

MINUTES OF A SPECIAL MEETING OF
THE HOUSING AUTHORITY OF THE CITY OF RALEIGH
BOARD OF COMMISSIONERS
MAY 6, 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 6, 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, Susan Ellinger, Arne Morris, Gregg Warren, Joe Whitehouse, Yolanda Winstead.

Absent: Niya Fonville, Bahati Mutisya, Doris Wrench

Visitors: Chris Eisenzimmer, Blue Ridge Atlantic; Sam Weedon, Blue Ridge Atlantic; Charlie Heritage, South Creek Development; Sarah Jones-Anderson, Greystone Affordable Communities; Charles Francis, The Francis Law Firm; Nicole Budde, public.

RHA Staff: Liz Edgerton, Wayne Felton, Laura McCann, Jennifer Morgan, Gwen Wall.

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

NEW BUSINESS

Mr. Felton said the resolutions today are three inducement resolutions for the issuance of multi-family housing revenue bonds. Per state statute, RHA is the issuer for these bonds. They are non-recourse bonds, so if the developer were to default on these bonds, RHA is not financially responsible. All of these are for affordable housing and typically serve tenants making 60% AMI or less.

Staff does a broad review of the application, looking at the financials and the overall submittal to make sure it seems viable and meets the City of Raleigh's requirements. Staff then brings the inducement resolution to the RHA Board for approval. Once approved, the developers apply for the tax credits with NCHFA, where the development gets reviewed again in much more detail. Once the developer is ready, they will close on the deal and begin construction. At closing, RHA receives 1% or \$91,000, greater of the two, issuance fee for issuing the bonds. Any money that RHA receives goes into Local Fund. HUD is unable to recapture these funds. Occasionally these deals do not close and no bonds are issued.

Staff sent a spreadsheet showing all of the bond deals that RHA has closed so far, as well as deals that RHA has done an inducement resolution for. If all of these close it will add approximately 3,500 affordable units to the market in Raleigh. There is an additional window for applications from June to November. Staff has been contacted by three developers who will be submitting an application in that window.

Mr. Felton said the first resolution is the inducement resolution for up to \$12,000,000 in multi-family housing revenue bonds. Blue Ridge Atlantic is the developer for the property. They are partnering with Shelter Resources, Inc. which has developed and owned over 130 affordable housing projects in the Pacific Northwest.

Details of the project include:

- The project consists of 90 family units off of Chapanoke Road. This is behind the shopping center on 401 across from Bojangles and Dunkin Donuts, which is down the street from Kane’s Downtown South development.
- The building is 3-story building with brick veneer and cementitious siding.
- The unit makeup is 15 1-bedroom units, 57 2-bedroom units, and 18 3-bedroom units.
- The property will include amenities such as an exercise room, gazebo, playground, grilling area, community/multi-purpose room, business center and game room.
- The project meets the City’s Affordable Housing Location Policy because it is near a bus stop at the corner of Chapanoke and 401.
- They are scheduled to close and start construction in January 2022 and begin lease up in January 2024.
- The target market will be households from 30-80% AMI or less. The average target market income is less than 60% AMI. 10 units will be targeting families with incomes 30% AMI or less, 27 units at 50% or less, 44 units at 60% or less and 9 units at 80% or less. They will accept Section 8 vouchers which RHA administers.
- The development will be affordable for 30 years. They have their initial compliance period for the tax credits and are opting for an additional 15 years. Their plan is to hold onto these units long term.
- Rents will range from \$529- \$1,957, depending on bedroom size and targeted income.
- Total project is around \$19 million. The City of Raleigh is loaning \$2.125 million for the development and Wake County is loaning \$125,000.
- NorSouth construction is assisting in the construction process as an owner’s representative. They are part of the joint venture.
- Excel Property Management will be managing the property after construction.

Commissioner Winstead disclosed that she has worked with Chris Eisenzimmer on another project in the past.

Commissioner Ellinger recused herself from these three inducement resolutions because she worked with the City of Raleigh on all of these projects.

Commissioner Warren asked that the Board receive the details of these bond resolutions in the future, for a broader view. Mr. Felton said the bond applications have been placed in the Board Portal on www.rhaonline.com for their review.

**HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 27 (2021)**

RESOLUTION GIVING PRELIMINARY APPROVAL TO ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS (THRIVE AT RENAISSANCE)

WHEREAS, the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina (the “Authority”) held a telephonic meeting at 5:00 p.m. on the 6th day of May, 2021; and

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

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

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

WHEREAS, Blue Ridge Atlantic Development, LLC, a Florida limited liability company, or an affiliated or related entity (the “Company”), intends to provide low and moderate income housing in the City of Raleigh, North Carolina (the “City”); and

WHEREAS, the Company has requested that the Authority assist it or an affiliate in financing the acquisition, construction and equipping of a multifamily housing development to be known as Thrive at Renaissance, consisting of 90 units located in one residential building at 420 Chapanoke Road in the City (the “Development”); and

WHEREAS, the Company has described to the Authority the benefits of the Development to the City and the State of North Carolina and has requested the Authority to agree to issue its multifamily housing revenue bonds in such amounts as may be necessary to finance the costs of acquiring, constructing and equipping the Development; and

WHEREAS, the Authority is of the opinion that the Development is a facility that can be financed under the Act and that the financing of the same will be in furtherance of the purposes of the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NORTH CAROLINA:

1. It is hereby found and determined that the Development will involve the acquisition, construction and equipping of a multifamily housing facility, and that therefore, pursuant to the terms and subject to the conditions hereinafter stated and the Act, the Authority agrees to provide reasonable assistance to the Company in issuing bonds to finance the acquisition, construction and equipping of the Development, and, in particular, to undertake the issuance of the Authority’s multifamily housing revenue bonds (the “Bonds”) in an amount now estimated not to exceed Twelve Million Dollars (\$12,000,000) to provide all or part of the cost of the Development.

2. The Authority intends that the adoption of this resolution be considered as “official action” toward the issuance of the Bonds within the meaning of Section 1.150-2 of the Treasury Regulations issued by the Internal Revenue Service under the Internal Revenue Code of 1986, as amended (the “Code”).

3. The Bonds shall be issued in such series and amounts and upon such terms and conditions as are mutually agreed upon among the Authority and the Company. The Authority and the Company shall enter into a “financing agreement” pursuant to the Act for a term and with payments sufficient to pay the principal of, premium if any, and interest on the Bonds and to pay all of the expenses of the Authority in connection with the Bonds and the Development. The Bonds will be issued pursuant to an indenture or security agreement between the Authority and a trustee (the “Trustee”) or the bondholder which will set forth the form and terms of the Bonds and will assign to the Trustee for the benefit of the holders of the Bonds, or directly to the bondholder, the Authority’s rights to payments under the financing agreement, except the Authority’s right to payment of fees and expenses and indemnification. The Bonds shall not be

deemed to constitute a debt or a pledge of the faith and credit of the State of North Carolina or any political subdivision or agency thereof, including the Authority and the City, but shall be payable solely from the revenues and other funds provided under the proposed agreements with the Company.

4. The Authority hereby authorizes the Company to proceed, upon the prior advice, consent and approval of the Company and bond counsel, and consistent with the Company's representations to the Authority, to obtain approvals in connection with the issuance and sale of the Bonds, including, without limitation, from the City Council of the City of Raleigh, North Carolina, and, if required, the North Carolina Local Government Commission, and to obtain an allocation of a sufficient amount of the State of North Carolina's "private activity bond limit", as required by Section 141 of the Code and as defined in Section 146 of the Code, for the Bonds.

5. It having been represented to the Authority that it is desirable to proceed with the acquisition, construction and equipping of the Development, the Authority agrees that the Company may proceed with plans for such acquisition, construction and equipping, enter into contracts for the same, and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Company to obligate the Authority without its written consent in each instance to the payment of any monies or the performance of any act in connection with the Development and no such consent shall be implied from the Authority's adoption of this resolution. The Authority agrees that the Company may be reimbursed from the proceeds of the Bonds, if and when issued, for all qualifying costs so incurred by it as permitted by Treasury Regulations Section 1.150-2.

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

7. The officers of the Authority are hereby authorized and directed to take all actions in furtherance of the resolution and the issuance of the Bonds.

