Housing Authority of the City of Charlotte AGENDA

Regular Meeting of Commissioners

Charlotte Housing Authority Central Office 1301 South Boulevard Charlotte, NC 28203

December 18, 2007

12:00p.m. - Regular Board Meeting Convenes:

Regular Meeting Agenda:

- 1. Pledge of Allegiance
- 2. Public Forum
- 3. Additions to the Agenda
- 4. Consideration to Approve the Minutes for:
 - Regular Board Meeting held *November 20, 2007* (**Tab 4**)
- 5. Resident Advisory Council (RAC) Report
- 6. Monthly Report from the CEO
 - Monthly Scorecard (**Tab 1**)
 - Moving To Work (MTW) Update
- 7. Committee Reports:
 - Client Relations Committee
 - Development Committee
 - Finance and Audit Committee

8. Consent Agenda Action Items:

- A. Cedar Knoll Redevelopment (p.1)
- B. First Ward Apartments Settlement (p.4)
- C. Budget Amendment: Housing Trust Fund Grant Project Budget (p.5)
- D. Budget Amendment: Asset Management Project Budget (p.6)
- E. Budget Adoption: 2007 Housing Trust Fund Grant Project Budget (p.7)

9. Business Agenda Action Items:

- A. Cherry Gardens Funding Allocation (p.8)
- B. Board Officer Elections (p.10)

Revised 121307

Consent Agenda:

<u>Consent Agenda</u> items for the December 18, 2007 Regular Board Meeting of the Charlotte Housing Authority Board of Commissioners.

8. A Cedar Knoll Redevelopment

Action:

Approve Resolution No. <u>1528</u> to redevelop Cedar Knoll as a tax credit property with up to 60 new construction units on the vacant land and a substantial exterior rehabilitation of the current 49 units, including

- A. Approval for CHA to act as direct developer;
- B. Approval of the use of up to \$800,000 in Land Sales Proceeds.
- C. Approval to apply to HUD for the disposition of the property for this purpose
- D. Approval to spend up to \$80,000 in predevelopment funds.

Staff Resource: Tylee Kessler

Key Business: Real Estate

Strategic Goal: Maximize Economic, Social, and Physical Value of Real

Estate

Explanation:

Cedar Knoll is a 49-unit Section 9 (ACC) development located on 12.2 acres on Nations Ford Road. The units underwent substantial interior and systems rehabilitation in 2006 - 2007. There are approximately 3.0-3.5 acres of vacant land in front of the current development (see attached map). With current zoning of R-17MF, approximately 60 units could be built on the vacant land if it was subdivided. However, staff believes that the best option for the Cedar Knoll community and for the CHA portfolio is to redevelop the entire parcel as a "mixed–income" community. Approximately 60 garden-style units will be built on the vacant land and the existing 49 units will have a substantial exterior rehabilitation to complement the new construction. The community building will also be rehabilitated. The current 49 Section 9 (ACC) units will remain on site, but will float among the existing and newly constructed units. The remaining units will be tax credit units affordable to persons earning 40 - 50% of Area Median Income.

We will need to apply to HUD for the disposition of the property. This disposition will allow for a sale of the improvements to a new tax credit LLC and a long term

lease of the land for the purpose of the redevelopment. In addition, because the units were recently rehabilitated using HTF funds, we will most likely need to change the deed restriction on the existing 49 units to apply to the entire property with the newly constructed units.

In addition, this redevelopment will require a locational policy waiver from the City. In discussions with Neighborhood Development staff, they advised us that this waiver process will be handled with the HTF application process.

The 49 existing Cedar Knoll units were put through the asset model analysis and the property was a rehab candidate.

Rents:

a. ACC: \$290/unit (11 one bedroom)

\$290/unit (15 two bedroom) \$290/unit (18 three bedroom) \$290/unit (5 four bedroom)

b. Affordable: \$475/unit 17 two bedrooms (new construction)

(50% AMI) \$470/unit 9 two bedrooms (existing/rehab)

\$551/unit 19 three bedrooms (new construction) \$542/unit 15 three bedrooms (existing/rehab)

Market Analysis:

Rent studies were performed separately for a new 60 unit deal and for the existing units. The projected rents for the new construction units were discounted 5%. The rent study for the existing units did not take into account the exterior rehabilitation. These rents were also discounted 5%, which we believe is conservative given the scope of the exterior rehabilitation.

The appraisal for the existing property describes the neighborhood as "a stable market with residential uses that include primarily apartments at the lower end of the range. The market appears to have stabilized after a couple of years of oversupply and rents are once again increasing." The overall neighborhood consists of a mix of office, institutional, commercial and residential development. The residential development is primarily on secondary roads. On Nations Ford Road is a new, entry level single family development, established single family homes, and Stonebrook, a Mercedes development with townhomes from the \$130,000s. There are also five churches nearby on Nations Ford. Perhaps of most interest is the nearby former Coliseum land, which is being redeveloped into office, hotel, retail, apartments and single family homes. This is anticipated to have a positive impact on the submarket.

