



County of Dare

P.O. Box 1000 | Manteo, NC 27954

SPECIAL MEETING MINUTES AFFORDABLE HOUSING DARE COUNTY BOARD OF COMMISSIONERS MEETING

2:00 p.m., February 17, 2022

Commissioners present: Chairman Robert Woodard, Sr., Vice-Chairman Wally Overman, Commissioners Rob Ross, Steve House (via phone connection), Jim Tobin and Danny Couch

Commissioners absent: Ervin Bateman

Others present: County Manager/Attorney, Robert Outten,
Deputy County Manager/Finance Director, David Clawson
Master Public Information Officer, Dorothy Hester
Cheryl C. Anby, Clerk to the Board

A full and complete account of the entire Board of Commissioners meeting is archived on a video that is available for viewing on the Dare County website www.darenc.com.

At 2:09 p.m. Chairman Woodard called to order the special meeting with appropriate prior public notice having been given. He invited Commissioner Couch to share a prayer and then he led the Pledge of Allegiance to the flag.

Opening Remarks - Chairman Woodard

- A plane crash, which occurred on February 13, had taken the lives of four teenagers who attended East Carteret High School along with four adults, as they returned from a hunting trip in Hyde County. The Board wore blue and camo ribbons to honor the victims.

Mr. Outten summarized the County had received the RFQ's for a private partner for housing. The Capital Improvements Planning Committee had met once to review the proposals and again for in-person presentations. The committee felt they had two good applicants but wanted the full Board to help decide how to move forward. There were multiple choices to be made: (1) approve or select a company today, (2) discuss and make a decision at the next regular board meeting or (3) have the companies come and present again to the full Board.

Chairman Woodard clarified that Commissioner House was attending the meeting virtually and Commissioner House confirmed his attendance. Commissioner Bateman was not in attendance.

Mr. Outten informed the Board could submit any additional questions to both applicants with answers to be provided at the February 22, 2022 meeting.

Chairman Woodard asked Commissioner Ross to summarize the last CIPC meeting with the in-person presentations made by Coastal Affordable Housing, LLC and Woda Cooper Companies.

Commissioner Ross stated with the County's overwhelming need for essential housing at every level they had worked with DFI out of UNC School of Government to better understand the myriad of rules governing housing projects. The consultant had indicated a qualified private partner would be required for some programs. Coastal Affordable Housing was a recently formed LLC, whose team included personnel qualified in construction, law, finance and other principles. They had provided a good presentation and explained their credentials and laid out sites for possible projects. The other group was Woda Cooper Companies, whose organization had over 25-30 years of essential housing experience. He outlined how LIHTC could be used to leverage funds for more units per project. Both companies had presented financial modeling. The private partner chosen would provide a long-term presence at the project sites, supervision, maintenance and compliance with all of the governmental reporting regulations. There were three separate levels of regulations that could be "dovetailed" into a proposal: (1) Constitutional requirements on how public funds could be used (2) Legislative language that was recently included in the state budget passage and (3) LIHTC restrictions tied with the federal government. This was a large scope project which would develop with a series of projects all depending upon the physical nature of each site. Commissioner Ross concluded both groups were good and their presentations and background should be considered by the full Board with an opportunity to provide feedback and pose additional questions.

Commissioner Tobin stated he was comfortable with the overview. He had attended the presentations on February 11.

Commissioner Ross stated the challenge with essential housing was there were restrictions regarding the number of units based on the use of public funds which had to be rented at a fixed rental amount. The costs of land and materials were higher than the country had experienced in forty years.

Commissioner Couch said a high bar and burden of proof had been set for these two qualified entities and he was very impressed.

Commissioner House stated the information was detailed and the County was presented with two excellent companies. He acknowledged there was an urgency to move quickly and was concerned over how long some of Woda Cooper's projects were taking to complete. One Rocky Mount project, awarded in 2020, was just extended to March, 2022. He was also concerned with their lawsuit against Warner Robins, Georgia over a project. Commissioner House stated Coastal, made up of several different entities, seemingly had no delay in projects. All were completed on time and many done under budget.

Commissioner House also announced Gail Halvorsen, best known as the "Berlin Candy Bomber" had passed away today at the age of 101.

Vice-Chairman Overman thanked both companies for the excellent presentations that were made.

Mr. Outten advised the Board could make a decision at this meeting; however, if they needed more time, the issue was already on the agenda for the February 22, 2022 regular board meeting. Commissioner Ross stated he had a few more questions and wanted to wait until February 22. Chairman Woodard also wanted answers; however, he stated some of his questions were related to Coastal's confidential packet information and could not be discussed in open session.

Mr. Outten said that the concerns over whether LIHTC was used or the mix of 60/80 or price of market value units would be discussed in detail with the chosen partner. Woda had presented the use of LIHTC in their presentation. Coastal, although they would rather not use the program, citing complexities, had assured the committee they would do what the county wanted.

The Board acknowledged that both companies were represented at the special meeting and it was the consensus to ask their responses to questions today. Both Coastal and Woda representatives agreed to address the Board.

Commissioner House asked Woda Cooper for an explanation of the Rocky Mount project delay. Denis Blackburne, Sr. Vice President, summarized they had responded to the public private partnership request managed by Sarah Odio of DFI and were awarded the project. They applied for and received approval for the project tax credits. The delay was due to two issues. The funding was from Encore, the North Carolina Office of Recovery and Resiliency. The delay was with the intergovernmental loan approvals. The second factor in the delay was because the site had environmental issues, as it had been the location of a former dry cleaning business. The remediation process was lengthy. The permits were now ready for pick up with construction to begin next month.