8. The Authority hereby approves McGuireWoods LLP, Raleigh, North Carolina, to act as bond counsel for the Bonds.

9. The Authority hereby approves The Francis Law Firm, PLLC, Raleigh, North Carolina to act as issuer's counsel for the Bonds.

10. This resolution shall take effect immediately.

Commissioner Braun moved the passage of the foregoing resolution and Commissioner Whitehouse seconded the motion and the resolution was passed by the following vote:

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

Nay: None

Not Voting: Susan Ellinger

Resolution No. 27 (2021) has been adopted.

Mr. Felton said this is the inducement resolution for up to \$17,000,000 in multi-family housing revenue bonds. The developer is South Creek Development.

Details of the project include:

- The project consists of 132 senior units at 3501 Rock Quarry Road.
- The site consists of 6.5 acres which will be accessed from Rock Quarry Road.
- South Creek is also developing Rock Quarry Landing across the street. This is a 192 family unit project. They are scheduled to close and begin construction in September 2021.
- Unit makeup is 48 1-bedroom units and 84 2-bedroom units.
- Amenities will include outdoor seating areas, exercise room, covered picnic shelter, computer center, tenant storage areas and covered drive thru. There will be a community center with kitchen facilities and will serve as a multi-purpose room for social activities.
- The project is exempt from the City's Affordable Housing Location Policy because it will be a senior building. It will be for seniors age 55 and older.
- They will be targeting tenants with 50%, 60% or 70% AMI or less. (50%- 38 units, 60%- 56 units, 70%- 38 units) They will accept Section 8 vouchers which RHA administers.
- Rents will range from \$800- \$1,482, depending on bedroom size and targeted income.

The total project is approximately \$27million. The bonds are short term for construction. Once construction is complete, they will convert to permanent financing. The developer has decided to defer more of their developer fee. Due to the number of tax credit projects and requests for funding from Wake County, the funds are low. They may apply for funding at a later date.

South Creek Development will close at the end of 2022 and begin construction with completion end of 2023.

The property will be managed by Partnership Property Management who manages affordable housing across the southeast.

Commissioner Morris asked where this project is located. Commissioner Winstead said it's near the amphitheater on Rock Quarry Road.

Charlie Heritage said it's located at the corner of Rock Quarry and Sunnybrook.

Commissioner Braun said the city just adopted a policy that any project they contribute money towards is not allowed income discrimination. They must accept vouchers or other forms of payment.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 28 (2021)

RESOLUTION GIVING PRELIMINARY APPROVAL TO ISSUANCE OF MULTIFAMILY
HOUSING REVENUE BONDS (TERRACE AT ROCK QUARRY)

WHEREAS, the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina (the “Authority”) held a telephonic meeting at 5:00 p.m. on the 6th day of May, 2021; and

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

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

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

WHEREAS, South Creek Development, LLC, a North Carolina limited liability company, or an affiliated or related entity (the “Company”), intends to provide low and moderate income housing in the City of Raleigh, North Carolina (the “City”); and

WHEREAS, the Company has requested that the Authority assist it or an affiliate in financing the acquisition, construction and equipping of a multifamily housing development for seniors to be known as The Terrace at Rock Quarry, consisting of 132 units located at 3501 Rock Quarry Road in the City (the “Development”); and

WHEREAS, the Company has described to the Authority the benefits of the Development to the City and the State of North Carolina and has requested the Authority to agree to issue its multifamily housing revenue bonds in such amounts as may be necessary to finance the costs of acquiring, constructing and equipping the Development; and

WHEREAS, the Authority is of the opinion that the Development is a facility that can be financed under the Act and that the financing of the same will be in furtherance of the purposes of the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NORTH CAROLINA:

11. It is hereby found and determined that the Development will involve the acquisition, construction and equipping of a multifamily housing facility, and that therefore, pursuant to the terms and subject to the conditions hereinafter stated and the Act, the Authority agrees to provide reasonable assistance to the Company in issuing bonds to finance the acquisition, construction and equipping of the Development, and, in particular, to undertake the issuance of the Authority’s multifamily housing revenue bonds (the “Bonds”) in an amount now estimated not to exceed Seventeen Million Dollars (\$17,000,000) to provide all or part of the cost of the Development.