Proposed Sources and Uses:

The estimated pre-development cost for preparing the funding applications and the drawings that accompany the applications is \$75,000 - \$80,000.

The estimated construction budget is approximately \$90,000 per unit for the new construction and \$28,000 per unit for the substantial exterior rehab.

<u>Sources</u>		% of Total
Tax Credit Equity	\$ 6,334,119	62%
Housing Trust Fund	\$ 1,500,000	15%
State Tax Credit	\$ 827,278	8%
Land Sales Proceeds loan	\$ 480,674	5%
Note for Improvements	\$ 1,000,000	10%
Total Sources	\$10,142,071	

<u>Uses</u>		% of Total
Acquisition - Improvements	\$ 1,000,000	10%
Construction**	\$ 7,348,370	72%
Transaction Costs**	\$ 1,496,001	15%
Reserves	\$ 297,700	3%
Total Uses	\$10,142,071	

^{**} Construction includes general requirements, contractor overhead and profit, architect, contingency, etc.

Income and Expenses: (per unit and total annual)

a.	Income:	\$4,966 PUPY	\$ 527,985 Total Annual
b.	Expenses:	\$4,133 PUPY	\$ 440,455 Total Annual
	_		\$ 87,530 NOI

c. Debt Service: \$0 (must-pay)

d. Net Cash Flow: \$0 (after payment of cash flow contingent loans)

Development Fee:

\$800,000 in Developer Fees.

CHA resources and net benefit to CHA:

Project financing includes up to \$800,000 in Land Sales Proceeds ("LSP") funds. CHA will make the 2.00% interest-bearing LSP loan anticipating that principal payments are subject to available cash flow (payable after the 2.0% HTF cash flow payment). The current projection funds social services at \$50,000 annually with escalators (totaling approximately \$900,000 over the 15 year compliance period). CHA would not receive any principal or interest payments under this scenario because the small amount of cash flow goes to HTF cash-contingent payments. In addition, CHA's LSP loan will accrue and CHA will have the Right

^{**}Transaction costs include developer fee, construction loan interest, reserves, soft costs, etc.

of First Refusal and a purchase option at the end of the tax credit compliance period (15 years).

The benefits also include the transformation from a 100% public housing property to more of a mixed income community. This benefits the residents and benefits CHA financially, creating a self-sustaining development. The rehabilitation will also be a significant aesthetic improvement to the neighborhood.

Schedule:

Apply for Tax Credits:

Apply for HTF Funds:
Final Tax Credit Application:

Award of Tax Credits:

August 2008

August 2008

Anticipated Closing: March 2009 Construction Completion: March 2010

Committee Discussion:

The committee unanimously recommended that staff proceed with applications and negotiations for this redevelopment. It was discussed that the deal would come back before the committee for final review just prior to closing.

Community Input: N/A

Summary of Bids: N/A

MWBD Consideration: N/A

Attachments: Resolution **1528** (**Tab 3**)

<u>8. B.</u> First Ward Apartments Settlement

Action: Approve Resolution No. <u>1532</u> to approve the Mediated Settlement Between the Charlotte Housing Authority and First Ward Apartments in the amount of \$300,000 and Request Horizon Development to pay the Settlement

Amount.

Staff Resource: Kathleen Foster

Key Business: Real Estate

Strategic Goal: Maximize Economic, Social, and Physical Value of Real

Estate

Explanation:

At the February Board meeting, CHA approved the termination of Merryland-Bucci as developers of First Ward Apartments. Counsel informed the Board at that time that some amount of developer fee would be due and owing Merryland-Bucci in accordance with the Development Agreement between the parties.

Correspondence was exchanged between the parties, with CHA offering \$100,000 in developer fee and Merryland-Bucci demanding \$1 million. A mediation was held on November 26, 2007. This mediation, attended by Board Chair, Dan Page; VP for Real Estate Development, Kathleen Foster and Sherrod Banks as counsel for CHA ended in an agreed-upon settlement amount of \$300,000, subject to CHA Board approval.

Committee Discussion:

This matter was discussed at the December 10th Development Committee meeting and a motion was passed to recommend approval of the Resolution by the Board.

Community Input: N/A

Summary of Bids: N/A

MWBD Consideration: N/A

Attachments: Resolution 1532 (Tab 3)

8. C Budget Amendment: Housing Trust Fund Grant Project Budget

Action: Approve Resolution No. 1527 which amends

Resolution No. 1275 which adopted the Housing

Trust Fund Grant Project Budget.

Staff Resource: Ralph Staley

Strategic Business: Finance Administration

Strategic Goal: Attain Long-Term Financial Viability

Explanation:

In March, 2005 the Board approved the Housing Trust Fund Grant project budget. This amendment is to recognize the Housing Trust Fund award for Southside Homes Phase IV in the amount of \$1,800,000. The expense is shown on the Site Improvements/ Dwelling Structures-Southside line item. These revenue and expense are shown in Exhibit A.

