

MINUTES OF A SPECIAL MEETING OF
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH
BOARD OF COMMISSIONERS
MAY 27, 2021

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 27, 2021 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, Niya Fonville, Arne Morris, Bahati Mutisya (late), Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Absent: Susan Ellinger, Doris Wrench

Visitors: TJ Barringer, CAD Board Director; Sarah Baker, City of Raleigh; Charles Francis, The Francis Law Firm; Hilda Holdsclaw, CAD Board Director; Kristen Kirby, McGuire Woods, LLP; Members of the public: Wanda Gilbert Coker, Deidre McCullers, Nicole Budde, Wanda Hunter, Erika Moss, Carla (last name not given).

RHA Staff: Sonia Anderson, Priscilla Batts, Suzy Bryan, Liz Edgerton, Bob Horn, Wayne Felton, Laura McCann, Jennifer Morgan, Donna Perez, Gwen Wall.

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

RECOGNITION OF VISITORS

The Board Chair welcomed the visitors to the meeting.

CONSENT AGENDA

All items on the Consent Agenda are considered to be routine and may be enacted by one motion and second. If a Commissioner requests that an item be removed from the Consent Agenda it will be done and considered as a separate item. The vote will be a roll call vote.

Item 1

Charge-off of delinquent resident accounts for March 2021

Charge-off of delinquent resident accounts for April 2021

Item 2

No Financials due to FYE 2021 close out

Item 3

Vacancy and Turnover Summary for March 2021

Vacancy and Turnover Summary for April 2021

Item 4

Minutes of March 25, 2021 regular meeting

Minutes of May 6, 2021 special meeting

RECOMMENDATION: Approval as submitted by staff.

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

Aye: Eric Braun, Niya Fonville, Arne Morris, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Nay: None

The Consent Agenda has been adopted.

COVID Update

Mr. Felton said since the Governor has changed the mask requirements staff has somewhat relaxed RHA's. Staff continues to wear masks in common areas in the buildings, when they enter a resident's home, or when meeting with a resident. Temperature checks or questionnaires are no longer required. Staff also asks residents if they have been around anyone with COVID or if they have any symptoms.

RHA will continue to monitor the situation and adjust protocols accordingly. Staff anticipates that RHA will be fully open sometime in the summer or early fall. Staff has reached out to the City regarding their protocols for public meetings and opening back up.

RHA Audit

The auditors will be at RHA on June 14-25. The Entrance meeting is scheduled for June 15th with the Audit Committee. There will be a new person on site this year, Brandy Lofton. She is one of the partners in the firm. Dale will still come to Raleigh. However, Ms. Lofton will be running the audit.

COVID Vaccinations

Ms. Cruz, RHA's Resident Service Coordinator, is working to get the residents vaccinated. There was a vaccination clinic at 971 Harp and only four people showed up. Ms. Cruz is working with different groups to get mobile vaccinations to go to the properties.

Heritage Park Redevelopment Update

Ms. Cruz and Mr. Felton went door to door at Heritage Park to meet with residents and go over RHA's survey with them to gather information for the redevelopment. The information will be shared with the Board Commissioners when it has been compiled.

Staff has a meeting scheduled with NC Justice Center to discuss RHA's plans for Heritage Park and get feedback from them.

Building Futures Initiative

A few Board Commissioners have spoken with Enterprise about the Building Futures Initiative (BFI). Staff appreciates everyone offering their time and resources to set them up with potential partners to assist residents in finding jobs. They have also spoken with the city officials and staff has been promoting BFI with residents at various meetings.

Board Commissioner Training

Some of the Board Commissioners attended Board training sessions over the last couple of weeks put on by HUD. Staff is checking with HUD on the recordings and when they will be available. The

Commissioners who attended the training sessions said it was very good. As soon as those videos are accessible they will be made available to the Board.

Economic Development Initiative

The Economic Development Initiative was something Mr. Felton spoke with Congresswoman Ross about in April. They are using 1% of the discretionary budget to be used for Economic Development Initiatives. Congresswoman Ross said that was something she could get behind and there was a discussion with Enterprise and staff to see how RHA could potentially use these funds. Staff felt it would be good to set up a portal for residents to enter their information and allow contractors access to match tenants with jobs. Enterprise has done this at other housing authorities and staff feels this is a good use for these funds and would help ensure the success of this program.

RHA would be required to expend the funds in one year because this is something Congress will do every year and they want entities to spend the money. The funds would be available in August, if RHA is awarded them. The availability is dependent on budget negotiations so the timing may be delayed depending on how that goes.

