ACQUISITION, RENOVATION AND DEVELOPMENT
COMMITTEE MEETING
OF THE HOUSING AUTHORITY OF THE CITY
OF WILMINGTON, NORTH CAROLNIA
January 16, 2013

The regular monthly meeting of the Acquisition, Renovation and Development Committee was held on Wednesday, January 16, 2013 at 4:00 p.m. at the Wilmington Housing Authority, 1524 South 16th Street, Wilmington, North Carolina.

Committee Members Present: Arcelia Wicker, Sr., Commissioner and Chair
Greg Neel, Commissioner
Jeffrey G. Hovis, Commissioner
L.S. "Bo" Dean Jr., Commissioner
Stuart Franck, Commissioner
Debra H. Hays, Commissioner
Glenn Floyd, Director of HEO
Michelle Kerwin, Director of Finance

Committee Members Absent: Helayne Levy, Commissioner

Others Present: Michael Krause, Chief Executive Officer
Sara Davis, Executive Assistant

1. Call to Order

The meeting of the Acquisition, Renovation, and Development Committee, "ARD" was called to order by the Chair at 4:00 p.m. on January 16, 2013, pursuant to the Notice sent to the Commissioners and Staff of Wilmington Housing Authority.

2. Approval of Minutes

Minutes of the December 19, 2012 ARD Committee meeting were reviewed, Commissioner Franck made the motion to approve and Commissioner Neel seconded. Minutes were unanimously approved.

3. RAD

Mr. Krause updated the Committee stating that we had received the Project Based Vouchers for the 38 units on Dawson Street. He stated that staff has been in contact with our project managers from HUD and he feels it will be a straight forward project. Mr. Krause said there are two concerns; one is the ambitious time line that has been proposed. He said that they want a lender on board by January 31st, which Mr. Krause feels is impossible. The other concern is having a General Contractor on board within a month. Mr. Krause told the Committee that the Project Managers fully expect these to be obstacles but they want to know there is a plan in place to show a lender and a general contract will be on board and when.

Mr. Krause said once a lender is chosen it will move fast and they will want an aggressive construction schedule. Mr. Krause explained that with Project Based Vouchers you cannot put one person in a 2 bedroom home. He said for purposes of relocation from Public Housing you can, so there is some question on if HUD will be okay with us building 2 bedroom units for 1 person households. Mr. Krause said that Sara Molseed seems convinced that either HUD will be fine with it, HUD will require a request for wavier be submitted or, that we will have to give vouchers to the residents of the Annex and we still go forward with the project. Mr. Krause told the Committee that Ms. Molseed expects to hear back from HUD in the next couple weeks.

Commissioner Wicker asked if this was a one for one replacement. Mr. Krause explained that we are replacing 40 units with 38 because the 38 fits better than 40 on the Dawson Street side.

Commissioner Neel asked if we have to have a Co-Developer on this and Mr. Krause stated this would be a self-developed project but we do need to have a General Contractor. Commissioner Neel asked if we go back to them with the plan to have a lender and general contractor in place will we be alright. And Mr. Krause assured the Committee that they realize the timeline isn't doable for us but they are just trying to jumpstart the projects.

Commissioner Wicker asked in regards to the loan, conventional and FHA, what needed to be done. Mr. Krause said at this point our options are to go with First Citizens or decide between a conventional loan or FHA loan. His concern is the length of time a FHA loan may take. He informed the Committee there is a call set up to talk with the FHA loan representative with HUD and if the Committee agrees he would like to start reaching out to various lenders to see what is available.

Commissioner Franck asked about the length of the time line and Glenn Floyd stated that it will be approximately a year for everything to be completed.

Commissioner Dean asked if we are opening this up to all banks and stated that he believes it would appear that we are hand picking banks if we do not follow the procurement process. Mr. Krause stated there is not enough time to complete the procurement process.

Commissioner Dean stated he would be more comfortable going through the procurement process if we aren't going to use First Citizens.

Commissioner Hays asked if we had loans outside of First Citizens and the Commissioners all stated we do. Mr. Krause said he has been advised to just choose a bank and he doesn't feel that is the best move until we see what options are available to us. He said we can invite people to submit interest to us but it will not be a formal process. And Commissioner Dean agreed that would be the best avenue to take.

Commissioner Wicker asked what Mr. Krause's approach is going to be. Mr. Krause stated he would speak to the FHA loan representative at HUD, and based on the information she gives; he will reach out to the banks and then advertise and invite banks to submit a lending proposal. Commissioner Wicker asked if we have enough time to do that and Mr. Krause stated his goal is to have this done by the February Board meeting.