Committee Discussion:

The Finance & Audit Committee discussed and unanimously approved this policy

for inclusion on the consent agenda at its meeting on December 10, 2007.

Funding: Housing Trust Fund Grant

Attachments: Exhibit A Housing Trust Fund Grant Budget (**Tab 2**) Resolution No. <u>1527</u> (**Tab 3**)

8. D Budget Amendment: Asset Management Project Budget

Action: Approve Resolution No. 1529 which amends Resolution

No. 1514, Exhibit A, which amended the Asset

Management Project Budget for the fiscal year ending

March 31. 2008.

Staff Resource: Ralph Staley

Strategic Business: Finance and Administration

Strategic Goal: Attain Long – Term Financial Viability

Explanation:

In Resolution No. 1504 staff requested funding for the disposition of Hall House. At that time staff requested \$23,000 for a consultant to submit the disposition application and legal counsel to assist with the Section 106 historic review. In this amendment, we need to revise this estimate and increase the budget for legal services by \$10,000 to \$30,000 and the consultant expense will increase by \$47,000 to \$50,000 for consultants to also assist with the sale and marketing of Hall House. The total increase is \$57,000. The fund balance appropriated and expenses are reflected on the attached Exhibit A.

Committee Discussion:

The Finance & Audit Committee discussed and unanimously approved this policy for inclusion on the consent agenda at its meeting on December 10, 2007.

Funding: Fund Balance Appropriated

Attachments Exhibit A Asset Management Project Budget (**Tab 2**) Resolution No. <u>1529</u> (**Tab 3**)

Budget Adoption: 2007 Housing Trust Fund Grant Project 8. E **Budget**

Action: Approve Resolution No. <u>1530</u> to adopt the 2007 Housing

Trust Fund Grant Project Budget.

Staff Resource: Ralph Staley

Strategic Business: Finance Administration

Attain Long Term Financial Viability **Strategic Goal:**

Explanation:

In 2001 the North Carolina State Legislature passed General Statute 159-42 entitled "Special regulations pertaining to public housing authorities". The statute requires housing authorities to adopt a project ordinance as defined in General Statute 159-13.2, for those programs which span two or more fiscal years. In the past the authority has presented budgetary information on grant projects as a part of the grant process, but has not set out a separate resolution to adopt a grant project ordinance. In an effort to clearly show compliance with the State statute, the staff of the authority intends to prepare a grant project ordinance for each grant and have the Board adopt the project ordinance by resolution.

Staff is presenting in this agenda item the 2007 Housing Trust Fund Grant Project Budget of \$2,235,737. The attached Resolution and Exhibit A shows the amount awarded and the expenses in the site improvement /dwelling units category. This funding was awarded by the City of Charlotte and needs to be approved by the Board of Commissioners.

Committee Discussion:

The Finance & Audit Committee discussed and unanimously approved this policy for inclusion on the consent agenda at its meeting on December 10, 2007.

Funding: 2007 Housing Trust Fund Grant

Attachments: Exhibit A 2007 Housing Trust Fund Grant Project Budget (Tab 2) Resolution No. 1530 (Tab 3)

BusinessAgenda:

Business Agenda items for the December 18, 2007 Regular Board Meeting of the Charlotte Housing Authority Board of Commissioners.

9. A Cherry Gardens Funding Allocation

Action: Approve Resolution No. <u>1531</u> to Authorize CHA to

Issue 11 Project Based Section 8 Vouchers To The Affordable Housing Group To Subsidize The Rents At

Cherry Gardens.

Staff Resource: Twyla Taylor

Strategic Business: Real Estate Development

Strategic Goal: Maximize Economic, Physical, and Social Value of our

Real Estate Portfolio

Explanation:

The Affordable Housing Group and StoneHunt, LLC has joint ventured to develop 42 affordable one-bedroom units in the Cherry Community known as Cherry Gardens. This 3-story facility will house seniors age 55 and over. Of the 42 units, 11 units are designated for families earning 30% or less of Area Median Income (AMI) and 31 units will serve families earning 31 – 50% of AMI.

The Affordable Housing Group will be the lead developer for the project with more than forty years of experience. Since 1998 The Affordable Housing Group has developed, and continues to own and operate, fourteen (14) tax credit developments across the state. Cherry Gardens will be the first phase of a neighborhood revitalization strategy that seeks to maintain a variety of affordable housing options in the Cherry Community.

The Affordable Housing Group has been successful in obtaining funds for this project from the North Carolina Housing Finance Agency as well as the City of Charlotte, Housing Trust Fund program. At this time, The Affordable Housing Group is requesting the use of 27 Project Based Section 8 Vouchers from the Charlotte Housing Authority (CHA) to subsidize the rents at Cherry Gardens. After reviewing this request, staff has decided to limit the number of Project Based Vouchers to eleven (11). This decision is based on the fact the Cherry Community is located in a high priority neighborhood and only 11 units are targeted for families earning 30% of AMI and below . Staff favors having some CHA senior clients in Cherry due to the changing environment and the historic nature of the area. Staff believes that, based on other activity in the neighborhood, units anticipated to be affordable at 44% and 50% of AMI (the other 31 units), can be absorbed without subsidy. The CHA has amended its

Annual Plan which provides discretion to project-base as much of its Section 8 Voucher inventory as the Board approves. With that, the CHA currently has the capacity to convert tenant vouchers to project-based vouchers.