12. The Authority intends that the adoption of this resolution be considered as “official action” toward the issuance of the Bonds within the meaning of Section 1.150-2 of the Treasury Regulations issued by the Internal Revenue Service under the Internal Revenue Code of 1986, as amended (the “Code”).

13. The Bonds shall be issued in such series and amounts and upon such terms and conditions as are mutually agreed upon among the Authority and the Company. The Authority and the Company shall

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

14. The Authority hereby authorizes the Company to proceed, upon the prior advice, consent and approval of the Company and bond counsel, and consistent with the Company’s representations to the Authority, to obtain approvals in connection with the issuance and sale of the Bonds, including, without limitation, from the City Council of the City of Raleigh, North Carolina, and, if required, the North Carolina Local Government Commission, and to obtain an allocation of a sufficient amount of the State of North Carolina’s “private activity bond limit”, as required by Section 141 of the Code and as defined in Section 146 of the Code, for the Bonds.

15. It having been represented to the Authority that it is desirable to proceed with the acquisition, construction and equipping of the Development, the Authority agrees that the Company may proceed with plans for such acquisition, construction and equipping, enter into contracts for the same, and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Company to obligate the Authority without its written consent in each instance to the payment of any monies or the performance of any act in connection with the Development and no such consent shall be implied from the Authority’s adoption of this resolution. The Authority agrees that the Company may be reimbursed from the proceeds of the Bonds, if and when issued, for all qualifying costs so incurred by it as permitted by Treasury Regulations Section 1.150-2.

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

17. The officers of the Authority are hereby authorized and directed to take all actions in furtherance of the resolution and the issuance of the Bonds.

18. The Authority hereby approves McGuireWoods LLP, Raleigh, North Carolina, to act as bond counsel for the Bonds.

19. The Authority hereby approves The Francis Law Firm, PLLC, Raleigh, North Carolina to act as issuer’s counsel for the Bonds.

20. This resolution shall take effect immediately.

Commissioner Braun moved the passage of the foregoing resolution and Commissioner Warren seconded the motion and the resolution was passed by the following vote:

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

Nay: None

Not Voting: Susan Ellinger

Resolution No. 28 (2021) has been adopted.

Mr. Felton said this is the inducement resolution for up to \$20,000,000 in multi-family housing revenue bonds. The developer is Greystone and Haven Developers.

The project details include:

- The project consists of 192 family units. There will be 8 separate buildings including a stand-alone clubhouse. These will be garden-style apartments with stairs leading to the units.
- The unit makeup is 72 1-bedroom units, 81 2-bedroom units, and 39 3-bedroom units.
- The development is off New Bern Avenue, east of the beltline. It has a bus stop on New Bern and the City is proposing a Bus Rapid Transit stop in front of Wake Med, less than ½ mile away. This meets the City's Affordable Housing Location Policy.
- Amenities will include a community room, computer room, a covered picnic area, exercise room, indoor/outdoor seating areas, laundry room, playground/tot lot, security lighting and tenant storage areas.
- Greystone is scheduled to close and start construction in June 2022 and complete construction in January 2024.

This development is a little different from the previous ones in that they will have 20 % of the units project based. They are partnering with Families Together and Wake County Permanent Housing and Supportive Services to provide case management for residents to occupy these 40 units. Families Together will have someone on site to assist the residents.

The target market will be households at 60% or less AMI. There will be 19 units at 30% AMI or less and 133 units at 60% or less. They will accept Section 8 vouchers which staff administers at RHA. Rents will range from \$417- \$1,200, depending on bedroom size and targeted income.

The total project is approximately \$37 million. The City of Raleigh is loaning \$4.25 million to the development and Wake County is loaning \$2.25 million.

(Commissioner Winstead recused herself from voting since it has been less than one year since she worked at Greystone.)