4. Choice Neighborhoods

Mr. Krause briefed the Committee on the prioritization of activities from now until June 1st when the NOFA should be out.

- Negotiating finical commitments for housing. He said there is a lot of interest from the Community but there still has not been a formal agreement made. He stated the discussions with the school for the 2acres are ongoing. Mr. Krause told the Committee he met with Glen Harbeck in regards to the city donating land.

- He stated that Paul D'Angelo has been meeting with the top employers in an attempt to negotiate deals that our residents are hired in this process.

Commissioner Hays asked if we are working with Phoenix to get residents employment and Mr. Krause confirmed we are.

- Resident survey participation is currently at 85% and we are hoping to get 100% by the time the application is completed.

- Staff is working with the City and UNCW to discuss in-kind and ways to leverage money from the City and the University.

Commissioner Franck asked if Mr. Krause had talked to the new President at the Community College and Mr. Krause stated he had not but there is a meeting scheduled with him the beginning of February.

Commissioner Franck asked how the relationship is going with the city regarding Choice Neighborhoods. Mr. Krause stated he believes the city is supportive. He reminded the Committee it is hard to keep interest in a project that has taken so much time. He said there has not yet been any real significant plan but that does not mean there won't be.

Commissioner Hays reminded the Committee that Tony committed the staff would give hours to the project. Mr. Krause said that Glenn Harbeck has been very good reaching out to us and helping in the area of acquiring land from the City.

- Mr. Krause told the Committee about the Byrne Grant, which is a federal safety grant that gives priority to Choice Neighborhood grantees, due in March. This grant is approximately a $600,000 to enhance the safety and security in the neighborhood.

- Work has begun on the early start programs for example the housing, education, etc.

- Staff will be going to Atlanta to visit the Promise Build Communities which is a best practice model. Mr. Krause said the HUD representatives in DC are pushing for us to take a site tour and have them serve as the coordinator of our activities, partners and FSS.

Commissioner Wicker asked Mr. Krause what sort of system is in place to help the residents go through skills training and gain employment through this project. Mr. Krause said the process has just begun and the goal is to

engage the families at Hillcrest and enroll them in the FSS Program, job training, and skills training. He stated it has been difficult.

Commissioner Wicker asked if the Plan was submitted and Mr. Krause stated it was on December 29.

Mr. Krause said the solicitation has been reissued for a Co-Developer. He said there is a pre-qualification conference call scheduled for January 18. He also said more firms were directly solicited this time.

Mr. Krause explained that developers are very selective because they can only do 3 Choice Neighborhoods projects and since a developer needs to sign on when the planning grant is received they do not know who will actually get the implementation grant.

5. Eastbrook

Mr. Krause stated as we get ready to move forward and he shared the following timeline with the Committee:

- The demo walk through occurred on January 14th.
- The bids for demolition are open on January 22nd.
- The architect will deliver the preliminary rehab plans on the 22nd.
- Board approval needed this month.
- Demo starts at the beginning of February (around February 11th)
- Rehab should be out to bid in the middle of March.
- Board approval for the Rehab in April.
- Rehab complete in November, 2013.

Mr. Krause said our Architect, out of Atlanta, is more detail then staff has seen and are very thorough.

6. Review of Board Resolutions

Mr. Krause briefed the Committee on the resolutions going before the Board:

- Electrical Services
- Change order for Central Builders
- Architect for new construction (Non-NCHFA) Indefinite Quantities Contract. Mr. Krause explained that he believed the committee finalized their choice to be Axiom.
- Amending the WHA Partners II, LLC to HEO Partners, IV, LLC for Rankin Terrace Tax Credit Project. Mr. Krause explained that this is for Rankin Terrace Tax Credit Application. He said that last year it was submitted as a WHA project and this year it will be submitted as a HEO application gaining us 2 more points on the application.

Commissioner Wicker asked about the resolution on the change order for Central Builders. Mr. Krause deferred to Glenn Floyd; Mr. Floyd stated that major portion of the change order is for structure allowance. He said over the last 1/3 of the project a lot of termite damage was found, mushy floors that needed replacing, and toilets needed replacing. He also said there were some allowances for concrete and curbing.

Commissioner Franck asked how much the resolution was for and Mr. Floyd stated just over $165,000.