N&O Article

There was an article in the N&O a few weeks ago regarding a resident at Walnut Terrace waiting for a bus at the stop. Unfortunately, there is not a bench at the bus stop for the resident. Staff has spoken with the city about putting a covered bench at Walnut Terrace. However, given the ridership for the area, they are not going to do that. They will put a pedestal with two seats at those stops for patrons to utilize. Staff will continue to talk with the city about this issue.

Wayne Felton Leave Taken

In the Board book is a spreadsheet showing the amount of time off Mr. Felton took over the last year. Staff will be providing this information to the Board on a quarterly basis.

Project based vouchers

Staff has talked about doing Project Based Vouchers. It is a new program for RHA and something that isn't currently in RHA's Section 8 program so it would need to be set up. Staff is discussing how to set it up and will bring that to the Board, along with the ACOP and Admin Plan changes and additions.

Staff has spoken with CASA and Families Together about Project Based Vouchers. If staff gets that finished by the end of the year, it will not affect the work that they are doing.

Emergency Housing Vouchers

These vouchers were funded through one of the Cares Act that Congress passed. These vouchers are for people who are homeless, who have recently been homeless, who are in danger of being homeless, or if they are fleeing a domestic violence situation.

RHA received a letter from HUD that there are 138 Emergency Housing Vouchers available to the agency. Staff sent an email this week to accept those vouchers. The vouchers will be available on July 1st and staff has been in contact with some entities that will help RHA get those leased.

Commissioner Morris asked if the City of Raleigh work session is open to all Board Commissioners. Mr. Felton said that is something that can be discussed (who would want to attend the work session). It will be held on June 8th at 4:00 pm.

Commissioner Braun said he would be happy to participate since he typically attends the meetings.

Carla (public attendee) asked what the meeting will be about. Commissioner Braun said it is the Council's normal work session. The agenda has not been prepared yet. It will be out the Friday before the meeting.

Carla asked if that meeting will have anything to do with Heritage Park. Mr. Felton said it will.

Carla asked if there will be any residents of Heritage Park attending the meeting. Commissioner Braun said the council asked RHA to attend and they want some information regarding Heritage Park. Work sessions typically are public meetings but they don't usually take public comments. They run their own meetings and will handle that.

Carla said once again they are leaving out the residents when talking about Heritage Park. Commissioner Morris said it is not RHA's meeting so RHA doesn't control the agenda. However, it will be open to the public.

Commissioner Braun said the city is still operating under virtual meetings. When they ask for people to come and speak, those people go to the council chambers. Those chambers are not open to the public at this time.

Carla said the "people in suits" don't care about the residents of Heritage Park. Mr. Felton said RHA just found out about the meeting today.

Commissioner Whitehouse said RHA can put out a post about the meeting. There will not be the ability for public comment at this meeting. However, it will allow the residents to listen.

Mr. Felton said staff will post the meeting information on RHA's website, along with posting flyers on the mailboxes for the residents. RHA also has a new notification system that calls residents on the phone.

Commissioner Whitehouse asked if the RHA staff is required to be vaccinated. Mr. Felton said no, it is their choice to be vaccinated.

Commissioner Whitehouse asked if the staff for the senior buildings are required to be vaccinated. Mr. Felton said that no RHA employees are required to get vaccinated (and no staff has been asked if they are vaccinated). Staff had an NCHARRP training a few weeks ago and one of the things in the training was that an employer can legally require their employees to be vaccinated. However, there are many employers who don't enforce that because it is a personal choice as to whether they want to be vaccinated. Staff continues to wear masks in the buildings because they don't know how many residents have been vaccinated.

Commissioner Whitehouse suggests reviewing that further – especially with the number of senior residents at RHA. He suggests encouraging staff in some way to get vaccinated.

Commissioner Whitehouse followed up from the previous Board Meeting as to whether or not RHA would back up its data to the cloud. Mr. Felton said he spoke with the IT department about it (but will need to get back to the Commissioners with further details). An IT committee was created and there is someone from each department to weigh in on RHA's IT needs (especially in light of this past year's IT needs).

Commissioner Whitehouse said, during the last meeting, a question was raised about the amount of fees that RHA gets from CAD. He asked if staff had looked into that yet. Mr. Felton said a spreadsheet was sent to the Board about that. Commissioner Whitehouse asked if staff could send that to him again.