Proposed Sources and Uses:

% of Total		
717,899	14%	
1,050,000	21%	
54,830	01%	
3,239,775	64%	
5,062,504		
2,813,000	56%	
420,000	08%	
1,829,504	36%	
5,062,504		
	1,050,000 54,830 3,239,775 5,062,504 2,813,000 420,000 1,829,504	

^{*}Construction includes General Requirements, Contractor Overhead, Contractor Profit and Contingency.

Income and Expenses (per unit and total annual)

a. Income	3,740 PUPY	\$157,107 Total Annual
b. Expenses	3,102 PUPY	\$130,303 Total Annual
-		\$ 26.804 NOI

c. Debt Service \$26,804 (Cash Flow Contingent)

d. Net Cash Flow \$0

Schedule

Equity Closing	2/15/08
Construction Start	3/30/08
Construction Completion	3/30/10

Authorization from the Board of Commissioners is therefore requested to approve Resolution 1531, to provide 11 Project Based Section 8 Vouchers to The Affordable Housing Group to subsidize the rents at Cherry Gardens.

Committee Discussion:

This Agenda Item was not included in the Committee packages but was distributed at the Committee Meeting. As such, the Committee decided not to vote on this item during the Committee Meeting but recommended adding this Agenda as a Business Item at the December Board of Commissioners Meeting.

Community Input: N/A

Summary of Bids: N/A

MWBD Consideration: N/A

Attachment: Resolution <u>1531</u> (**Tab 3**)

9. B Board Officer Elections

Action: Elect a Chairperson and Vice-Chairperson for the

Charlotte Housing Authority Board of Commissioners for the Calendar Year 2008 According to Authority By-

Staff Resource: NA

Strategic Business: N/A

Policy: Authority By-Laws for Elections of Officers

Explanation:

The Authority elects a Chairperson and Vice-Chairperson for each calendar year among its members. Nominations are open to the membership and can be made effective immediately.

Community Discussion: None

Attachment: None

MINUTES OF THE REGULAR BOARD MEETING OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF CHARLOTTE HELD ON TUESDAY, NOVEMBER 20, 2007

The Commissioners of the Housing Authority of the City of Charlotte, North Carolina held a regular meeting at the *Charlotte Housing Authority/Central Office*, 1301 South *Boulevard*, *Charlotte*, *NC* 28203 at 12:00 p.m. on November 20, 2007.

Present: Chairman Dan Page

Vice-Chairperson Sandra Peters

Commissioner David Jones Commissioner Montega Everett Commissioner Chris Moffat Commissioner Will Miller

Also Present: Charles Woodyard, CEO

Eric Pristell, General Counsel

Absent: Commissioner Rodney Moore

<u>Pledge of Allegiance:</u>

Chairman Page asked that everyone stand to recite the pledge. Once completed the public forum was opened.

Public Forum:

No speakers were present; therefore the public forum was closed.

Additions/Changes to the Agenda:

Mr. Woodyard stated that there is an additional item-Call for the Public Hearing on Moving-to-Work. It was recommended that it be put under the Consent Agenda, Item **8.H** All agreed.

Consideration to approve the minutes:

- Regular Board meeting held on *October 16*, 2007

ACTION:

Motion was made to approve:

Motion was seconded:

Outcome of the vote:

Commissioner David Jones

Vice-Chairperson Sandra Peters

Passed unanimously

Resident Advisory Council (RAC) Report:

Ms. Janice Belk gave the following report:

o Thursday, November 8, 2007 CHA and RAC held its first retreat at the Carole Hoefener Center. The retreat was very informative. There were eight out of ten presidents that were present.

- o RAC Quality Circle meeting will be held Tuesday, November 27, 2007 at 2:00 p.m. at the Strawn Activity Center. All are welcomed.
- o A fund raiser will be sponsored in the near future by RAC.
- o Sunridge will host their election however a date as not been determined.
- o Ms. Mary Stitt wants to thank everyone for their prays, concerns, and phone calls while she was out with foot surgery. We wish her a happy belated birthday, which was celebrated on 11/13.

On a personal note Ms. Belk thanked the Charlotte Housing Authority from the bottom of her heart for a safe, secure and affordable place to live.

