RESOLUTION GIVING PRELIMINARY APPROVAL TO ISSUANCE OF MULTI-FAMILY HOUSING REVENUE BONDS

WHEREAS, the Haywood County Board of County Commissioners (the "Board") of Haywood County (the "County") met at their regularly scheduled meeting in Waynesville, North Carolina at 5:30 p.m. on the 21st of November, 2016; and

WHEREAS, pursuant to N.C.G.S. § 153A-376(b), the County is granted the power to exercise directly the powers of a housing authority organized pursuant to the North Carolina Housing Authorities Law, Article 1 of Chapter 157 of the General Statutes of North Carolina, as amended (the "Act"); and

WHEREAS, the Act in N.C.G.S. § 157-34 and § 153A-378 gives the County acting as a housing authority the power "to provide for the construction, reconstruction, improvement, alteration or repair of any housing project" and "to borrow money upon its bonds, notes, debentures or other evidences of indebtedness and to secure the same by pledges of its revenues"; and

WHEREAS, Sari and Associates NC, LLC, a North Carolina Limited Liability Company, Ironwood Capital, LLC, a Georgia Limited Liability Company and Development Resources, LLC, a North Carolina Limited Liability Company, or an affiliated or related entity (collectively, the "Company"), intends to acquire and renovate an existing historic county hospital building and to acquire two parcels of vacant land to construct affordable housing in the County; and

WHEREAS, the Company has requested that the County assist it in financing the acquisition, renovation, construction and equipping therein of multifamily residential rental developments, consisting of a total of 300 units to be located at 1230 North Main Street, Waynesville, Haywood County, North Carolina, also known as the historic Haywood Hospital and two tracts of land being a 9.076 acre tract located on Jule Noland Drive, Waynesville, Haywood County, North Carolina (being parcel #8616-49-2446) and a 10.589 acre tract located on Jule Noland Drive, Waynesville, Haywood County, North Carolina (being parcel #8616-47-9937) (the Developments"); and

WHEREAS, the Company has described to the County the benefits of the Developments to the County and the State of North Carolina and has requested the County to agree to issue its multifamily housing revenue bonds in such amounts as may be necessary to finance the costs of acquiring, renovating, constructing and equipping the Developments; and

WHEREAS, the County is of the opinion that the Developments are facilities that can be financed under the Act and that the financing of the same will be furtherance of the purposes of the Act;

NOW, THEREFORE, BE IT RESOLVED BY THE HAYWOOD COUNTY BOARD OF COUNTY COMMISSIONERS:

1. It is hereby found and determined that the Developments will involve the acquisition, renovation, construction and equipping of multifamily housing facilities, and that therefore their financing will be in furtherance of the purposes of the Act.

2. To induce the Company to acquire, renovate, construct and equip the Developments in the County, the County hereby authorizes the execution by the Chairman of the Haywood County Board of Commissioners of an Inducement Agreement (the "Agreement") between the County and the Company, in substantially the form attached hereto as Exhibit "A", whereby the County agrees, pursuant to the terms and subject to the conditions of the Agreement and the Act, to assist the Company in every reasonable way to finance the acquisition, renovation, construction and equipping of the Developments, through the issuance of the County's multifamily housing revenue bonds (the "Bonds") in an amount now estimated not to exceed Forty-Five Million Dollars ($45,000,000.00) to provide all or part of the cost of the Developments. Under the Agreement, the Company is permitted to proceed with the acquisition, renovation, construction and equipping of the Developments, and to reimburse itself for the costs thereof out of the proceeds of the Bonds.

3. The County intends that the adoption of this resolution be considered as "official action" toward the issuance of the Bonds within the meaning of the regulations issued by the Internal Revenue Service pursuant to Section 1.150-2 of the Treasury Regulations issued under the Internal Revenue Code of 1986, as amended (the "Code").

4. The Bonds shall be issued in such series and amounts and upon such terms and conditions as are mutually agreed upon between the County and the Company. The County and the Company shall enter into a "financing agreement" pursuant to the Act for a term and with payments sufficient to pay the principal of, premium if any, and interest on the Bonds and to pay all of the expenses of the County in connection with the Bonds and the Development. The Bonds will be issued pursuant to an indenture or security agreement between the County and a trustee (the "Trustee") or the bondholder which will set forth the form and terms of the Bonds and will assign to the Trustee for the benefit of the holders of the Bonds, or directly to the bondholder, the County's rights to payments under the financing agreement, except the County's right to payment of fees and expenses and indemnification. **The Bond shall not be deemed to constitute a debt or pledge of the faith and credit of the State of North Carolina or any political subdivision or agency thereof, including the County, but shall be payable solely from the revenues and other funds provided under the proposed agreements with the Company.**

5. The County hereby authorizes the Company to proceed, upon the prior advice, consent and approval of bond counsel and the County's counsel, to obtain approvals in connection with the issuance and sale of the Bonds and to obtain an allocation of a sufficient amount of the State of North Carolina's "private activity bond limit", as defined and required by Sections 141 and 146 of the Internal Revenue Code of 1986, for the Bonds from the North

Carolina Housing Finance Agency and the North Carolina Tax Reform Allocation Committee ("TRAC").