Commissioner Whitehouse asked about the resident newsletter. He didn't see any phone numbers for the managers. Mr. Felton said he would check into that and make sure they are included in the newsletter.

Nicole Budde asked how that newsletter is sent out to the residents. Mr. Felton said it is on the website and it is provided to the managers for distribution. Some are hand delivered – each property has different needs.

Ms. Budde said it looks like there is a communication breakdown among residents and staff. She suggests RHA look into a more effective method of communicating to its residents.

Wanda Hunter asked when the emergency housing voucher presentation to the continuum of care is being held. Mr. Felton said Ms. Batts is talking to them about how the Section 8 program works. That presentation is going on currently (their Board Meeting coincides with RHA's Board Meeting).

Commissioner Warren followed up on setting criteria for selecting projects that RHA does Project Based Vouchers with. He asked for that to be a work item for RHA staff. They are important to developers and serve to provide great housing to very low income families. Mr. Felton said staff is currently working on that. It will need to go out for a 45-day comment period and a draft will be brought back to the Board in August for review. Final approval will be in October. Commissioner Warren asked that it be put out to the Board for comments as well.

REPORT OF THE REPOSITIONING COMMITTEE CHAIR

Commissioner Warren reiterated that this committee is charged with recommendations and it has no authority to make decisions on behalf of RHA. The committee has been focusing on trying to figure out the best strategies to refinance and re-sort all of RHA's existing public housing.

A couple of different RHA properties are moving forward with repositioning, which means they will move off public housing – however, still be serving very low-income people. These are sometimes called RAD-a-matic projects.

Heritage Park is different from those properties. It is a project that RHA feels needs to be redeveloped and RHA has adopted design principles to do that. RHA's first priority is that this redevelopment will not lose any affordable housing for very low-income people. Furthermore, existing residents will be given the opportunity and priority to return to Heritage Park. RHA may go above and beyond what's required by HUD to give those residents the opportunity to return to Heritage Park.

Commissioner Warren said he wanted to make a very clear statement that this is an important issue that the Board feels RHA must address. Even if HUD doesn't require RHA to give priority to the residents, it is the Board's intention to do so.

The issue being addressed at the Repositioning Committee Meeting was regarding what entity will participate in the redevelopment of Heritage Park. There are two entities: Capitol Area Developments, Inc. (CAD) and Oak City Affordable Communities (OCAC). Both of these entities are non-profits (OCAC is intended to be, but hasn't received IRS designation yet). There was considerable discussion regarding which entity would be the best participant for the Low Income Housing Tax Credit (LIHTC)

deals in Heritage Park. It is expected that most of the new development activity would utilize LIHTC financing.

The Repositioning Committee met on April 20th and Committee Members Arne Morris, Eric Braun, Gregg Warren, Bahati Mutisya, Wayne Felton as well as Joe Whitehouse and Hilda Holdsclaw (CAD Board Member) were in attendance. The committee talked about the ownership options for RAD properties in Heritage Park. In the end, the committee, with a 3-2 vote, recommends, given the current structure of CAD, that RHA will use OCAC as the managing member of the four LLCs for the RAD conversions.

OCAC will be in the ownership structure for the LIHTC projects for Heritage Park. While CAD will not be in the ownership structure of the LIHTC projects at Heritage Park, CAD may have a role as a developer for a smaller project at Heritage Park that does not involve LIHTC. CAD could also provide low cost financing or equity help financing Heritage projects.

The committee noted the changes to the CAD organizational structure or agreements that give RHA greater oversight role could be considered going forward.

There was a split vote on this by the committee that RHA should move forward with OCAC being the LIHTC development partner for Heritage Park.

Commissioner Warren suggested the minutes from the April 20th Repositioning Committee Meeting be made public to review the discussion.

Commissioner Morris agrees that there be further discussion with the full Board so that everyone has a clear view of RHA's options, how the entities are structured, and what their roles will be. He suggests there be a special meeting with the full RHA Board to have that discussion.

Commissioner Whitehouse agreed that a special meeting would be a good direction to take.

Commissioner Warren asked if there was anything that needed to be decided now that would limit the ability to move forward with the four straightforward RAD properties.

Mr. Felton said he didn't think so. If the Finance Plan is approved this evening, that is everything currently needed. The committee had decided at the last meeting that Mr. Felton would be signing contracts for OCAC.

Commissioner Warren said that is correct. He said some organizational documents will be needed later. There will need to be an agreement between RHA and OCAC that specifies what roles RHA staff will provide to OCAC and how they will be paid for that work.

