ACQUISITION, RENOVATION AND DEVELOPMENT
COMMITTEE MEETING
OF THE HOUSING AUTHORITY OF THE CITY
OF WILMINGTON, NORTH CAROLNIA
October 17, 2012

The regular monthly meeting of the Acquisition, Renovation and Development Committee was held on Wednesday, October 17, 2012 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
Jeff Hovis, Commissioner

Committee Members Absent: L.S. "Bo" Dean Jr., Commissioner
Stuart Franck, Commissioner
Debra H. Hays, Commissioner
Glenn Floyd, Director of HEO
Michelle Kerwin, Director of Finance

Others Present: Michael Krause, Chief Executive Officer
Sara Davis, Executive Assistant
Rhonda Mack, Director of HCV Program
Chad Rivers, Project Manager
Karen Schraml, HEO Coordinator

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 October 17, 2012, pursuant to the Notice sent to the Commissioners and Staff of Wilmington Housing Authority.

2. Approval of Minutes

Due to not having a quorum, the minutes of the August 15, 2012 Acquisition, Renovation, and Development Committee, were not accepted.

3. Choice Neighborhoods

Mr. Krause spoke to the committee about Choice Neighborhoods and stated that we are nearing the completion of the transformation plan. He told the Committee that currently staff is working on getting MOUs from the school board, police department, and UNCW. He stated the most critical part is acquiring land, within the neighborhood, that will allow the construction of 100 units outside of the Hillcrest boundaries.

He also talked to the Committee about his meeting with the Assistant School Superintendent. Mr. Krause explained that they proposed giving us the 6 acres and in exchange we would build them a $13

million school on a 17 acre plot. The suggestion was made that 2 acres be parceled off and given to WHA for development.

Mr. Krause said that currently there are approximately 25 homeowners in the area that are in interested in selling their land. He said that WHA needs at least 50 parcels under option before April. He explained the reason 50 is the number needed is because the other 50 can be built out on the larger lots available.

Commissioner Hovis asked if any Commissioners that have access to the list of reality in the area could provide any help. Mr. Krause assured him that Jack Kilbourne, the realtor under contract, has done a good job creating a list of land plots in the area.

Mr. Krause informed the Committee that the grant funds are done in October so staff is looking at other options to pay Paul D'Angelo and keep him on staff. He said the contract with the Communities Group is a firm fixed price and will continue to do work until the application is complete.

Mr. Krause informed the Committee that staff has begun working on a solicitation for a Co-Developer and that will come before the Committee in November. Commissioner Wicker confirmed that there would be an action item in November; being the solicitation of a Co-Developer. Mr. Krause confirmed that would be on the agenda.

Mr. Krause reminded the Committee that both he and Paul D'Angelo will be attending the Choice Neighborhood Conference at the end of November.

Commissioner Neel questioned the timeline for the grant and Mr. Krause stated the Notice of Funding will be released in January, applications will be due in April, and awards will be made 9 months after.

Mr. Krause informed the Committee that the finalists for the Implementation Grants, which were large metropolitan areas. They also announced the Planning Grant recipients and they too were large metropolitan areas. Mr. Krause told the Committee that he was not too concerned that both grants went to large cities because eventually they will have to look to cities the size of Wilmington.

Commissioner Hovis asked about the City of Wilmington giving any available land to the project. Mr. Krause said that it is being discussed and that recently staff submitted, to the City, a list of things that give leverage to the grant.

4. Rental Assistance Demonstration (RAD)

Mr. Krause told the Committee that a resolution would be going before the Committee authorizing staff to apply for RAD funds. The plan is to build out Dawson Street by using a combination of the Project Based Voucher program, over a 20 year period of time, and RHF funds so that it is a mixed finance transaction. He explained that staff has been working with Sara Molseed, from Reno Cavanaugh, to make sure the project will cash flow and make good financial sense.

Mr. Krause stated it would be approximately 38 units constructed to fill out the Dawson Street lot. The requirement for doing that is an equivalent amount of units need to be demolished. Mr. Krause feels the

best way to meet that requirement is to demolish the Annex at Hillcrest. Mainly the reason he feels the annex would be best is due to they are all 0 bedroom units and a source of high crime in the Hillcrest community.

