

**INDUCEMENT RESOLUTION OF THE HARRISONBURG
REDEVELOPMENT AND HOUSING AUTHORITY REGARDING
THE ISSUANCE OF MULTIFAMILY RESIDENTIAL RENTAL
AFFORDABLE HOUSING FACILITY REVENUE BONDS
FOR THE BELLWOOD CROSSING PROJECT**

WHEREAS, the Harrisonburg Redevelopment and Housing Authority (the “**Authority**”), was created pursuant to the Virginia Housing Authorities Law (the “**Act**”), Chapter 1, Title 36, Code of Virginia of 1950, as amended (the “**Virginia Code**”), and is now existing and operating as a public body corporate and politic; and

WHEREAS, the Act empowers the Authority to issue its notes or bonds in accordance with the provisions of the Act for the purpose of making loans for the prevention and elimination of slum or blighted areas, for assistance in the acquisition, construction or rehabilitation by private sponsors of affordable housing projects and to refund prior obligations issued for any such purposes; and

WHEREAS, Bellwood Crossing, LLC, a Virginia limited liability company and its affiliates (the “**Borrower**”), has previously applied to the Authority for the issuance of not to exceed \$19,000,000 of the Authority’s Multifamily Residential Rental Affordable Housing Facility Revenue Bonds (Bellwood Crossing Project), Series 2021 (the “**Bonds**”) to finance (i) the acquisition, construction and equipping of an approximately 102 unit, affordable multifamily residential rental affordable housing facility project located on approximately 4.16 acres in Chesterfield County, Virginia (the “**County**”) at 8075 Jefferson Davis Highway, Richmond, Virginia 23237, (ii) the funding of debt service and other reserve funds and (iii) the payment of issuance and other transaction costs (collectively, the “**Project**”); and

WHEREAS, the Borrower currently expects for the Project to reserve at least forty percent (40%) of the housing units contained therein for occupancy by persons whose income is less than sixty percent (60%) of area median gross income, as required by Section 142(d)(1)(B) of the Internal Revenue Code of 1986, as amended (the “**Code**”); and

WHEREAS, pursuant to due notice, the Authority has on this date conducted a public hearing on the application of the Borrower for the issuance of such Bonds to finance the project in compliance with the requirements of Section 147(f) of the Code and Section 15.2-4906 of the Virginia Code; and

WHEREAS, the Borrower has requested that the Authority agree to issue the Bonds to finance the Project, as described by the Borrower subject to (I) the adoption by the City Council of the City of Harrisonburg, Virginia (“**City Council**”) of a resolution authorizing the issuance of the Bonds by the Authority for the Project, (II) the adoption by the Board of Supervisors of the County (the “**County Board**”) of a resolution pursuant to Section 36-23 of the Act following a public hearing authorizing the Authority to exercise its power in the territorial boundaries of the County by issuing the Bonds for the Project and (III) the adoption of a resolution by the County Board, pursuant to Section 147(f) of the Code following a public hearing held by the

County approving the issuance of the Bonds by the Authority for the Project since the Project is located in the County's jurisdiction:

NOW, THEREFORE, BE IT RESOLVED BY THE HARRISONBURG REDEVELOPMENT AND HOUSING AUTHORITY:

1. The recitals made in the preambles to this Resolution are hereby adopted as a part of this resolution.
2. It is hereby found and determined that the approval of the plan of financing and the issuance of the Bonds, for the purposes described herein will promote the provision of decent, safe and sanitary urban or rural dwellings, apartments or other living accommodations for persons of low and moderate income in the County and the Commonwealth of Virginia (the "**Commonwealth**"), and that upon completion and compliance with the requirements of the Act, the Project will constitute a "housing project" within the meaning of the Act and the Virginia Code eligible for the provision by the Authority of its assistance through the issuance of the Bonds.
3. To assist the Borrower in financing the Project, the Authority hereby agrees in principle to cooperate in the issuance of the Bonds in an amount not to exceed \$19,000,000, upon terms and conditions to be mutually agreed upon by the Authority, the Borrower and the purchaser of the Bonds. The Bonds shall be issued in one or more series, pursuant to a loan or financing agreement with the Borrower, a bond purchase agreement, assignment or other contract with a lender, underwriter or placement agent, and such other documentation, which may include a trust indenture, as may be acceptable to such lender, underwriter or placement agent and the Chairman or Vice-Chairman of the Authority and counsel to the Authority.
4. The Borrower has represented to the Authority that interest on the Bonds is intended to be generally excluded from the gross income of the holders thereof for federal and state income tax purposes, and that the Borrower has paid to the Authority an application fee of \$7500 and will pay to the Authority an administrative fee for issuing the Bonds, equal to one-half of one percent (0.5%) of the first five million dollars (\$5,000,000) of the principal amount of the Bonds and two-tenths of one percent (0.2%) of the principal amount of the Bonds which exceed five million dollars (\$5,000,000) up to ten million dollars (\$10,000,000); no additional fee is levied for Bonds over ten million dollars (\$10,000,000).
5. All costs and expenses in connection with the Bonds, including but not limited to the fees and expenses of Bond Counsel and counsel to the Authority, shall be paid from the proceeds of the Bonds to the extent permitted by law and funds are available, or else from funds of the Borrower. If for any reason the Bonds are not issued, it is understood that all such expenses shall be paid by the Borrower and that the Authority shall have no responsibility therefor.