Commissioner Warren said that Commissioner Ellinger thought the Board can appoint Mr. Felton as an agent of OCAC to execute contracts.

Charles Frances agreed with that. He said once you get going it will be too cumbersome for the Board Chair of OCAC to sign everything. The big deal documents will be brought to the Chair to sign. However, the everyday things can go to Mr. Felton for signature.

Mr. Francis said Commissioner Warren can direct Mr. Felton on the documents that need to be signed in the next month and a resolution can be adopted at the next OCAC Meeting where the Chair is officially designating Mr. Felton as the agent for that purpose.

Commissioner Warren said you will also need an agreement between OCAC and RHA that specifies what RHA will do as a representative of OCAC's interests as well as reimbursement procedures.

Mr. Francis agreed that a Management Agreement between OCAC and RHA needs to be executed and approved.

Mr. Felton asked Jennifer Morgan if RHA needs a resolution for that or can it be put with the Financing Plan. Mrs. Morgan said there is a field on the RAD resource desk where staff will enter who will be signing the RAD closing commitment for the new owner. She said that's the information she needs that will go as part of the Financing Plan.

Commissioner Warren said they can discuss during the OCAC Board Meeting whether anyone objects to having Mr. Felton designated as the agent on behalf of OCAC to execute documents on behalf of OCAC (under certain parameters). The OCAC Board Meeting will be directly after the RHA Board Meeting adjourns. It will be a continuation of this zoom meeting.

The next Repositioning Committee Meeting will be June 1st at 9:00 am.

DISCUSSION ON FUTURE BOARD MEETINGS

Mr. Felton said the City of Raleigh is looking at possibly meeting in person late summer/early fall. Staff will continue to monitor the COVID situation to make sure that also works for RHA.

NEW BUSINESS

Mr. Felton said this resolution approves the finance team and makes certain findings for the Primavera project for the issuance of \$18 million in multi-family housing bonds. Within the resolution is a list of the different entities involved with financing, including the attorneys, as well as a list of the findings.

The project includes:

- 164 senior units.
- The building is 3 story building with an elevator.
- Unit makeup is 130 1-bedroom units and 34 2-bedroom units.
- The development is off Spring Forest Road in north Raleigh near the 401/540 interchange.
- The units will be energy efficient, built to Energy Star 2.0 standards.
- The project is exempt from the City's Affordable Housing location Policy because the project will be serving low income seniors.
- DHIC is scheduled to close and start construction in August 2021 and complete construction in November 2022.
- The target market will be households from 40-70% AMI or less. Average target market income is less than 60% AMI. 60 units will be targeting both 50 and 40% AMI. DHIC will be partnering with Alliance Behavioral Health to refer clients to 5% of the units, 10% will be set aside for referrals from Department of Health and Human Services and 10% of the units will be for Wake County's Rental Assistance Housing Program voucher recipients. They will accept Section 8 vouchers which we administer at RHA.
- The development will be affordable for 30 years.

- Rents will range from \$595- \$1,235 depending on bedroom size and targeted income.

The total project is around \$30 million. The City of Raleigh is loaning \$4.4 million in the development and Wake County is loaning \$2.9 million.

This has been reviewed by RHA's legal counsel with no exceptions. With this resolution the Board is approving the finance team for this deal and making certain findings which are listed in the resolution.

(Yolanda Winstead recused herself from the vote since she is an employee of DHIC.)

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 33 (2021)

RESOLUTION APPROVING FINANCING TEAM AND MAKING CERTAIN
FINDINGS WITH RESPECT TO THE ISSUANCE OF
A MULTIFAMILY HOUSING REVENUE NOTE FOR PRIMAVERA

WHEREAS, Primavera Seniors, 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 for seniors to be known as Primavera, consisting of 164 units to be located on an approximately 11.2-acre site located on Spring Forest Road in the City of Raleigh, North Carolina (the "Development") and the Authority has agreed to do so; and

WHEREAS, the Authority finds that the financing of the Development through a tax-exempt note 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 Multifamily Note (the "Multifamily Note") in the principal amount not to exceed \$18,000,000; and

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

WHEREAS, it is anticipated that the Multifamily Note will be privately placed with Fifth Third Commercial Funding, Inc. (the "Initial Funding Lender") during construction of the Development, and privately placed with the Federal Home Loan Mortgage Corporation ("Freddie Mac") once the Development has reached stabilization; 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 Multifamily Note, 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 Initial Funding Lender of the Multifamily Note and in the financial information provided to the Authority with respect to the Multifamily Note:

Bond Counsel:

McGuireWoods LLP

Authority's Counsel:	The Francis Law Firm, PLLC
Borrower:	Primavera Seniors, LLC
Borrower's Counsel:	Blanco Tackabery & Matamoros, P.A.
Fiscal Agent:	U.S. Bank National Association
Fiscal Agent's Counsel:	Nexsen Pruet, PLLC
Initial Funding Lender:	Fifth Third Commercial Funding, Inc.
Initial Funding Lender's Counsel:	Womble Bond Dickinson (US) LLP
Permanent Lender:	Federal Home Loan Mortgage Corporation
Freddie Mac Servicer:	Bellwether Enterprise Real Estate Capital, LLC
Freddie Mac's/Servicer's Counsel:	Katten Muchin Rosenman LLP
Tax Credit Investor:	Wincopin Circle, LLLP
Tax Credit Investor's Counsel:	Gallagher, Evelius & Jones 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 Multifamily Note 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 the Initial Funding Lender to purchase and hold the Multifamily Note during construction of the Development and the commitment of Freddie Mac to purchase the Multifamily Note upon conversion of the Development to permanent financing, and (iii) the expected 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 Project Loan Agreement among the Authority, the Borrower and the Fiscal Agent (the "Project Loan Agreement"), which will provide the funds to pay principal and interest on the Multifamily Note, and (b) the Development will generate sufficient revenues to make loan repayments and other payments under the Project 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 Project 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 Multifamily Note, 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 Multifamily Note 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 Whitehouse moved and Commissioner Braun seconded approval of the foregoing resolution.

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

Aye: Eric Braun, Niya Fonville, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse,

Nay: None

Resolution No. 33 (2021) has been adopted.

Mr. Felton said the Board approved raising the bond amount for Primavera to \$18,000,000 earlier this month. This resolution is authorizing RHA to execute documents for the issuance and selling of the bonds.

(Yolanda Winstead recused herself from the vote since she is an employee of DHIC.)

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 34 (2021)

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF
MULTIFAMILY HOUSING REVENUE NOTE
FOR PRIMAVERA

WHEREAS, Primavera Seniors, 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 for seniors to be known as Primavera, consisting of 164 units to be located on an approximately 11.2-acre site located on Spring Forest Road in the City of Raleigh, 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 Multifamily Note (the “Multifamily Note”) in the principal amount not to exceed \$18,000,000; and

WHEREAS, it is anticipated that the Multifamily Note will be privately placed with Fifth Third Commercial Funding, Inc. (the “Initial Funding Lender”) during construction of the Development, and privately placed with the Federal Home Loan Mortgage Corporation (“Freddie Mac”) once the Development has reached stabilization, pursuant to a Funding Loan Agreement (the “Funding Loan Agreement”), among the Authority, the Initial Funding Lender and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”); and

WHEREAS, it is anticipated that the proceeds of the Multifamily Note will be loaned to the Borrower pursuant to a Project Loan Agreement (the “Project Loan Agreement”), among the Authority, the Borrower and the Fiscal Agent, for the purpose of (i) paying a portion of the costs of the acquisition, construction and equipping of the Development, (ii) paying capitalized interest on the Multifamily Note, and (iii) paying certain expenses in connection with the issuance of the Multifamily Note; and

WHEREAS, the Borrower's obligations under the Project Loan Agreement will be secured by a Construction Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents, from the Borrower to the deed of trust trustee named therein for the benefit of the Authority (the "Deed of Trust"), and various other security documents, all of which will be assigned to the Fiscal Agent for the benefit of the Initial Funding Lender; 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 Funding Loan Agreement, together with the form of the Multifamily Note attached thereto;

(b) the Project Loan Agreement;

(c) the promissory note of the Borrower in favor of the Authority (the "Borrower Note"), which will be assigned by the Authority to the Fiscal Agent;

(d) the Deed of Trust;

(e) the Assignment of Construction Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents (the "Authority Assignment"), by the Authority in favor of the Fiscal Agent; and

(e) the Regulatory Agreement and Declaration of Restrictive Covenants (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.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH 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 Multifamily Note 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 Fiscal Agent in accordance with the Funding Loan Agreement and the Project Loan Agreement.

