



## **ACQUISITION, RENOVATION & DEVELOPMENT COMMITTEE**

August, 2014

### **AGENDA**

1. Call to Order
2. Approval of Minutes
  - a) June 18, 2014
3. RAD (Construction)
4. SHDP1
5. Rankin Terrace LIHTC
6. Project Matrix
7. Resolutions
  - a) **Resolution No. 0917** authorizing a promissory note between Rankin Place Terrace, LLC and the Housing Authority of the City of Wilmington.
  - b) **Resolution No. 12-028** approving a promissory note for carry over cots between Rankin Place Terrace, LLC and HEO, Inc.
8. Other Business
9. Adjournment



**ACQUISITION, RENOVATION AND DEVELOPMENT  
COMMITTEE MEETING**  
OF THE HOUSING AUTHORITY OF THE CITY  
OF WILMINGTON, NORTH CAROLINA  
June 18, 2014

The regular monthly meeting of the Acquisition, Renovation and Development Committee was held on Wednesday, June 18, 2014 at 4:00 p.m. at the Wilmington Housing Authority, 1524 South 16<sup>th</sup> Street, Wilmington, North Carolina.

**Committee Members Present:** Jeffrey G. Hovis, Commissioner  
Greg Neel, Commissioner  
Debra H. Hays, Commissioner  
Stuart Franck, Commissioner  
Glenn Floyd, Director of HEO  
Michelle Kerwin, Director of Finance

**Committee Members Absent:** Helayne Levy, Commissioner

**Others Present:** Vernice Hamilton, Interim CEO  
Karen Schraml, HEO Coordinator  
Sara Davis, Executive Assistant  
Paul D'Angelo, Choice Neighborhoods Program Manager

**1. Call to Order**

The meeting of the Acquisition, Renovation, and Development Committee, "ARD" was called to order by Jeffrey G. Hovis, Chair of the Committee, at 4:00 p.m. on June 18, 2014, pursuant to the notice sent to the Commissioners and Staff of Wilmington Housing Authority.

**2. Approval of Minutes**

Minutes of the May 21, 2014 ARD Committee meeting were reviewed, Commissioner Neel made the motion to approve and Commissioner Franck seconded. Minutes were unanimously approved

**3. Good Sheppard BRAC**

Karen Schraml stated Good Sheppard has approached us regarding the BRAC property and are asking us to be a developer for this project. Ms. Schraml stated it is a 13,000 square foot permanent housing building. She stated it will have 16 units, common space and laundry rooms. The project would be done in three phases. Ms. Schraml said there is a meeting scheduled for next week where more information will be gained.

The Committee agreed that staff should move forward and look at options to make this work.

#### **4. Choice Neighborhoods**

Paul D'Angelo reported Steve Harrell from the City called requesting a meeting and Mr. D'Angelo will report back from that meeting. He asked the Committee if they were ready for the PowerPoint to go out to City and County officials. Mr. D'Angelo stated the SouthSide would be the cover story on June 24<sup>th</sup> in the Greater Wilmington Business Journal.

The Committee agreed the presentation should go out with the mention of the cover story.

Commissioner Hovis asked if we were at the point to get on the Council agenda and Mr. D'Angelo said it is something to think about and at least send out the presentation.

Mr. D'Angelo stated the release date of the Implementation Grant is unknown as he has been told anytime from summer to fall.

Mr. D'Angelo reported MedNorth is in line to receive a grant that would give them the opportunity to put a MedNorth on the SouthSide and feels it would be a good addition to the CORE Center.

#### **5. SouthSide Properties**

Ms. Schraml stated Steve Spain sent information on 95 rental units that are for sale through Cape Fear Commercial. The units are mostly single family homes and 37 properties are in the Choice Neighborhoods area. 47 of the tenants are currently receiving Section 8 vouchers. She reported the units were fully renovated at the time of purchase and as of 2013 it was 97% occupied. Asking price is approximately \$59,000 per unit.

The Committee agreed that staff would contact Jack Kilbourne to look into the properties.