Monthly Report from the CEO

Monthly Scorecard:

Mr. Troy White, COO, gave the following report:

On page one, tab one, Section 8 utilization is at 96.6%. There has been a mandate put on the Section 8 department in an effort to increase that number back to 98%. We have maintained what needs to be done with project-based vouchers for this year, but we need to increase the utilization. Chairman Page asked if we still have some project-based Section 8 on hold. Mr. White responded yes, we do have some on hold and we are going to manage those going forward based on the number of vouchers we need each month. Instead of holding them, what we will do is basically say if we need fifty we won't do a briefing to accommodate project based. The goal is to get that number back above 98% as it traditionally has been. We are making some progress with the waiting list; we started with 4,500 and we are now at 3,788 it will take 5 years to get through that waiting list without additional vouchers.

On page two, for the conventional public housing number we are on target for the month of October. We are at 99% occupancy on the TARS (Tenants Accounts Receivable) report. As part of the Client Relations Committee, we will take a look at what we will monitor/measure. It is suggested that we look at adding another line, possibly to have a better measure of that 86%. Below are the affordable which are 100% occupied, there have been 5 turns in 11 days.

On page three, our private management company's occupancy rate for the month of October 2007 was 99%. We are at twenty days. It was pointed out that at McAlpine Terrace is holding units; Lane Management promised a senior an apartment, which took 38 days to make ready; then the person had to give a 30 day notice. The Seneca Wood unit that is 32 days, there were three different offers, to three different people. The three offered all came back with criminal background checks which automatically rejected them. On the Arbor Glen line item, which is at 30 days, that is also a criminal background check issue.

Overall for the year we are at 20 days. On our vacancy turn, internally we are in the process of reviewing the entire portfolio, to make sure we are hitting certain bench marks. Chairman Page questioned the receivables for Arbor Glen III, which is at 77%, and Nia is at 70%? Mr. White stated that he would have to get back to Chairman Page; he did not have his documentation regarding those statistics with him. Mr. White suspects that there are some eviction processes at Nia Point however he would have to get back to him with an accurate detailed response.

Moving-to-Work:

Mr. Woodyard started with the good part. It was announced, a few week ago, that Congress has relented and we have been able to negotiate with the Assistant Secretary for us to move forward with a full blown MTW (Moving-to-Work) agreement. In previous discussion the message was we would get a one year agreement with the ability to extend for several years depending on when the national standard is negotiated with HUD. However, we learned last week that the news is slightly better. The current news is that we are going to get a ten year agreement, which is the longest agreement that you can get. While the federal government is negotiating with other housing authorities for a standard agreement, should it take a year from after we sign our agreement, then when they agree on the new standard agreement we will negotiate and get into the new standard agreement and will have a full ten years under that agreement. Once the document is signed we will be in the best possible position with respect to the existing MTW program. The next item is that bureaucracy tends to take over these processes; where we are at this point is that an e-mail was sent to all commissioners stating that we must have a public hearing on the MTW agreement. Mr. Woodyard stated that Shaunte Evans, Chief Administrative Officer, sent the MTW notice to the newspaper which will print on November 21, 2007 which will start the 30 day time clock and we will receive the agreement later today. A draft copy of the agreement will be made available for the public to peruse and we will invite people on December 21, 2007. Presently the Board has been notified requesting their attendance for the public hearing.

Budget to Actual Report (BAR) September 2007:

Mr. Staley, CFO, gave the following update:

The reports are located behind Tab 2 and unless someone has questions, they are fairly self-explanatory. Through the first six months of the fiscal year things are going quite well. There are no major problems to report to you and mostly everything looks very good.

Cash Balance and Restriction Report September 2007:

Mr. Staley, CFO, gave the following update:

He stated that this information is located behind tab 3. He would like to point out that the Section 8 HAP funds number at 9.30.07 is \$15.6 million which is the MTW funds. We are getting the funds however we don't have the program authority to spend the funds yet. Hopefully prior to January 4, 2008 all that will change.

Land Sale Proceeds Report September 2007:

Mr. Staley, CFO, gave the following report:

This information is mainly to keep the Board informed on the funds generated from the various land sales proceeds. He asked if there were any questions on the cash balances or the land sale proceeds. Commissioner Miller asked how do we invest that money. Mr. Staley stated that we currently have a banking relationship with First Charter. We periodically check the market for CD's and other eligible investments. For about the last two years our bank account has a rate that is tied to the T-Bill and First Charter gave CHA the same rate they gave the state of North Carolina and no other investment we have been able to find has been able to match it. Commissioner Miller asked if we are restricted on how we invest the money. Mr. Staley responded that we are restricted to items that are allowed by HUD. However as a part of the MTW agreement we are asking to be able to use the state rules for investing which will allow shorter terms, higher quality payment, which could increase our yield.

Notice of Administrative Budget Changes:

Once again Mr. Staley, CFO, gave the following report:

For the record the operating budget and capital budgets that are approved by the Board and CEO have the authority to transfer funds below certain dollar amounts. This information needs to be a part of the records to show the transfers that have been made during the last quarter.