Commissioner Wicker suggested the Committee agree to do a walk through just before the Grand Opening. Mr. Krause reminded the Committee of the email that went out regarding the date of the Grand Opening which is scheduled for March 22nd.

Commissioner Hovis asked about renaming Creekwood and Mr. Krause stated the residents are very supportive of a new name.

Commissioner Dean asked if we knew who owned that land prior to Creekwood and the Committee did not.

The Commissioners agreed to tour Creekwood during the March Committee Meeting.

Commissioner Dean questioned the probability of making the Grand Opening a community event with a resource fair. His thought is to make it an all-day event that includes the residents and the community. The Commissioners discussed different ways of organizing a Community Day for Creekwood.

7. Project Matrix

Mr. Krause deferred to Glenn Floyd to go over the Project Matrix. Mr. Floyd briefed the Committee on the following:

Projects in Planning Stages

- Supportive Housing architect is in the process of completing the bid set and surveys have been completed.
- Eastbrook is waiting on the bids for demolition.
- Rankin Terrace tax credit is due on the 25th and is near completion. Mr. Krause told the Committee that Attorney, Sara Molseed is reviewing the application.
- Fire Prevention Safety Grant has been submitted.

Projects out to Bid

- Eastbrook demolition grant.

Projects in Process

- Creekwood South tax credit units were all leased up on time. The contractor is currently finishing the amenities. Picnic shelter and gazebo are completed and the tot lot will be finished today. Laundry room appliances will be delivered Thursday. The goal is to have the final inspection at the end of January with NCHFA.
- Video Surveillance is in process at the various sites. Software installation will begin at the end of the month and the consultant will be on site the first week of February to turn over the system.

  Mr. Krause asked Mr. Floyd to go over how the police will be integrated with the program. Mr. Floyd stated that they will have a VPN that allows them to log in and view from anywhere. Mr. Floyd expects full system turn over on February 8.

- Handicap kitchens are in process. Contractor is currently working on 3 units which should be ready by the end of the week. Mr. Krause stated that the Contractor is Hall Builders and staff is staying on top of them to ensure the work is completed properly
- Work is still being done with NHC for the property tax values.
- The process has started to receive the final capital contribution.
- Final disbursement was received from NCHFA for Jervay House.

8. Winfield Smith

Mr. Krause informed the Committee, unless they stated otherwise, Winfield Smith would remain an agenda item until it is resolved. All members for the Committee agreed.

Mr. Krause stated we had not heard from the DOT on their interest in the property. He said his concern is the balloon payment in the amount of 1.1 million on April 14, 2014.

Commissioner Dean asked if a short sale was possible. Commissioner Hays said because it is privately funded a short sale is not possible.

Commissioner Hovis suggested asking the owners to take the property back and it was stated, by several Committee members, that has been tried and the owners are not interested.

Mr. Krause stated that on the advice of our Commercial Agent the property is going to have to be listed.

Commissioner Hovis asked if our agent could just list it now and see what the interest is on the property.

Commissioner Hays suggested to not list the property but put it on the MLS.

9. Other Business

Mr. Krause told the Committee that on the conference call, with HUD regarding RAD, there was a discussion about Houston Moore and how RAD could be used. Mr. Krause told the Committee that it is being explored and more information will be given at the next ARD meeting.

Mr. Krause also told the Committee about the Wilson Housing Authority whom has submitted RAD applications Mr. Krause stated that they will likely be submitting 9% rehab credit applications that will be competing with our Rankin application in the East region.

Commissioner Wicker asked Mr. Krause about the elevations on Choice Neighborhoods. Mr. Krause said he feels the elevations are good. He reminded the Committee that there are people in the Community that will be hosting community meetings.

Mr. Krause talked to the Committee about the military property, BRAC, and that two of the nonprofit groups have pulled out of the project, leaving just Good Shepherd to develop the property. He stated that while Good Shepherd has good reasons to develop it he isn't sure WHA can help due to the costs involved. Mr. Krause told the Committee he will be meeting with Good Shepherd again next week.

Commissioner Dean asked if there was a way to do this and break even. Mr. Krause stated there isn't even anyway to fund it. Commissioner Dean stated his appreciation to Mr. Krause for working with Good Shepherd and trying to help.

Mr. Krause said where it is located it will not get a 9% tax credit and to get a 4% tax credit it has to be more than 24-32 units. He also said even if they could there isn't capital to fund the gap. Mr. Krause said he just doesn't see how it's going to work.

10. Adjournment

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