#### **6. Grants**

Mr. D'Angelo reported on the following available grants:

- Safety and Security Grant, \$100,000 for lights at the front and back unit entrances.
- A couple of grants are available for local CDCs.
- Choice Planning Grant for \$500,000. Two are allowed to be applied for and staff is looking at an area to include Houston Moore.

#### **7. RAD (Construction)/SHDP1**

Mr. Floyd reported on the following:

- Deed restrictions have been received and forwarded onto Telesis. Telesis expressed concern in needing build upon space for a maintenance shed and that may have to be included in the plans.
- Environmentals are complete and plans will be submitted to the county next week.
- Fair Housing has approved the RAD 40.
- The agreement with Elderhaus is waiting on their signature.
- SHDP construction loan is ready to close and is just waiting on the storm water issue to be settled.

## **8. Eastbrook**

Mr. Floyd reported the last walk through is on Friday. A security guard will be stationed on the property to ensure there isn't any thefts until residents move in.

Ms. Hamilton stated staff is hoping to have leases signed by everyone no later than the 23<sup>rd</sup>.

## **10. Project Matrix**

Mr. Floyd reported on the following:

- Environmental for Rankin Terrace has been received for the tax credit. Disposition has been sent to Sarah Molseed.
- RAD Vouchers are being looked at by HUD.
- The loan from Federal Home Loan Bank was denied.

## **9. Resolutions**

- a) Authorizing police services contract with the Wilmington Police Department.
- b) Authorizing contract for hot water replacement Authority wide.
- c) Approving a maintenance material contract with Lowe's.
- d) Approving a maintenance material contract with HD Supply.
- e) Authorizing roof replacement at Houston Moore.

Mr. Floyd stated the roof replacement at Houston Moore is being pulled due to a bid that seemed extremely low.

Ms. Hamilton stated the resolution for WPD is the standard yearly renewal.

## **10. Other Business**

Ms. Hamilton informed the committee about a meeting with the police department and staff. She stated the curfew policy was discussed and notices are going out to residents giving a reminder of the policy. Police will observe during the month of June and enforce beginning July 1<sup>st</sup>.

Ms. Hamilton stated that Solomon Towers and Glover Plaza have asked for an increase in police patrol. She reported Rankin Terrace residents have asked police to be seen out on foot more often.

Ms. Hamilton reported Glenn Floyd is working with Progress Energy on the lighting at Hillcrest, Vesta and Eastbook.

Ms. Hamilton informed the committee that Houston Moore is having a problem with parking due to the overflow from the bars in the area and police will be enforcing the parking and towing policy.

Commissioner Franck stated the resident boards should take more ownership regarding enforcing the policies and Ms. Hamilton reported they are working with the individual boards and Creekwood and Hillcrest have really done well helping enforce those policies.

## **11. Adjournment**

A motion made by Commissioner Neel and seconded by Commissioner Hays to adjourn the meeting carried unanimously.

# Projects in Planning Stages

Project Management Action List  
8/14/14

Item	Est. Completion Date	Project Manager	Site	Status
Multifamily Service Coordinator Grant	10/1/14	Karen	GP	Per HUD, no need to submit new application at this time. Will apply for grant extension around 10/1/14.
Exterior Lighting	8/30/14	Glenn	VV & CWS, Eastbrook	Contracts signed, lighting locations marked by Duke Power, awaiting intallation of lights.

# Projects Out To Bid

Project Management Action List  
8/14/14

Item	Est. Completion Date	Project Manager	Site	Status
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# Projects Under Contract/In Process