Committee Reports

Client Relations Committee:

In the absence of Commissioner Moore the report was given by Commissioner Everett:

- > Client Relations met on November 7, 2007.
- Discussion of the Moving-to-Work update which was given by Shaunte Evans, CAO.
- ➤ It is suggested that there be a Business Plan prepared by Client Relations. Mr. White gave instruction on how that could be accomplished.
- The overview of the CPCC assessment was presented by Mr. White.

Development Committee:

Commissioner Jones gave the following report:

- The bulk of the meeting was discussion concerning the pros and cons of the Authority under taking more direct development.
- Discussed several financing scenarios for the Savannah Woods project and potential redevelopment.
- The committee received the staff report and asked the staff to go back and look at some alternatives which might result in a denser development on that site. A report would be given at the next Development Committee meeting.

• Received a report concerning the acquisition line of credit which the Finance & Audit Committee acted on.

Finance and Audit Committee:

Vice-Chairperson Sandra Peters gave the following report:

- ✓ The meeting took place on November 7, 2007. All recommendations are listed on the consent agenda **Items 8.B 8.G.**
- ✓ Additionally there was discussion of the Collection Loss Report; although there was a slight increase it was still acceptable.
- ✓ Discussed line of credit with First Charter bank.
- ✓ There was discussion of the dissolution of Live Oak Development Partnership. Which was basically formed to do a rezoning petition and it has fulfilled its need.

Consent Agenda Action Items:

Chairman Page explained that these are the Consent Agenda Action items which previously have been brought before their individual working committees. At this time you can select any item for discussion if you need further information or you can leave all the items as they are shown under consent through Item 8.H. NOTE: Commissioner Miller questioned Item 8.A (Seigle Point Land Lease). There will be 49 year term and five 10 year options. Essentially the land will be tied-up for 99 years. Commissioner Miller states that this is a long time and our job is to provide housing, not tennis courts. He wants to know if everybody feels good about this. Chairman Page and Commissioner Jones agreed that this was a long time. Chairman Page stated he would accept a motion to pull this item from the Consent Agenda and list as a Business Agenda Action Item 9.A in an effort to finish the discussion. Motion was made by: Commissioner Jones; Motion was seconded by: Commissioner Moffat, Outcome of the vote, passed unanimously.

NOTE: Therefore the motion was made to vote on Consent Agenda Action <u>Item 8.B – Item 8.H.</u>

Motion was made to approve Consent Agenda as adjusted:

Motion was seconded by:

Outcome of the vote:

Commissioner Jones

Commissioner Moffat

Passed unanimously

Business Agenda Action Item:

9.A Seigle Point Land Lease

Approve Resolution No. <u>1516</u> to authorize staff to negotiate terms and execute documents necessary and appropriate for the long term lease of a portion of property at Seigle Point.

NOTE: Commissioner Moffat stated that we modify the Memorandum of Understanding to remove the word majority and say "continuing interest by all affected parties".

ACTION:

Motion was made to approve w/modification to MOU: Commissioner Miller Motion was seconded by: Commissioner Moffat Outcome of the vote: Passed unanimously

Chairman Page asked if there is any more business to be brought before the group under the Housing Authority meeting; if not he would like to entertain a motion for adjournment. The motion was made by: Commissioner Jones and seconded by: Commissioner Everett, the outcome of the vote is: Passed unanimously.

Minutes respectfully prepared by:

Barbara G. Porter

Executive Assistant to the CEO

The next meeting will take place on Tuesday, December 18th, 12 noon, at 1301 South Boulevard, Central Office. (Lunch will be served at 11:30 a.m.). If any questions/comments please contact the Executive Office at 704.336.5221

Horizon Development Properties, Inc. Meeting of Directors AGENDA

Charlotte Housing Authority Central Office 1301 South Boulevard Charlotte, NC 28203

December 18, 2007

Directly After CHA Board Meeting – Meeting Convenes:

Regular Meeting Agenda:

- 1. Additions to the Agenda
- 2. Consideration to Approve the Minutes for:
 - Meeting held on *November 20, 2007*
- 3. **Business Agenda Item:**
 - A. Budget Amendment: Horizon Development Properties, Inc. (p.1)
 - B. First Ward Apts Settlement Payment Request Budget Amendment (p.2)

Revised 121307

Business Agenda

Business Agenda items for the December 18, 2007 meeting of the Horizon Development Properties Board of Directors

3. A Budget Amendment: Horizon Development Properties, Inc.

Action: Approve an Amendment to the Horizon Development Properties, Inc. Budget for the Fiscal Year Ended March

31, 2008

Staff Resource: Ralph Staley

Strategic Business: Finance Administration

Strategic Goal: Attain Long-Term Financial Viability

Explanation:

In April, 2006 the Board approved a re-appropriation of \$72,382 for the Live Oak project. In the 2006-2007 fiscal year \$38,603 was expended. Staff would like to reappropriate \$33,779 for the anticipated expenditures needed for the remainder of this fiscal year. Funds will be used to pay for rezoning and other predevelopment cost.