6. It having been represented to the County that it is desirable to proceed with the acquisition, renovation, construction and equipping of the Developments, the County agrees that the Company may proceed with plans for such acquisition, renovation, construction and equipping, enter into contracts for the same, and take such other steps as it may deem appropriate in connection therewith, provided that nothing herein shall be deemed to authorize the Company to obligate the County without its written consent in each instance to the payment of any monies or the performance of any act in connection with the Developments and no such consent shall be implied from the County's adoption of this resolution. The County agrees that the Company may be reimbursed from the proceeds of the Bonds, if and when issued, for all qualifying costs so incurred as permitted by Treasury Regulations Section 1.150-2.

7. All obligations hereunder of the County are subject to the further agreement of the County and the Company to terms for the issuance, sale and delivery of the Bonds and the execution of a financing agreement, indenture or security agreement and other documents and agreements necessary or desirable for the issuance of the Bonds, and the approval of the Bonds by the North Carolina Local Government Commission, if applicable. The County has not authorized and does not authorize the expenditures of any funds or monies of the County from any source other than the proceeds of the Bonds. All costs and expenses in connection with the financing and the acquisition, renovation, construction and equipping of the Developments, including the reasonable fees and expenses of the County's counsel, bond counsel and the agent or underwriter for the sale of the Bonds, shall be paid from the proceeds of the Bonds or by the Company, but if for any reason the Bonds are not issued, all such expenses shall be paid by the Company and the County shall have no responsibility therefor. It is understood and agreed by the County and the Company that nothing contained in this resolution shall be construed or interpreted to create any personal liability of the board members from time to time of the County.

8. The County shall be entitled to conduct due diligence that the County or its counsel deems necessary. The Company shall provide any required and requested information during the due diligence period to the County or its counsel.

9. Upon the completion of due diligence, The Haywood County Board of County Commissioners are hereby authorized and directed to take all actions in furtherance of the resolution and issuance of the Bonds, including calling for a public hearing with respect to the financing of the Developments through the issuance of the Bonds.

10. This resolution shall take effect immediately upon its passage, however, no Bonds shall be issued until further action of The Haywood County Board of County Commissioners is taken after the public hearing.

11. This resolution shall take effect immediately.

Commissioner _____ moved the passage of the foregoing resolution and

Commissioner _____ seconded the motion and the resolution was passed by the following vote:

Ayes: Commissioners _____

Nays: Commissioners _____

Not Voting: _____

* * * * * * *

I, Ira Dove, Clerk to the Haywood County Board of County Commissioners, Haywood County, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and complete copy of the proceedings of the Board of County Commissioners at a regular meeting duly called and held November 21, 2016, as it relates in any way to the resolution hereinabove set forth and that such proceedings are recorded in Minute Book 26 of the minutes of the County. Pursuant to N.C.G.S. § 143-318.12, a current copy of a schedule of regular meetings of this Board of County Commissioners is on file in my office.

WITNESS my hand and the common seal of the County, this 21st day of November, 2016.

(SEAL)

_____
Clerk to the Haywood County
Board of County Commissioners

Exhibit "A"

INDUCEMENT AGREEMENT

THIS AGREEMENT (the "Agreement") dated _____, between the HAYWOOD COUNTY (the "County"), a body politic and corporate existing under the laws of the State of North Carolina, and SARI AND ASSOCIATES NC, LLC, a North Carolina Limited Liability Company, IRONWOOD CAPITAL, LLC, a Georgia Limited Liability Company and DEVELOPMENT RESOURCES, LLC, a North Carolina Limited Liability Company, or another related or affiliated entity (collectively, the "Company");

W I T N E S S E T H:

WHEREAS, pursuant to N.C.G.S. § 153A-376(b), the County is granted the power to exercise directly the powers of a housing authority organized pursuant to the North Carolina Housing Authorities Law, Article 1 of Chapter 157 of the General Statutes of North Carolina, as amended (the "Act"); and

WHEREAS, the Act in N.C.G.S. § 157-34 and § 153A-378 gives the county acting as a housing authority the power "to provide for the construction, reconstruction, improvement, alteration or repair of any housing project" and "to borrow money upon its bonds, notes debentures or other evidences of indebtedness and to secure the same by pledges of its revenues"; and