Project Management Action List  
8/14/14

Item	Est. Completion Date	Project Manager	Site	Status
Houston Moore Roof Replacement	7/28/14	Glenn	HM	Contractor began work on 8/7/14. Completed two buildings. Contractor on schedule.
Property Tax Values	On going	Karen	CWS	Working with NHC to assess CWS LIHTC using Low Income approach. Discussions also regarding other low income properties and tax values (i.e. Taylor, Jervay House, RAD, etc.)
Certified Payrolls	On going	Karen	HW	Processing certified payrolls for capital fund and LIHTC projects.
Creekwood South LIHTC	7/31/14	Karen	CWS	Final capital contribution has been received.
Supportive Housing I	12/30/14	Glenn/Karen	Jervay	Deed restrictions prepared by attorneys as directed by DENR; Letter received from Telesis concerning approval of deed restrictions. Awaiting Reliance Letter from McKim & Creed to sign. Permit set delivered to contractor. Financial closing with SECU and NCHFA pending resolution of storm water issue.
Dawson Street Lofts (Hillcrest RAD)	5/14/14	Glenn	Hillcrest / Dawson St	HK Jordan under contract as of 12/16; Received approval of FHEO (HUD Fair Housing); Pending HUD closing for RAD financing and Deed Restrictions signed by Telesis. Permit set delivered to contractor.
CDBG	5/30/14	Karen	Hillcrest / Dawson St	Awarded \$200,000 CDBG; approved by City Council
Rankin Terrace LIHTC	7/31/14	Glenn/Karen	RT	RAD application submitted but outside of 60,000 unit cutoff; Submitted disposition application to HUD for 75% PH/25% PBV with RAD application to be done when available. Subsidy Layering Review being prepared for submission to HUD Greensboro. Subsidy sources must be in place prior to closing with equity investor. Have received \$750,000 permanent loan commitment from First Citizens Bank to complete sources. Mixed Finance application in process. Rental Term Sheet and Rental Term Sheet Calculator delivered to HUD Headquarters, plans sent to HUD San Francisco to review 504 compliance. Significant Amendment to Annual Plan in process for Mixed Finance application. Working on Equity and Construction Loan Due Diligence. NCHFA agreed to change of roofing materials. Phone conference with SAC and RAD on 7/25 concerning streamlining Mixed Finance and SAC approval for project. Working with contractor to purchase stored materials to meet 10% cost carryover for project. Bringing two resolutions to board for use of capital funds to purchase materials. Capital Funds will be reimbursed upon closing equity and construction loan.

# Projects Under Contract/In Process

Project Management Action List  
8/14/14

Item	Est. Completion Date	Project Manager	Site	Status
Safe-T Element	7/8/14	Glenn	TS	Project complete. All funds received from FEMA on 8/12/14.
Byrne Criminal Justice Grant	5/6/14	Karen	CNI	Application submitted 5/5/14.
YouthBuild Grant	4/22/14	Karen	HA	Application submitted 4/22/14. Informed we did not receive grant.
Winfield Smith	Ongoing	Glenn/Karen	WS	Searching for options/funding for development of property.



**RESOLUTION NO. 12-028**

**BOARD RESOLUTION BETWEEN RANKIN PLACE TERRACE, LLC  
AND HEO, INC. APPROVING A PROMISSORY NOTE FOR  
CARRY OVER COSTS**

The meeting of the Board of Directors of Housing and Economic Opportunities, Inc. (“HEO”) was duly noticed and held on August 25, 2014 in the offices of the Wilmington Housing Authority in Wilmington, North Carolina.

Upon motion duly made and seconded, the Board of Directors determined and resolved that:

**WHEREAS;** Rankin Place Terrace, LLC (the “Borrower”) and Housing and Economic Opportunities, Inc., the Borrower’s sole Member, request the authorization of the a Promissory Note (the “Note”) between the Housing Authority of the City of Wilmington (the “Lender”) and the Borrower for Rankin Place Terrace (“the Project”); and

**WHEREAS;** in order to meet the 10% cost carryover requirement the Borrower must expend at least \$561,226.30 on the Project; and

**WHEREAS;** the Housing Authority of the City of Wilmington will lend Borrower \$450,000.00 from its Capital Fund to meet this obligation; and

**WHEREAS;** the principal of the Note shall be due and payable to the Lender upon equity closing with RBC Capital Markets; and

**NOW THEREFORE, BE IT RESOLVED, THAT THE** Board of Directors authorizes the Promissory Note as set forth above.

**BE IT FURTHER RESOLVED** that this Resolution becomes effective on August 25, 2014.

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Jeffrey G. Hovis  
Chair, Board of Directors  
SEAL