Also in November, 2006, the board approved a re-appropriation of \$25,000 for the Sixth and Davidson project. In the 2006-2007 fiscal year \$3,989 was expended. Staff would like to re-appropriate \$21,011 for the remainder of this fiscal year to be used to pay for predevelopment cost.

The total re-appropriation is \$54,790. The fund balance appropriated and expenses have been increased and are shown in Exhibit A.

Also as a part of this amendment the Chief Executive Officer (CEO) or his/her designee may transfer funds as provided below. All such transfers must be consistent with state or federal laws and local board policies. The CEO or his/her designee must report any such transfers at the regular meeting of the board at which the budget to actual results are discussed and transfers between functions must be entered in the minutes of that meeting.

- 1. The CEO may transfer between sub-functions and objects of expenditure within a function.
- 2. The CEO may transfer amounts not to exceed \$50,000 between functions.
- 3. The CEO may not transfer any amounts between funds or increase the total amount of a fund.

Committee Discussion:

The Finance & Audit Committee discussed and unanimously approved this policy for inclusion on the consent agenda at its meeting on December 10, 2007.

Funding: Appropriated Fund Balance

Attachment: Amended Horizon Budget

RECORDING OFFICER'S CERTIFICATION

I, Barbara Porter, the duly appointed Secretary of the Horizon Development Properties, Inc., do hereby certify that the above item was properly adopted at a regular meeting held December 18, 2007.

(SEAL)			
	BY:		
		Barbara Porter, Secretary	

3. B Settlement Payment Request and Budget Amendment

Action: Approve Settlement Payment Amount Requested by CHA Board of Commissioners and an Amendment to the Horizon Development Properties, Inc. Budget for the Fiscal Year Ended March 31, 2008.

Staff Resource: Ralph Staley

Strategic Business: Finance Administration

Strategic Goal: Attain Long-Term Financial Viability

Explanation:

At the February CHA Board meeting, CHA approved the termination of Merryland-Bucci as developers of First Ward Apartments. Counsel informed the Board at that time that some amount of developer fee would be due and owing to Merryland-Bucci in accordance with the Development Agreement between the parties.

Correspondence was exchanged between the parties, with CHA offering \$100,000 in developer fee and Merryland-Bucci demanding \$1 million. Mediation was held on November 26, 2007. This mediation, attended by Board Chair, Dan Page; VP for Real Estate Development, Kathleen Foster and Sherrod Banks as counsel for CHA ended in an agreed-upon settlement amount of \$300,000, subject to CHA Board approval. CHA has requested that Horizon pay the settlement amount.

In this amendment we are appropriating fund balance in the amount of \$300,000. After following legal advice and mediation results Horizon Development Properties, Inc. is paying First Ward Apartments, LLC \$300,000, on behalf of the Charlotte Housing Authority, in full settlement of all claims resulting from the termination of the development agreement dated July 2, 2005. This appropriation and expenditures can be seen on the attached Exhibit A.

Also as a part of this amendment the Chief Executive Officer (CEO) or his/her designee may transfer funds as provided below. All such transfers must be consistent with state or federal laws and local board policies. The CEO or his/her designee must report any such transfers at the regular meeting of the board at which the budget to actual results are discussed and transfers between functions must be entered in the minutes of that meeting.

- 4. The CEO may transfer between sub-functions and objects of expenditure within a function.
- 5. The CEO may transfer amounts not to exceed \$50,000 between functions.
- 6. The CEO may not transfer any amounts between funds or increase the total amount of a fund.

Committee Discussion:

The Finance & Audit Committee discussed and unanimously approved this policy for inclusion on the consent agenda at its meeting on December 10, 2007.

Funding: Appropriated Fund Balance

Attachment: Amended Horizon Budget

RECORDING OFFICER'S CERTIFICATION

I, Barbara Porter, the duly appointed Secretary of the Horizon Development Properties, Inc., do hereby certify that the above item was properly adopted at a regular meeting held December 18, 2007.

(SEAL)	
	BY:
	Barbara Porter, Secretary

MINUTES OF HORIZON DEVELOPMENT PROPERTIES, INC. BOARD MEETING HELD ON TUESDAY, NOVEMBER 20, 2007

Regular Meeting:

Additions to the Agenda:

None

Consideration to approve the minutes for:

- Meeting held *November 20, 2007*

ACTION:

Motion was made to approve:

Motion was seconded by:

Outcome of the vote:

Commissioner Jones

Vice-Chairperson Peters

Passed unanimously

Business Agenda Items:

3.A Budget Adoption: Fairmarket Square Apartments:

Approve the Capital Project Budget for Fairmarket Square Apartments in Horizon Development Properties, Inc.

ACTION:

Motion was made by:

Motion was seconded by:

Outcome of the vote:

Vice-Chairperson Peters

Commissioner Jones

Passed unanimously

3.B Line of Credit Approval and Utilization Criteria:

To authorize the CEO to negotiate and enter into a line of credit financing arrangement of up to \$5,000,000 with a financial institution and approve the criteria under which the line of credit may be utilized.