6. Neither the Bonds, nor the premium, if any, or the interest payable thereon, shall be a general obligation debt of the Commonwealth or any political subdivision thereof, including the Authority, the City of Harrisonburg, Virginia (the “City”) or the County, and neither the Commonwealth, nor any political subdivision thereof, including the Authority, the City or the County, nor any officials, officers, commissioners and/or employees, past, present or future, of any or all of them, are or shall be personally liable thereon. The Bonds, together with the premium, if any, and the interest payable thereon, shall be a limited obligation of the Authority payable solely from revenues, receipts and payments specifically pledged therefor pursuant to the terms of the Bonds and the related financial documents. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia, or any political subdivision thereof, shall be pledged to the payment of the principal of the Bonds, the premium, if any, or the interest thereon or other costs incident thereto.
7. The Authority hereby recommends that the City Council grant “governing body approval” of the issuance of the proposed Bonds and the plan of financing within the meaning of Section 15.2-4906 of the Virginia Code and Section 147(f) of the Code, and directs the Chairman or Vice-Chairman of the Authority to transmit to the City Council a copy of this Resolution and a reasonably detailed summary of the Authority’s public hearing held this date. The Fiscal Impact Statement regarding the Project required by Section 15.2-4907 of the Virginia Code to be filed with the City Council, together with a City Council Resolution prepared by Bond Counsel, are set forth in a Public Hearing Certificate provided on behalf of the Authority to City Council.
8. The Authority agrees, following the adoption of this Resolution and the resolutions of the City Council approving the issuance of Bonds for the Project and the County Board approving the exercise of the powers of the Authority in the territorial boundaries of the County and approving the issuance of the Bonds for the Project, to apply to the Virginia Department of Housing and Community Development, in its capacity as “allocation administrator” for tax-exempt private activity bonds, for one or more allocations totaling \$19,000,000 of local housing authority “volume cap” for the Project.
9. Any obligation of the Authority to exercise its powers to issue the Bonds as requested by the Borrower is contingent upon the satisfaction of all legal requirements and the Authority (including its officers, commissioners, employees and agents) shall not be liable and hereby disclaims all liability to the Borrower and all other persons or entities for any damages, direct or consequential, resulting from the Authority’s failure to issue the Bonds for the Project for any reason, including but not limited to the failure of the Council or the County to approve the issuance of the Bonds.
10. The Borrower intends that the proceeds from the Bonds be used to pay or reimburse the Borrower for the payment of any expenditures made after the date of this Resolution or incurred or made within 60 days prior to the date of this Resolution with regard to expenditures incurred in connection with the Project. The Borrower intends to make a reimbursement allocation, which is a written allocation by the Borrower that evidences the Borrower’s use of proceeds of the Bonds to reimburse an expenditure, no later than

18 months after the later of the date on which the expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the expenditure was paid. The Authority recognizes that exceptions are available for certain “preliminary expenditures,” costs of issuance, and certain *de minimis* amounts. Each expenditure will be, unless otherwise approved by Williams Mullen, the Borrower’s approved Bond Counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the expenditure), (b) a cost of issuance with respect to the Project, or (c) a nonrecurring item that is not customarily payable from current revenues. The Authority intends that the adoption of this Resolution confirms the “official intent” of the Borrower and the Authority within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Code.

11. No Bonds may be issued pursuant to this Resolution until such time as (a) the issuance of the Bonds has been approved by the Council and the County, (b) the Bonds have received an allocation or allocations of local housing authority “volume cap” in accordance with applicable provisions of the Virginia Code and any regulations or executive orders issued thereunder, (c) the consent of any housing Authority which has any outstanding indebtedness with respect to any projects in the County has been obtained, and (d) the final terms and details of the Bonds have been approved by subsequent resolution of the Authority.
12. The provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision of this Resolution shall be declared invalid, such invalidity shall not affect the validity of the remainder of the sections, phrases and provisions of this Resolution.
13. The Authority shall perform such other acts and adopt such further resolutions as may be required to implement its undertakings hereinabove set forth.
14. This Resolution shall take effect immediately upon its adoption.

[Certificate to Follow]

CERTIFICATE OF VOTES

The following is a record of the vote by the Harrisonburg Redevelopment and Housing Authority (the “**Authority**”), on the foregoing resolution, approved at the duly called public meeting of the Authority held on March 2, 2021, after the holding of a public hearing thereon, at which public hearing and meeting a quorum of the Authority was present:

COMMISSIONERS	AYE	NAY	ABSTAIN	ABSENT
Costella Forney, Vice-Chairman				
Luciano Benjamin				
Kevin Coffman				
Gil Colman				
Dany Fleming, Chairman				
Scott Gallagher				
Christine Fasching Maphis				

Michael Wong, Executive Director
Harrisonburg Redevelopment and Housing Authority