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 29 (2021)

RESOLUTION GIVING PRELIMINARY APPROVAL TO ISSUANCE OF MULTIFAMILY
HOUSING REVENUE BONDS (NEW BERN CROSSINGS)

WHEREAS, the Board of Commissioners of the Housing Authority of the City of Raleigh, North Carolina (the “Authority”) held a telephonic meeting at 5:00 p.m. on the 6th day of May, 2021; and

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

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

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

WHEREAS, New Bern Harmony Housing LLC, a North Carolina limited liability company, or an affiliated or related entity (the “Company”), intends to provide low and moderate income housing in the City of Raleigh, North Carolina (the “City”); and

WHEREAS, the Company has requested that the Authority assist it or an affiliate in financing the acquisition, construction and equipping of a multifamily housing development to be known as New Bern Crossings, consisting of 192 units located at 3312 and 3600 New Bern Avenue in the City (the “Development”); and

WHEREAS, the Company has described to the Authority the benefits of the Development to the City and the State of North Carolina and has requested the Authority to agree to issue its multifamily housing revenue bonds in such amounts as may be necessary to finance the costs of acquiring, constructing and equipping the Development; and

WHEREAS, the Authority is of the opinion that the Development is a facility that can be financed under the Act and that the financing of the same will be in furtherance of the purposes of the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, NORTH CAROLINA:

21. It is hereby found and determined that the Development will involve the acquisition, construction and equipping of a multifamily housing facility, and that therefore, pursuant to the terms and subject to the conditions hereinafter stated and the Act, the Authority agrees to provide reasonable assistance to the Company in issuing bonds to finance the acquisition, construction and equipping of the Development, and, in particular, to undertake the issuance of the Authority’s multifamily housing revenue bonds (the “Bonds”) in an amount now estimated not to exceed Twenty Million Dollars (\$20,000,000) to provide all or part of the cost of the Development.

22. The Authority intends that the adoption of this resolution be considered as “official action” toward the issuance of the Bonds within the meaning of Section 1.150-2 of the Treasury Regulations issued by the Internal Revenue Service under the Internal Revenue Code of 1986, as amended (the “Code”).

23. The Bonds shall be issued in such series and amounts and upon such terms and conditions as are mutually agreed upon among the Authority and the Company. The Authority and the Company shall

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

24. The Authority hereby authorizes the Company to proceed, upon the prior advice, consent and approval of the Company and bond counsel, and consistent with the Company’s representations to the Authority, to obtain approvals in connection with the issuance and sale of the Bonds, including, without limitation, from the City Council of the City of Raleigh, North Carolina, and, if required, the North Carolina Local Government Commission, and to obtain an allocation of a sufficient amount of the State of North Carolina’s “private activity bond limit”, as required by Section 141 of the Code and as defined in Section 146 of the Code, for the Bonds.

25. It having been represented to the Authority that it is desirable to proceed with the acquisition, construction and equipping of the Development, the Authority agrees that the Company may proceed with plans for such acquisition, construction and equipping, enter into contracts for the same, and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Company to obligate the Authority without its written consent in each instance to the payment of any monies or the performance of any act in connection with the Development and no such consent shall be implied from the Authority’s adoption of this resolution. The Authority agrees that the Company may be reimbursed from the proceeds of the Bonds, if and when issued, for all qualifying costs so incurred by it as permitted by Treasury Regulations Section 1.150-2.

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

27. The officers of the Authority are hereby authorized and directed to take all actions in furtherance of the resolution and the issuance of the Bonds.

28. The Authority hereby approves McGuireWoods LLP, Raleigh, North Carolina, to act as bond counsel for the Bonds.

29. The Authority hereby approves The Francis Law Firm, PLLC, Raleigh, North Carolina to act as issuer’s counsel for the Bonds.

30. This resolution shall take effect immediately.

Commissioner Whitehouse moved the passage of the foregoing resolution and Commissioner Braun seconded the motion and the resolution was passed by the following vote:

Aye: Eric Braun, Arne Morris, Gregg Warren, Joe Whitehouse

Nay: None

Not Voting: Susan Ellinger, Yolanda Winstead

Resolution No. 29 (2021) has been adopted.

Heritage Park Discussion

Mr. Felton said at a recent City Council meeting, Councilor Forte mentioned the redevelopment of Heritage Park. She mentioned inviting RHA staff to a work session with the City Council. Mr. Felton asked for the Board's thoughts on that idea.

Commissioner Warren said it would be a great idea. He asked if the RHA Board would be included.

Commissioner Braun said he had a brief conversation with Mayor Baldwin and they talked about potentially scheduling a joint work session. She requested that RHA send over a formal request if that was something the Board was interested in. The City will get back to staff about some potential dates.