2. The Authority hereby authorizes the issuance and sale of the Multifamily Note pursuant to and in accordance with the terms set forth in the Funding Loan Agreement. The Multifamily Note will bear interest at the rates and will mature and be redeemed in the years and amounts all as set forth in the Funding Loan Agreement; provided, however, that the aggregate principal amount of the Multifamily Note shall not exceed \$18,000,000.

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 Note, the Deed of Trust and other security documents to the Fiscal Agent.

4. Each of the Chairman and Vice Chairman of the Authority is hereby authorized and directed to execute and deliver the Multifamily Note in the manner and subject to the conditions provided in the Funding Loan Agreement to the Fiscal Agent for authentication, and to cause the Multifamily Note so executed and authenticated to be delivered to or for the account of the Initial Funding Lender, or any affiliate thereof, upon payment of the purchase price therefor.

5. The Authority Documents 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 Multifamily Note, 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 and 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 Multifamily Note. 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 Multifamily Note are hereby ratified, confirmed and approved.

8. This resolution shall take effect immediately.

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

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

Aye: Eric Braun, Niya Fonville, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse,

Nay: None

Resolution No. 34 (2021) has been adopted.

Mr. Felton said with Asset Management, each public housing AMP should maintain at least 4 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) needs to be at least 4.0 to ensure that the AMP maximizes its financial score in the Public Housing Assessment System (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" that staff is transferring

between the AMP's is based on last year's financials. Staff was able to pay the asset management fee to the CCC, which is a fee that it earns from the AMPs.

After this redistribution, each AMP will have approximately 9.32 months' worth of expenditures in its reserves. This is up slightly from last year (which was 8.94 months). There was an additional \$1.1 million in cash. Some of the things that caused this included:

- No inspections last year due to COVID.
- Less work orders called in.
- Increased funding from the CARES Act.
- Staff moved \$1.0 M to HOTMA (Housing Opportunities Through Modernization Act), which is another funding source that HUD uses. RHA moved money there in anticipation of the Heritage Park redevelopment.

RHA's operational expenses are expected to be higher this year because staff has not been in units in a year. Inspections started in April and staff already sees an increase in the repairs needed in some of the units. Staff is anticipating health insurance increases as well as salary increases due to the salary study and given the labor market now.

HOUSING AUTHORITY OF THE CITY OF RALEIGH RESOLUTION NO. 35 (2021)

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, 2020 on July 10, 2020; 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 Braun moved and Commissioner Fonville seconded approval of the foregoing resolution.

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

Aye: Eric Braun, Niya Fonville, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead

Nay: None

Resolution No. 35 (2021) has been adopted.

Mr. Felton said in 2019 RHA submitted an application to HUD for converting all 16 Public Housing properties to RAD. RHA was awarded the Commitment to enter into Housing Assistance Payments (CHAP's).

RHA will convert the simplest properties first as the agency is new to the RAD conversion process and staff is looking at properties where RHA will not incur any debt. At this time, staff is looking at Terrace Park, Berkshire Village, Meadowridge, and Valleybrook for RAD conversion.

The conversion process was started last year. However, it was delayed due to issues with the COVID pandemic. Dominion Due Diligence could not complete the Critical Needs Assessment report without entering the units. They completed their report in February and RHA submitted the reports to HUD. The Concept call with HUD was held in April of this year.

RHA was then invited by HUD to submit its Financing Plan which is due June 8th. Staff also had additional meetings with the residents to update them on the process last week. There were three Zoom meetings on different days and at different times. One was held at 6:00 pm to try to accommodate working families.

The Financing Plans for each development were put in the Board Portal. Each development cash flows well.

Staff updated the proformas to put a little more conservative expense in there. Once RHA converts, it will not be getting Cap Fund anymore.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 36 (2021)

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 improvements; and

WHEREAS, Resolution No. 46, approved by the Raleigh Housing Authority ("RHA") Board of Commissioners on August 22, 2019, authorized staff to submit an application for participation in the RAD program; and

WHEREAS, on December 4, 2019, RHA submitted an application for the conversion of all 16 Public Housing Asset Management Projects ("AMP") to the RAD program; and

WHEREAS, on January 27, 2020, HUD approved RHA's RAD application and issued a Commitment to Enter into a Housing Assistance Payments ("CHAP") for all 16 AMPs; and

WHEREAS, on February 27, 2020, RHA requested the CHAPs be returned for all properties except Berkshire Village, Meadow Ridge, Terrace Park, and Valleybrook and changed to a portfolio application which will reserve conversion authority and lock in the current RAD contract rent level for all the identified units in the portfolio but not require all 16 properties be converted to RAD at one time; and