WHEREAS, the Company, or an affiliated or related entity intends to provide affordable housing in the County; and

WHEREAS, the Company has requested that the County assist it in financing the acquisition, renovation, construction and equipping therein of multifamily residential rental developments, consisting of a total of 300 units to be located at 1230 North Main Street, Waynesville, Haywood County, North Carolina, also known as the historic Haywood Hospital and two tracts of land being a 9.076 acre tract located on Jule Noland Drive, Waynesville, Haywood County, North Carolina (being parcel #8616-49-2446) and a 10.589 acre tract located on Jule Noland Drive, Waynesville, Haywood County, North Carolina (being parcel #8616-47-9937) (the Developments"); and

WHEREAS, the County has been informed by the Company that the Company currently estimates that the Developments will require bond financing for capital expenditures of not to exceed $45,000,000.00, including interest during acquisition, renovation, construction, equipping, underwriting costs and issuance expenses; and

WHEREAS, the County and the Company acknowledge that any Bonds (as defined below) issued by the County are payable solely from funds provided by the Company and that the County has no liability whatsoever for repayment of such Bonds except from funds provided by the Company;

WHEREAS, the County, on November 21, 2016, adopted a resolution agreeing, subject to conditions set forth in this Agreement, to issue its multifamily housing revenue Bonds to finance the Developments;

NOW, THEREFORE, in consideration of the premises and of the covenants and undertakings herein expressed, the receipt and sufficiency of which are hereby acknowledged, the County and the Company agree as follows:

1. Undertakings of the County. Subject to the conditions set forth below, the requirements of the Act and any regulations issued pursuant thereto, the County agrees as follows:

The County shall assist the Company in every reasonable way to finance the acquisition and renovation of the Developments and, in particular, shall undertake to issue its multifamily housing revenue bonds (the "Bonds"), at one time or from time to time, in an amount now estimated not to exceed $45,000,000.00. The Bonds shall be issued in such series and amounts and upon such terms and conditions as are mutually agreed upon among the County and the Company. The County and the Company shall enter into a "financing agreement" pursuant to the Act for a term and upon payments sufficient to pay the principal of, premium, if any, and interest on the Bonds and to pay all the expenses of the County in connection with the Bonds and the Developments. The Bonds will be issued pursuant to an indenture or other agreement between the County and a trustee (the "Trustee") or the bondholder which will set forth the form and terms of the Bonds and will assign to the Trustee for the benefit of the holders of the Bonds, or directly to the bondholders, the County's rights to payments under the financing agreement. The Company and the County acknowledge and agree that any Bonds issued by the County will not be a debt of the County, but shall be payable solely from the revenues and other funds provided under the proposed agreements with the Company. **THE BONDS WILL NOT CONSTITUTE A DEBT OF THE STATE OF NORTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF NORTH CAROLINA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY.**

The County will proceed, upon the prior advice, consent, assistance and approval of the Company and bond counsel, to obtain approvals in connection with the issuance and sale of the Bonds, including, without limitation, the approval of the North Carolina Local Government Commission, if applicable. The County's agreement to proceed is based in part upon the allocation of a sufficient amount of the State of North Carolina's "private activity bond limit," as defined and required by Sections 141 and 146 of the Internal Revenue Code of 1986, for the Bonds from the North Carolina Housing Finance Agency and the North Carolina Tax Reform Allocation Committee ("TRAC").

The County agrees that the Company may proceed with plans for such acquisition and renovation, enter into contracts for the same and take such other steps as it may deem appropriate in connection therewith, including spending its own funds as necessary to pay such costs, provided that nothing herein shall be deemed to authorize the Company to obligate the County

without its consent in each instance to the payment of any moneys or the performance of any act in connection with the Developments. The County agrees that the Company may be reimbursed from the proceeds of the bonds for all qualifying costs so incurred by it provided such reimbursement and any subsequent expenditure of the amounts so reimbursed is in accordance with Internal Revenue Service proposed or final regulations.

2. Undertakings of the Company. Subject to the conditions set forth below, the Company agrees as follows:

The Company shall enter into all transactions necessary for the issuance of the Bonds pursuant to the terms set forth in Section 1 above.

The Company shall use reasonable efforts, on its own or through underwriters or agents approved by the County, to find one or more purchasers for the Bonds upon terms mutually satisfactory to the County and the Company.