Ms. Jones-Anderson said the letter should be sent to the mayor and manager together and ask them to schedule it at their convenience.

Commissioner Whitehouse said this could be a continued collaboration between the city and RHA regarding affordable housing in Raleigh.

Commissioner Braun recommended the letter be from the RHA Board Chair and Executive Director to the mayor and manager.

Mr. Felton said RHA staff will move forward and draft a letter to go to the City Council.

Report of the Repositioning Committee Chair

Commissioner Warren said the committee met on April 20th. The committee members in attendance were: Eric Braun, Arne Morris, Bahati Mutisya, Gregg Warren, and Wayne Felton. The RHA Board Commissioners present were: Joe Whitehouse and Niya Fonville. Guests included Hilda Holdsclaw, CAD Board Member, and Charles Francis, RHA attorney.

During the meeting, most of the focus was on the ownership options for RAD properties and the Heritage Park redevelopment. RHA has two entities: Oak City Affordable Communities ("OCAC") and CAD. There was discussion about the various options to recommend to the Board. The committee recommended, by a 3-2 vote, the following:

1. Given the current structure of CAD, RHA will use OCAC as the managing member of the four LLCs that will be established for the RAD conversions.
2. OCAC, or an affiliate, will be in the ownership structure for the LIHTC projects at Heritage Park.

3. While CAD will not be in the ownership structure of LIHTC projects at Heritage Park, CAD may have a role as developer owner of a smaller project that does not involve Low Income Housing Tax Credits. CAD could also provide low cost financing or equity to help finance Heritage Park projects.

The committee noted that changes to the CAD organizational structure or agreements that give RHA greater oversight role could be considered going forward. The expectation is that the full Board will go into this in more detail at the May 27th RHA Board Meeting.

As evidenced by the split vote, this is a difficult decision for RHA.

Commissioner Warren thinks that the RHA Board should meet with the CAD Board with specific listings of actions or suggestions that the RHA Board would like the CAD Board to consider.

Commissioner Morris suggested the Board should do as much homework as possible on this subject so that they can make an informed decision.

Mr. Felton said the Board approved Resolution No. 46 (2019) which allowed RHA to apply for the Rental Assistance Demonstration (“RAD”). Staff is converting some of RHA’s public housing units to RAD. The reason for this conversion is that funding for public housing has been cut the last few years and staff feels this will continue. RAD will provide a more stable funding mechanism than public housing funding.

Staff is proposing to convert to Project Based Vouchers under the RAD program. These vouchers would be administered by the Leased Housing Department and RHA would earn the Administrative Fees for these vouchers.

Since RHA would be administering the vouchers, RHA cannot own the property as it would then have a contract with itself through the HAP contract. HUD requires RHA to set up a separate entity since RHA can’t sign a contract with itself.

After discussing this with EJP (RHA’s consultant), HUD officials, and RHA’s attorneys, it was determined that the best option is to create another non-profit entity (Oak City Affordable Communities) to serve as the owner of the properties once they convert to RAD. This new entity would be controlled by the RHA Board. RHA would maintain control over the properties they have now. However, it would be through a different entity.

In August 2020 the Board approved staff to move forward with drafting By-Laws for this new ownership entity. In October 2020 the Board approved the By-Laws and in December 2020 the Board approved the Articles of Incorporation.

During the October 2020 meeting, there was discussion about what role Oak City would play in these RAD properties as well as the redevelopment of Heritage Park. The Board and staff had several conversations over the last few months regarding this topic. Staff is bringing back the By-Laws to make amendments. The redline copy behind the resolution shows the suggested changes from the Board.

Commissioner Warren said he thinks the changes are a good start. He has only one minor comment for clarification. There was place left blank in Section 2.11, dealing with the Chair serving for more than 3 consecutive terms.

The terms of office for Chair, Vice Chair, and Secretary of OCAC are 1-year terms. However, the Board Commissioners have 3-year terms of office. He suggested that making it “(3) 1-year terms” should be sufficient to make a change and fill in that blank.

Charles Francis said he can change the sentence to read “No Chair shall serve as Chair for more than three (3) consecutive 1-year terms.”

Commissioner Warren suggested the word “consecutive” wouldn’t need to be in there.