WHEREAS, on April 7, 2021 RHA had the Concept Call with HUD in which the plans for the conversion of Berkshire Village, Meadow Ridge, Terrace Park, and Valleybrook were discussed; and

WHEREAS, on April 8, 2021, HUD invited RHA to submit the Financing Plan which will provide HUD with more detailed information regarding the conversion including the 20-year operating proforma, development sources and uses, and the critical needs assessment details; and

WHEREAS, the Financing Plan is due to HUD on June 8, 2021; and

WHEREAS, the Financing Plan documents are attached hereto and incorporated herein by reference;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NC that staff is authorized to submit the Financing Plan and related documents to HUD for the conversion of Berkshire Village, Meadow Ridge, Terrace Park, and Valleybrook to RAD.

BE IT FURTHER RESOLVED that staff is authorized to make minor revisions to the Financing Plan documents for the above referenced properties as may be identified during the review by HUD.

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

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

Aye: Eric Braun, Niya Fonville, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead

Nay: None

Resolution No. 36 (2021) has been adopted.

Mr. Felton said when RHA redeveloped Walnut Terrace, 115 scattered homes were sold and two Eastwood/Birchwood units were sold. These were eligible for the Replacement Housing Factor Grant.

In August 2017 RHA received \$18,000. Those funds were designated for planning activities related to public housing redevelopment.

In June 2019 the Board approved RHA to use the funds to look at the redevelopment of Heritage Park. Staff did a survey of the property, an environmental report, and began Master Planning for the development. Those funds have been expended and with this resolution RHA is closing out the grant.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 37 (2021)**

WHEREAS, the Housing Authority of the City of Raleigh (“RHA”) receives from the Department of Housing and Urban Development (“HUD”) replacement housing factor grants which are awarded to housing authorities for public housing units lost due to demolition; and

WHEREAS, the RHA disposed of 115 Scattered Site homes in NC2-38 and 2 Birchwood/Eastwood units in NC2-18 and NC2-20, and is therefore eligible for the replacement housing factor grants for those properties; and

WHEREAS, in August 2017 the RHA received a replacement housing factor grant NC19R0025017 in the amount of \$18,604; and

WHEREAS, the funding is designated for planning activities related to public housing redevelopment; and

WHEREAS, by Resolution 43 from calendar year 2019, the Board of Commissioners approved use of the funds for redevelopment activities of Heritage Park; and

WHEREAS, the funding has now been fully expended; and

WHEREAS, upon completion of the replacement housing factor grant, close out documents shall be submitted to HUD as reflected by the final performance and evaluation report, which is attached hereto and by reference is made a part of this resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, that the final performance and evaluation report for replacement housing factor grant NC19R00250117 be approved for submittal to the Department of Housing and Urban Development.

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

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

Aye: Eric Braun, Niya Fonville, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead

Nay: None

Resolution No. 37 (2021) has been adopted.

Mr. Felton said earlier this month staff received a call from City of Raleigh requesting the property at 114 Lee Street. The property is 0.03 acres. The City owns the property at 116 Lee Street and they want 114 Lee Street to combine with it and build affordable housing there through their Housing and Development department.

The City will handle closing and deed prep so there would be no costs to RHA. RHA would essentially be donating the land to the City of Raleigh.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 38 (2021)**

WHEREAS, the Raleigh Housing Authority (RHA) is the owner of a 10 foot parcel of land located at 0 Watson Street in Raleigh; and

WHEREAS, this land was obtained by RHA as a part of the acquisition of 114 E. Lee Street in 1981; and

WHEREAS, the City of Raleigh has requested that RHA transfer the parcel to the city; and

WHEREAS, RHA no longer owns any connecting parcels or land; and

WHEREAS, there is no meaningful way for RHA to utilize the land; and

WHEREAS, the land is located between next to 116 E. Lee Street which is owned by the City of Raleigh; and

WHEREAS, RHA has been advised that the most efficient way to transfer ownership of the property is to provide the City of Raleigh with a quitclaim deed;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH that staff is directed to provide the City of Raleigh with a quitclaim deed for 114 E. Lee Street.

Commissioner Whitehouse moved and Commissioner Mutisya seconded approval of the foregoing resolution.

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

Aye: Eric Braun, Niya Fonville, Arne Morris, Bahati Mutisya, Gregg Warren, Joe Whitehouse, Yolanda Winstead

Nay: None

Resolution No. 38 (2021) has been adopted.