David Cooper, a principal of Woda, stated they currently had thirty on-going projects. They were staffed with 700 people to handle multiple projects. Their organization was well staffed and experienced to complete the Dare County 450 unit project to be spread out over several sites quickly. As to the Warner Robins lawsuit, he stated they were invited to help develop the downtown area. They had worked with their redevelopment authority and had reached the point of picking up building permits. The mayor was not in favor of the project and had instructed city staff not to provide permits. After an election and change in the makeup of their city council, they revoked "permission to move forward". After a subsequent election, where the mayor was voted out of office, Woda Cooper was scheduled to meet with the new mayor on March 1. They felt confident they would resolve the issues and move forward. The situation was what he referred to as "political infighting". The lawsuit was to recover their investment or to move forward with the project. Mr. Cooper stated with their thirty-two years of experience, it was their preference is work closely with the city to get the project completed.

Commissioner Tobin asked how many total units Woda Cooper expected to develop based upon the \$800-600,000 price per acre scenario. Mr. Cooper stated they would like to build 450 units after a conversation in terms of what Dare would like built. State funds would come with restrictions and their company was used to the restrictions while building in certain income bands. The tax credits would help them stretch the dollars. Mr. Cooper stated in the tax credit world 55% of credits were purchased by the largest twelve banks in the country. He

stated Woda had a strong relationship with the banks and could typically receive a premium price for the credits. Woda envisioned a development agreement with Dare that would set out the income bands, funding to be pursued and, as a result, the number of units to be constructed. Mr. Cooper stated they were the most successful 9% LIHTC developer in North Carolina and they had done a number of the 4% deals. The Board continued with a discussion regarding the LIHTC funding process, land costs and density.

Commission Ross asked Coastal Affordable Housing why they had pulled LIHTC off the table. Robbie Ferris stated they had modeled this multiple ways with Piper Sandler and Mills Construction. Using the 9% LIHTC model they got to the 450 unit range; however, the highly competitive process did not usually provide for large 9% deals. Mr. Outten offered while working with DFI there had been only three eligible sites identified. Additional research had discounted two and it was unclear if the remaining site was fully eligible. The 4% program did not have to score the same way and would help Dare leverage more units. Aaron Thomas presented that in their initial proposal they had looked at all of the different funding sources plus additional financial sources. He stated the RFQ and the previous Board meetings presented the importance of solving this problem quickly. He noted we were in an inflationary environment. They stated they could look at 9%, 4%, conventional financing and some other government programs. Although 4% was historically non-competitive, the guidance had not been issued from treasury which would explain how the money could be incorporated. If 4% LIHTC was used, Fred Mills would be part of that deal due to his experience.

Commissioner Ross asked if Mr. Mills would be a principal and Mr. Thomas said he would be on the Housing Finance part of the project. They had also presented one conventional and an alternative source which would allow for quicker progress. They would model every option on the table, to include 4% LIHTC. Mr. Thomas stated there was no one in the boardroom that had done more with North Carolina county governments than Mr. Ferris and himself. If there was a LIHTC project, Mr. Mills would be the principal for the "single purpose entity set up for the project". Marion Warren, counsel for Coastal, clarified they would set up an entity for the project and Coastal would be the County's partner. Coastal would partner with the Mills organization. Mills would have at least 15% as a principal to the single purpose entity to develop the 4% housing project and that would satisfy the regulations. Vice-Chairman Overton presented the scenario of six projects with one LIHTC project using Mr. Mills as principal. He asked if another project, using one of Coastal's alternative funding sources, would only use Mr. Mills as an advisor. Marion Warren stated Mills would be consultant and contractually obligated to each project. There would be special purpose entities set up for each project. Mr. Outten asked and Coastal affirmed that Coastal Affordable Housing, LLC would be the private partner with the County and not the special entities. There could be a master agreement with Coastal and addendums (or sub-agreements) with the other special purpose entities with specifics for a particular project. Judge Warren stated Coastal would be the partner to take Dare County's ideas from dirt to homes.

Mr. Outten reminded the Board that the cost of land and construction costs, noted to be high, were not integral to the decision at this time. Those factors would be considered once a contract was signed.

Chairman Woodard asked Mr. Thomas if Coastal had been the subject of a lawsuit and Mr. Thomas responded all contractors had probably been.

Commissioner House asked Coastal how many private partnerships they had entered into and Mr. Ferris responded in excess of twenty in North Carolina. Mr. Outten affirmed for the Board that both applicants had met the criteria set by statute and eligibility requirements.

It was the consensus of the Board to wait until Tuesday, February 22, 2022, at the regular scheduled meeting, to discuss the issue further.

At the conclusion of the meeting, Chairman Woodard asked for a motion to adjourn.

MOTION

Vice Chairman Overman motioned to adjourn the meeting.

Commissioner Tobin seconded the motion.

VOTE: AYES unanimous

At 3:47 p.m., the Board of Commissioners adjourned until 5:00 p.m., February 22, 2022.



APPROVED:

Respectfully submitted,

By: Cheryl C. Anby
Cheryl C. Anby, Clerk to the Board

By: Robert Woodard, Sr.
Robert Woodard, Sr., Chairman
Dare County Board of Commissioners

Note: Copies of supporting material considered by the Board of Commissioners at this meeting are on file in the office of the Clerk to the Board.