Commissioner Morris asked for clarification on whether or not a Board Member, having served 3 years as Chair, could come back after taking two years off as not being the chair, and be the Chair again.

Mr. Francis said, as the By-Laws currently read, the Board Commissioners can rotate out and come back in again. If that’s not what you want, the word “consecutive” should be taken out. If that is what you want, “consecutive” will be left in.

Commissioner Morris clarified that Commissioner Warren is stating after they serve as a Chair for three years they can never be Chair again.

Commissioner Warren said he doesn’t feel strongly about it either way.

Commissioner Morris agrees that the Chair should rotate out after three years. However, if someone is around long enough, they could become the Chair again.

Mr. Francis said he doesn’t have an opinion one way or the other. However, he pointed out that these By-Laws are a little unusual because they give the RHA Board the right to amend them. If anything was ever going on that you don’t like you can remove the Director(s) or you can change the By-Laws yourself in response to events.

Commissioner Braun said if they’re being elected every year the Board is over-thinking it. He doesn’t feel that strongly about it.

Commissioner Whitehouse said he’s comfortable with the term “consecutive”.

Mr. Felton said he doesn’t want to change anything in the By-Laws. However, he wanted to point out one thing about the Board setting the fiscal year. He asked that the Board give staff the chance to talk with the auditor before the fiscal year is set because of the way OCAC reports to HUD. The auditors will be at RHA in June so staff can talk with them about it at that time.

Commissioner Warren said you also need to think about what the LIHTC investor might want to see. OCAC and LIHTC transactions will be creating a single-purpose affiliate and that normally would need a FYE of December 31.

Commissioner Ellinger said that is correct. It will be on a calendar year.

Commissioner Winstead had a question in Section 8.1:

“No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.” She asked if that includes if OCAC were to advocate for

some sort of affordable housing measures, either locally or at the state level, as part of the broader affordable housing community (for example, making comments to the QAP annually or those types of things).

Mr. Francis said the language that is in Section 8.1 is stock language that he always puts in these non-profits and it has always been successful with the IRS. He said it is a good question and he doesn't know the answer – however, he will look into it.

Commissioner Warren said he does know that non-profits can actually do lobbying to a certain extent. However, it's very clear that you cannot be partisan.

Commissioner Braun said you can probably do issue advocacy.

Mr. Francis said he'll get an answer to that. If that's the only hold-up, he requests the Board overlook that section. If, for some reason, that does impair what you want to do in the future, the By-Laws can always be amended. He would like to get the 501(c) (3) designation as efficiently as possible.

HOUSING AUTHORITY OF THE CITY OF RALEIGH
RESOLUTION NO. 30 (2021)

WHEREAS, with Resolution No. 70 (2020), the Board of Commissions for the Housing Authority of the City of Raleigh, North Carolina (“RHA”) authorized staff and counsel to prepare and file all documents necessary to incorporate Oak City Affordable Communities, Inc.; and

WHEREAS, RHA incorporated Oak City Affordable Communities, Inc. and Articles of Incorporation were issued on January 8, 2021; and

WHEREAS, Oak City Affordable Communities, Inc. is the vehicle for RHA's pursuit of the proposed conversion of certain properties owned by RHA pursuant to the Rental Assistance Demonstration Programs (“RAD”); and

WHEREAS, it is necessary for Oak City Affordable Communities, Inc. to complete organization of the corporation by holding an organizational meeting and adopting Bylaws;

NOW, THEREFORE, BE IT RESOVLED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF RALEIGH, that the form and content of the Bylaws of Oak City Affordable Communities, Inc. (a non-profit corporation) are hereby approved and that Oak City Affordable Communities, Inc. shall proceed with the organizational meeting of the Board of Directors of the Corporation to take all steps necessary to complete the organization of the Corporation.

Commissioner Ellinger moved the passage of the foregoing resolution and Commissioner Braun seconded the motion and the resolution was passed by the following vote:

Aye: Eric Braun, Susan Ellinger, Arne Morris, Gregg Warren, Joe Whitehouse, Yolanda Winstead

Nay: None

Resolution No. 29 (2021) has been adopted.

ADJOURNMENT

There being no further business to come before the Board, the Chair declared the regular meeting adjourned at 5:40 p.m. The Board then went into the OCAC Board Meeting.