The Company shall provide to the County all information which it reasonably needs in connection with the issuance and sale of the Bonds including, without limitation, descriptions of and information regarding the Developments or any part thereof, and other information regarding the activities of the Company which may be required to be provided to the Haywood County Board of County Commissioners, the North Carolina Local Government Commission or TRAC or otherwise necessary in connection with the issuance of the Bonds pursuant to the Act and to obtain private activity bond allocation, including any certificates, representations or other evidence required thereby.

The Company acknowledges and agrees that it will be required to pay all of the County's fees and out-of-pocket expenses relating to the Bonds and the Developments, including in particular (i) the reasonable fees and expenses of the County's counsel and bond counsel, (ii) an upfront issuance fee and any annual monitoring fee that may be required under the County's tax exempt bond policy.

The Company agrees to negotiate with the County a fee to be paid to the County for the issuance of the bonds.

3. Limited Obligations of Authority. All obligations hereunder of the County are subject to the agreement of the County and the Company to terms for the issuance, sale and delivery of the Bonds and the execution of a financing agreement, indenture or security agreement and other documents and agreements necessary or desirable for the issuance of the Bonds. The County has not authorized and does not authorize the expenditure of any funds or moneys of the County from any source other than the issuance of the Bonds. All costs and expenses in connection with the financing and the expansion and equipping of the Developments, including the reasonable fees and expenses of the County, the County's counsel, bond counsel and the agent or underwriter for the sale of the Bonds, shall be paid from the proceeds of the Bonds or by the Company, but if for any reason the Bonds are not issued, all such expenses shall be paid by the Company upon demand, and the County shall have no responsibility therefor.

It is understood and agreed by the County and the Company that nothing contained in this Agreement shall be construed or interpreted to create any personal liability of the officers or commissioners from time to time of the County.

4. Limit of the Company's Obligation. The Company shall not be obligated to take actions necessary for the issuance of the Bonds and the entering into transactions related thereto as described in this Agreement if the Company and the County do not mutually agree on terms for the issuance, sale and delivery of the Bonds and the execution of transactions related thereto, provided that under all circumstances the Company shall be obligated, whether or not the Bonds are issued, to pay the expenses incurred by the County pursuant to the Agreement or otherwise in connection with the Bonds and the Developments.

5. Termination. If for any reason the Company notifies the County or the County notifies the Company in writing that it does not intend to proceed with the issuance of the Bonds, this Agreement shall terminate and neither party shall have any rights against the other and no third parties shall have any rights against any other party except:

(a) the Company will assume and be responsible for any contract entered into by the County at the request of the Company in connection with the Developments; and

(b) the Company will pay upon demand, if not theretofore paid, (i) the out-of-pocket expenses of the County, counsel for the County and bond counsel incurred in connection with the Developments and proposed issuance of the Bonds and (ii) the reasonable fees of counsel for the County and bond counsel for legal services related to the Developments and proposed issuance of the Bonds.

6. Due Diligence. The County shall be entitled to conduct due diligence that the County or its counsel deems necessary. The Company shall provide any required and requested information during the due diligence period to the County or its counsel.

7. Indemnification and Payment of Costs. The Company hereby agrees to indemnify, defend and hold the County harmless against any loss or damage to property or injury or death of any person or persons occurring in connection with the acquisition, renovation or operation of the Developments, including attorneys' fees. The County agrees to notify the Company promptly upon the receipt of any notice of or claim for damage for which indemnification would be sought hereunder and further agrees that the Company shall have the right to assume fully the defense of any such claim. The Company hereby agrees to pay or reimburse the County upon demand for any and all costs and expenses incurred by the County in connection with the proposed or actual issuance of the bonds.

8. Transfer to Affiliate. The County acknowledges and agrees that the Company may transfer its rights and duties under this Agreement to an affiliate or subsidiary or related entity of the Company provided such entity complies with all the provisions and limitations hereof.

9. Governing Laws. This Agreement will be governed by and construed according to the laws of the State of North Carolina. The venue of any action by either party to this Agreement to enforce their respective rights hereunder against the other party shall be the General Court of Justice, Superior Court Division for Haywood County, North Carolina.

10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement by their duly authorized officer as of this _____ day of _____, 2016.

HAYWOOD COUNTY
BOARD OF COUNTY COMMISSIONERS

By:_____
Mark S. Swanger, Chairman

ATTEST:

_____
Ira Dove, Clerk to Haywood County
Board of County Commissioners

SARI AND ASSOCIATES NC, LLC,
a North Carolina Limited Liability Company

By: _____
Name: _____
Title: _____

IRONWOOD CAPITAL, LLC,
a Georgia Limited Liability Company

By: _____
Name: _____
Title: _____

DEVELOPMENT RESOURCES, LLC,
a North Carolina Limited Liability Company

By: _____
Name: _____

Title: _____