Commissioner Wicker asked if the RAD funding was competitive and Mr. Krause confirmed that it was. He said that nationwide there is funding for 60,000 units but he doesn't feel that many will go after it due to the way the funding is.

Mr. Krause deferred to Ms. Schraml and Rhonda Mack for anything they would add regarding RAD.

Ms.Schraml stated that the next step is to get the resolution for the application, approved at the Board meeting on Monday. She also said she is working with First Citizens to get a letter of interest that needs to be submitted to HUD. Ms. Schraml confirmed that currently staff is waiting on a few numbers to return from the lawyer to complete the application and have it ready for Board approval. Mr. Krause stated that the reason for First Citizens to be the bank involved is because a lender is needed. The original concern was how to procure in that amount of time. In talks with the lawyer Mr. Krause was advised to just use the bank that is currently being used by WHA.

Mr. Krause also informed the Committee that staff is required to meet two times with the residents prior to submitting the application on October 24th. He said the first meeting has taken place and all residents seem to be in favor. The main concerns spoken were accessibility features for the residents with mobility factors. He also stated that letters need to go out to all residents of the Annex informing them of the plans and ensuring that everyone is fully informed.

Commissioner Wicker asked Mr. Krause if the plan was to build Dawson Street then move the residents from the Annex to Dawson Street. Mr. Krause said that is how it will be done and that residents of the annex do not need to re-qualify or do anything but move from the annex to Dawson Street.

Commissioner Wicker asked if all units will be handicap accessible. Mr. Krause said he wasn't sure how many units would be at this time except to meet the 504 requirements.

Commissioner Neel asked if we would need to have a Co-developer. Mr. Krause said no that this is a project we can handle ourselves. He said he feels that Jervay is becoming disjointed with all the different components. His desire is to develop it like the Covil property to help it match more closely with what is there. Mr. Krause stated that it has been difficult to get firm answers from the Communities Group, but if what they say is true on the application process, there is a lot to be done by April. He believes we will have a clear sense of what is going on and what needs to be done going forward. The Communities Group has told Staff that WHA can apply for a 4% credit in January and pay it back out of the RHF money that is used in the project. Mr. Krause is doubtful on how that would work due to the mixed finance requirement but it will be looked into.

5. Tax Credit Applications for 2013

Mr. Krause stated he believes that New Hanover County will be well positioned to receive a tax credit award given the lack of tax credit funding that has been awarded to us. Staff has been reviewing the

Rankin Terrace Grant Application and has found a few changes that could have been done but does not feel this was the cause of not receiving the grant. Mr. Krause recommended to the Committee that WHA apply for it again.

Commissioner Wicker asked when Creekwood would be completed and Mr. Krause stated that it has to be fully completed by December 31, 2012.

Mr. Krause told the Committee that he and two other staff members went to the PHAS training in Florida. He said that he was told with the way HUD is beginning to advise not doing big rehabs that if we have the ability to do it now we should do so. Ms. Schraml also agreed that she had been told it looks like we have more of a chance for the rehab because very few Housing Authorities are doing them. The Committee agreed to go ahead and submit another application.

Mr. Krause said the other item the Committee needs to give attention to is submitting another new construction Tax Credit Application. He told the Committee that there have been discussions with Jack Kilbourne and staff has been looking at the QAP to get familiar with the requirements in finding properties. He asked the Committee if they desired looking for another property and going forward with an application. Mr. Krause told the Committee he feels it doesn't hurt to look and see what is available.

Commissioner Wicker asked if the QAP is going to change that much. Ms. Schraml stated that the small things would be changing, examples she gave were; right hand turns and nonprofit set aside but no changes in areas like a grocery store or pharmacy. The main problem they are having is coming up with a tie-breaker system. Mr. Krause reminded the Committee that changes didn't take place last year until the third draft and because of that it is best to wait until the changes are known.

Commissioner Neel asked if public transportation was still a major component of the scoring factors. Ms. Schraml stated that it had been in the past but it seems to not be a factor any longer.

Commissioner Wicker asked the date of the preliminary application and Ms. Schraml confirmed that currently the due date is January 23rd. He also asked if Jack Kilbourne is looking for any properties that could be a fit and Mr. Krause confirmed that he is.

6. Strategic Planning Follow-up

Mr. Krause presented the committee with the Strategic Plan from the workshop.

