the sum of five hundred dollars (\$500.00) monthly;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that the Executive Director is authorized to execute the attached lease agreement once approved and signed by Saint Saviour's Board of Directors.

Commissioner Dilday moved and Commissioner Wrench seconded approval of the foregoing resolution.

A vote being called, the ayes and nays were as follows:

Aye: Eric Braun, Kyle Dilday, Arne Morris, Bahati Mutisya, Gregg Warren, Yolanda Winstead, Doris Wrench, Kistina Freeman

Nay: None

Resolution No. 35 (2020) has been adopted.

ADJOURNMENT

There being no further regular business to come before the Board, the Chair declared the regular meeting adjourned at 6:09 p.m.