NOTE: Commissioner Moffat had a question related to the line of credit; we still have to submit the proposed acquisition for underwriting to First Charter. Mr. Staley, CFO, replied yes. Further explanation from Mr. Staley, was that we submitted to them, however basically what they are looking at is that it is an adequate take out. Theatrically we take out the line of credit within a year and they have agreed to allow us to roll-over the line if need be. Basically what they will look at is whether they feel we can take them out. Commissioner Moffat stated that they will look at the particular asset that we acquire using the line of credit within that one year window. Mr. Staley agreed with that statement; however he thinks the larger thing that will control the utilization of the line, will be the development committee since they have to approve the scenario utilizing the line which also includes a take-our provision.

Horizon Development Properties, Inc. November 20, 2007

ACTION:

Motion was made by:

Motion was seconded by:

Outcome of the vote:

Commissioner Moffat

Vice-Chairperson Peters

Passed unanimously

Chairman Page asked if there was any additional business to be brought before the Horizon Development Properties meeting. Hearing none a motion was requested.

Motion was made to adjourn:

Motion was seconded by:

Outcome of the vote:

Vice-Chairperson Peters

Commissioner Everett

Passed unanimously

Minutes respectfully prepared by: Barbara G. Porter

Executive Assistant

Horizon Acquisition Corporation Meeting of Directors AGENDA

Charlotte Housing Authority Central Office 1301 South Boulevard Charlotte, NC 28203

December 18, 2007

Directly After CHA Board Meeting – Meeting Convenes:

Regular Meeting Agenda:

- 1. Additions to the Agenda
- 2. Consideration to Approve the Minutes for:
 - Meeting held on *October 16*, 2007
- 3. **Business Agenda Item:**
 - A. Budget Amendment: Horizon Acquisition Corporation

Revised 121307

Business Agenda

<u>Business Agenda</u> items for the December 18, 2007 meeting of the Horizon Acquisition Corporation Board of Directors

3. A Budget Amendment: Horizon Acquisition Corporation

Action: Approve an Amendment to the Horizon Acquisition

Corporation Budget for the Calendar Year Ended

December 31, 2007.

Staff Resource: Ralph Staley

Strategic Business: Finance Administration

Strategic Goal: Attain Long-Term Financial Viability

Explanation:

The Horizon Acquisition Corporation (Horizon) budget is being revised to recognize revenue associated with the developer fees for the Seigle Point Apartment Homes. Per the development agreement between Seigle Point Development LLC and Horizon, Horizon is to receive 20% of the Development Fee earned by Seigle Point Development LLC for the development of Seigle Point Apartment Homes. Horizon earned \$170,461.78 in developer fees. This budget amendment recognizes and additional \$170,000 in developer fees and has matching related administrative expenses as seen on the attached Exhibit A.

Also as a part of this amendment the Chief Executive Officer (CEO) or his/her designee may transfer funds as provided below. All such transfers must be consistent with state or federal laws and local board policies. The CEO or his/her designee must report any such transfers at the regular meeting of the board at which the budget to actual results are discussed and transfers between functions must be entered in the minutes of that meeting.

- 1. The CEO may transfer between sub-functions and objects of expenditure within a function.
- 2. The CEO may transfer amounts not to exceed \$50,000 between functions.
- 3. The CEO may not transfer any amounts between funds or increase the total amount of a fund.

Committee Discussion:

The Finance & Audit Committee discussed and unanimously approved this policy for inclusion on the consent agenda at its meeting on December 10, 2007.

Funding:

Horizon Acquisition

Attachment

Exhibit A Horizon Acquisition Budget

RECORDING OFFICER'S CERTIFICATION

I, Barbara Porter, the duly appointed Secretary of the Horizon Acquisition Corporation., do hereby certify that the above item was properly adopted at a regular meeting held December 18, 2007.

(SEAL)	
	BY:
	Barbara Porter, Secretary

MINUTES OF HORIZON ACQUISITION CORPORATION BOARD MEETING HELD ON TUESDAY, OCTOBER 16, 2007

Regular Meeting Agenda:

Additions to the Agenda:

None

Consideration to approve the minutes for:

- Meeting held on *August 21*, 2007

ACTION:

Motion was made to approve:

Motion was seconded by:

Outcome of the vote:

Commissioner Jones

Commissioner Moore

Passed unanimously

Business Agenda Item:

3.A <u>Live Oaks Seniors – Horizon Acquisition Corporation</u>

Approve resolution to amend August 21, 2007 resolution to reflect changes in the financing and unit mix.

ACTION:

Motion was made by:

Motion was seconded by:

Commissioner Jones

Commissioner Moore

Outcome of the vote:

Passed unanimously

Motion was made by Commissioner Moore for adjournment and it was seconded by Commissioner Miller. Outcome of the vote, passed unanimously. Meeting was adjourned.

Minutes respectfully prepared by: Barbara G. Porter

Executive Assistant to the CEO