Commissioner Wicker stated he believes the Board of Commissioners needs to approve the document and then ARD will look at it and focus on the different components. Mr. Krause agreed and stated he would ensure all Board members received their copy and then something can be put together for November's Board Meeting.

7. Construction Project Update

Mr. Krause stated that all units at Creekwood have to be leased up by December 31st. He said, in working with Excel Management, 120 families will be tax credit certified by the end of October so that they will be ready to go by Dec. 31st.

Mr. Rivers reported to the Committee on the status of the various projects.

Central Office Roof Replacement, he stated it is complete except a few offices that need new wall paper and/or ceiling tiles due to water damage.

Eastbrook, he believes it won't take long to get Eastbrook back on line and stated he was surprised that the Architect found not much work needing to be done. Mr. Rivers reported that there were only 2 floors that need replacing due to water damage.

Glover Plaza, he said the first step in the fire damage demo is complete. He told the Committee that it has been discovered taking the units down to slab will not be needed. Mr. Rivers stated that a lot was able to be saved and feels it won't take long to get it back online. Mr. Krause said that the stoves have been replaced in the units. The previous appliances were extremely small and he believes it is better to do an upgrade as it's needed.

Drainage Project, Mr. Rivers told the Committee that the project is approximately 90% complete and everything is going well and believes it will be wrapped up by the end of the following week. He told the Committee that one project that is complete is getting the front entrances level and ADA compliant.

Fire Alarm Project at Houston Moore, Mr. Rivers stated that this will be complete and online next week.

Screen Door Installation at Houston Moore, he reported is close to 80% complete and feels it should be completed by the end of next week.

Video Surveillance Installation, Mr. Rivers reported that it is about 3weeks away from completion. Mr. Krause informed the Committee that a staff person has attended a week long training regarding the system and feels confident when it goes online there will not be any problems.

Commissioner Wicker asked where the surveillance will be monitored from. Mr. Krause responded that at the moment he is unsure but he will find out. Mr. Rivers stated that it will also be accessible from people's phones.

Mr. Krause told the Committee about a riot that broke out at Creekwood and that it grew to be about 100 females. He stated that this is the exact reason why the video surveillance is so needed.

Mr. Rivers deferred to Ms. Schraml regarding the Supportive Housing Grant. She said that there is an architect in place and currently staff is going through the process with HUD and doing the legal work.

Mr. Rivers also reported on Solomon Towers and the irrigation work that has been completed. The Committee discussed the improvements of the grounds at Solomon Towers. Mr. Krause reported the chiller is up and running.

8. Review of Board Resolutions

Mr. Krause briefed the Committee on the two resolutions going to the Board of Commissioners on Monday. He talked about the resolution that is being prepared for the HVAC work, explaining the company that bid on the work, and the lowest bidder, was Carolina Comfort. He reminded the Committee they were the company that sued WHA in the past. Mr. Krause told the Committee that he talked to the lawyer and it was recommended to talk to Carolina Comfort and see if they can insure there will not have the same performance issues as last time. Mr. Rivers pointed out that the RFB went out for two contractors and that Carolina Comforts was one of two lowest bidders. He stated that gives us the ability to lean on the other company if Carolina Comforts performance isn't up to par.

Commissioner Hovis questioned if we did not work that into mediation resolution that they could not bid on future projects. Mr. Krause said that it was written that WHA would only do what our procurement policy allows us to do. Mr. Krause said he would continue to talk with the lawyer and have something for the Board on Monday.

The next resolution Mr. Krause talked about was the upgrades at Solomon Towers. He said the two lowest bidders are so low Mr. Krause is uncertain they can do the work at the price they bid it for. The third lowest bidder was Hall Builders. He is concerned about the quality of work with Hall Builder and told the Committe that UNCW changed their procurement policy just so they didn't have to accept bids from Hall Builders anymore. Mr. Krause feels they do quality work on a small scale but the upgrades at Solomon Towers are too advanced. He told the Committee that Mr. Rivers and staff are meeting with the two lowest bidders to make sure they can complete the work at the price bid.

9. Other Business

Mr. Krause reported the status of Winfield Smith property. He said he has a meeting with NCDOT regarding a possible sale of the property.

10. Adjournment

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