Commissioner Whitehouse suggested developing a Communications Committee to help work with the RHA staff on how that would look like going forward.

Commissioner Mutisya agreed with that suggestion. She would like to see a committee that solely focuses on RHA's communication with the residents and the public.

Commissioner Braun agreed and would be happy to participate.

Commissioner Fonville agreed to participate. She asked that RHA identify whatever staff should be involved and begin each Board Meeting with a report from RHA (i.e. this is what is in the works, and these are plans of what we would like to do). She said RHA cannot afford to put this off any longer.

Commissioner Whitehouse said if it's a staff issue, RHA should look at adding new staff or hiring a consultant to look at the website and come up with a strategy so that staff can make sure that RHA is staying ahead of the curve and not trying to play catch up at times.

Commissioner Morris said RHA can probably afford to hire a person to be a communications director and to be responsible for it. He encourages the staff to look at the budget and see if that is a position that can be built in.

Commissioner Braun said he would like Mr. Felton and his staff to come back with a Communication Plan proposal as to how they see it structured so that the Board can provide insight and comment to help guide staffing decisions.

Mr. Felton asked if the Communications Committee would be for Heritage Park redevelopment or RHA overall.

Commissioner Morris said the overall agency.

Commissioner Whitehouse said it would start with the overall agency and then flow down to all of the projects. It needs to start as a big picture and then come down to the smaller pieces.

Commissioner Warren said he thinks it's important. He asks that Mr. Felton determine if there is sufficient staff across the board to address what the community is asking RHA to do. Not only in terms of communication but in terms of development work as well. This is a top priority for the city. He doesn't want to hear that RHA doesn't have the staff to do this. He would like for part of the strategic planning process to think about how RHA can be a more proactive agency that is the leader for affordable housing, given its sufficient resources.

Mr. Felton asked if staff should incorporate this into RHA's Strategic Plan (or should it be a separate consultant).

Commissioner Whitehouse said it would be helpful to convene a committee and start working on that. That question will likely not be answered tonight. He said it is important enough to accelerate it. The Board thinks this is an important issue and is willing to put some of RHA's finances behind it to help.

Wanda Gilbert-Coker (Wake County Justice Coalition) asked that before RHA hires a consultant for this to please make sure it is someone who the community trusts and has had a blueprint in the community and built relationships with the low-income residents. She said this is desperately needed – especially since the CACs have been dismantled.

Commissioner Mutisya asked Ms. Gilbert-Coker to submit a list of names that RHA should consider for consulting.

Deidre McCullers asked if RHA has taken into consideration the fact that HUD may decide that RHA can't tear down Heritage Park, since the residents don't want Heritage Park to be redeveloped.

Mr. Felton said RHA would consider that, if needed. However, from the surveys that have been collected from the Heritage Park residents, the majority of the residents were looking forward to the redevelopment.

Ms. Carla (public attendee) said the residents she has spoken with are totally against the redevelopment. If those surveys say contrary, it may be because of the stigma and systemic issues that this country has endured for so long. The residents may feel they will be retaliated against if they tell RHA how they really feel. Nobody seems to want Heritage Park torn down, except RHA and the developers who will profit from it.

Mr. Felton asked what the residents would like to see at Heritage Park.

Ms. Carla said they want to see Heritage Park improved, as far as their living situation. There are some issues of mold. There is also the issue of limited handicap accessibility. They want the apartments to be brought up to "code" – not RHA's code, but "their code". Another request she has heard is that a resident would like locks at the top of the doors so that the younger children can't unlock the doors and go outside. They would like a chain at the top of the door.

Mr. Felton said one of the things staff has looked at is obsolescence. It would cost more for RHA to do those renovations to those units. That is why RHA is looking at completely redeveloping the property. Having a chain at the top of the door would be a fire hazard if the children are in the unit. There are many things to consider and RHA staff appreciates the community input. There will be more conversations about what the redevelopment will look like.

Ms. Gilbert-Coker said the difference between the Board volunteers and the community activist volunteers is that the activists live in the community. They love their community and love their people. However, they are impacted by the decisions that RHA makes. Bringing these voices to the table will make a difference.

Commissioner Morris said the Board appreciates all of the comments and they will be taken into account. RHA will make an effort to improve communications between the staff, residents, and the public.

ADJOURNMENT

There being no further business to come before the Board, the Chair declared the regular meeting adjourned at 6:40 p.m. The Board then went into the Oak City Affordable Housing Board Meeting.