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Katrina Redmon  
President



**RESOLUTION NO. 0917**

**BOARD RESOLUTION AUTHORIZING A PROMISSORY NOTE BETWEEN RANKIN PLACE TERRACE, LLC AND THE HOUSING AUTHORITY OF THE CITY OF WILMINGTON**

The meeting of the Board of Commissioners of the Housing Authority of the City of Wilmington (“WHA”) was duly noticed and held on August 25, 2014 in the offices of the Wilmington Housing Authority in Wilmington, North Carolina.

**WHEREAS;** Rankin Place Terrace, LLC (the “Borrower”) request the authorization of the a Promissory Note (the “Note”) between the Housing Authority of the City of Wilmington (the “Lender”) and the Borrower for Rankin Place Terrace (“the Project”); and

**WHEREAS;** in order to meet the 10% cost carryover requirement for the Project the Borrower must expend at least \$561,226.30 on the Project; and

**WHEREAS;** the Housing Authority of the City of Wilmington will lend Borrower \$450,000.00 from its Capital Fund to meet this obligation; and

**WHEREAS;** the principal of the Note shall be due and payable to the Lender upon equity closing with RBC Capital Markets; and

**NOW THEREFORE, BE IT RESOLVED, THAT THE** Board of Commissioners authorizes the Promissory Note as set forth above.

**BE IT FURTHER RESOLVED** that this Resolution becomes effective on August 25, 2014.

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Jeffrey G. Hovis  
Chair, Board of Commissioners

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Katrina Redmon  
Chief Executive Officer and Secretary

SEAL

**PROMISSORY NOTE BETWEEN  
RANKIN PLACE TERRACE, LLC  
AND  
THE HOUSING AUTHORITY OF THE CITY OF WILMINGTON**

\$450,000.00

August 25, 2014

RANKIN PLACE TERRACE, LLC, a North Carolina limited liability company (the “Borrower”), promises to pay to the order of THE HOUSING AUTHORITY OF THE CITY OF WILMINGTON, a North Carolina corporation (the “Lender”), at its offices in Wilmington, North Carolina (or at such other place or places as the Lender may designate) the principal sum of up to

FOUR HUNDRED AND FIFTY THOUSAND DOLLARS (\$450,000) under the terms and conditions of this Promissory Note (the “Note”).

Loan Amount. The full amount of the funds to be loaned under this Promissory Note are to be made available through the Lender.

Interest. During the Term (as such term is defined below), the Loan shall bear interest at the compounding rate of zero percent (0%) per annum.

Terms and Conditions. The term of the Note (the “Term”) shall begin on September 1, 2014 and continue until equity closing with RBC Capital markets (“Maturity Date”).

Payment. The outstanding principal balance plus all accrued but unpaid interest shall be due and payable on the Maturity Date or the earlier termination of this Note.

Prepayment. This Note may be prepaid in whole or in part at any time without penalty.

Application of Payments. All sums received by the Lender for application to the Loan may be applied by the Lender to late charges, expenses, costs, interest, principal and other amounts owing to the Lender in connection with the Loan in the order selected by the Lender in its sole discretion.

Expenses. In the event this Note is not paid when due at any stated or accelerated maturity, the Borrower will pay, in addition to principal and interest, all costs of collection, including reasonable attorneys’ fees. Such legal fees shall be based on the actual amount of time expended in connection with such matters at the usual hourly rates of such attorneys, notwithstanding the provisions of N.C. Gen. Stat. § 6-21.1.

Nonrecourse. The obligation of the Borrower under this Note is nonrecourse to Borrower and to Members of Borrower and, therefore, in an Event of Default, neither Borrower nor any Member of Borrower shall have any personal liability hereunder.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed under seal as of the day and year first above written.

RANKIN PLACE TERRACE, LLC

By: Housing and Economic Opportunities, Inc.  
its Manager

By: \_\_\_\_\_  
Katrina Redmon, President