

**TRINITY COURT
DEVELOPMENT CONTRACT**

THIS DEVELOPMENT CONTRACT (this “Contract”) is made and entered into this ____ day of _____, 2023, by and between the **TOWN OF CHAPEL HILL, NORTH CAROLINA**, a North Carolina municipal corporation (the “Town”) and **COMMUNITY HOUSING PARTNERS CORPORATION**, a Virginia nonstock corporation (the “Developer”). The Town and the Developer are collectively referred to as the “Parties.”

RECITALS

WHEREAS, the Town is the owner of a certain public housing development known as Trinity Court and located at 751 Trinity Court, Chapel Hill, North Carolina 27516; and

WHEREAS, due to structural deterioration, Trinity Court ceased operation as a public housing facility in 2018; and

WHEREAS, the Town has determined that the redevelopment of Trinity Court as affordable housing within the corporate boundaries of the Town is of benefit to the Town in its continuing efforts to provide affordable housing to low-income residential tenants; and

WHEREAS, in response to a request for qualifications (RFQ Q21-57) issued by the Town, the Developer submitted a proposal and application to redevelop Trinity Court into a functional affordable housing development; and

WHEREAS, the Town has selected the Developer to serve as the developer to redevelop Trinity Court; and

WHEREAS, on June 4, 2021, the Town and the Developer entered into that Memorandum of Understanding for the redevelopment of Trinity Court in anticipation of a final contract between the parties and outlining each party’s requirements and responsibilities before a final contract could be executed; and

WHEREAS, the Developer was awarded an allocation of tax credits in 2022 from North Carolina Housing Finance Agency for the construction of fifty-four (54) affordable housing units for low-income families at Trinity Court; and

WHEREAS, on November 16, 2022, Town Council approved providing up to \$1,175,691 in affordable housing funding to support the redevelopment of the Trinity Court public housing community and the Town anticipates seeking approval from Town Council to provide additional funding; and

WHEREAS, the Town and the Developer desire to enter into this Contract to set out the major terms and conditions of the redevelopment of Trinity Court and replace the existing Memorandum of Understanding.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and background, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Town and the Developer agree on the following terms and conditions for Developer's participation in the Development.

Article 1. Definitions

"Development" means the redevelopment of Trinity Court on the Development Site as a 54-unit affordable housing development that includes affordability-restricted rental units. Of the total 54 units, fourteen (14) units shall be offered for rent to individuals and/or families with an income at or below 30% of the area median income for Orange County, North Carolina, as determined by the United States Department of Housing and Urban Development ("AMI"); twenty-six (26) units shall be offered for rent to individuals and/or families with an income at or below 50% of AMI; five (5) units shall be offered for rent to individuals and/or families with an income at or below 60% of AMI; and nine (9) units shall be offered for rent to individuals and/or families with an income at or below 80% of AMI.

"Development Site" means that certain parcel with an address of 751 Trinity Court, Chapel Hill, North Carolina 27516 and with an Orange County tax parcel identification number of 9788-19-4511, together with all existing structures and improvements thereon, and more particularly described in Exhibit A, attached hereto and incorporated herein.

"Ground Lease" means the long-term ground lease for the Development Site to be entered into by the Town as lessor and the Developer as lessee.

"Unit Lease" means the lease of one completed unit of the Development to an individual and/or family meeting at least one of the income restrictions described in Section 4.3 of this Contract.

Article 2. General Terms and Conditions

2.1 Developer. The Developer is a 501(c)(3) nonprofit corporation founded in 1975 with a mission to create homes and communities that are healthy, sustainable, and affordable. For over 20 years, Developer's model of service-enriched housing has combined thoughtfully designed, quality built, and responsibly managed affordable rental communities with programs and services designed to help low-to-moderate-income families and individuals in overcoming commonly faced obstacles.

2.2 Owner Entity. The Developer has formed Trinity Court Redevelopment, LLC, a North Carolina limited liability company (the "Owner Entity"), a subsidiary of the Developer, for the purpose of constructing and operating the Development.

2.3 Development Plans. Developer has submitted to the Town its Plans for the Development, including common areas, landscape plans, and plans for removal of existing structures on the Development Site (the "Plans"). The Plans are subject to Town approval and must not substantially deviate from the plans in the Conditional Zoning Permit approved by Council on April 27, 2022.

2.4 Development Schedule. The Development shall proceed substantially in accordance with the Schedule of Activities and Milestones attached hereto as Exhibit B.

2.5 Exclusive Development. The Parties shall work with each other, in good faith, to promote the Development. This Contract shall not extend to any other activities, transactions, or relationships other than with respect to the Development.

2.6 Development Team. Developer has selected the following team members to assist with the Development:

- (a) Architect: Moseley Architects
- (b) Civil Engineer: Timmons Group
- (c) General Contractor: Weaver Cooke Construction
- (d) Legal Counsel to Developer: Williams Mullen
- (e) Property Manager: Community Housing Partners Corporation

Article 3. Lease of the Development Site

3.1 Ground Lease. The Parties have executed that certain Option to Lease (the “Option”) with an effective date of January 19, 2022, for the lease of the Development Site. Prior to commencing construction of the Development, the Town and the Owner Entity shall execute a Ground Lease for a term of ninety-nine (99) years with annual rent of \$1.00 payable on the first day of each year and substantially in such form as attached hereto as Exhibit C, subject to review and approval of the investor and lenders for the Development. The Ground Lease shall contain recapture provisions that will give the Town the right to terminate the Ground Lease and take possession of the Development in the event the Owner Entity or Developer defaults under the terms of the Ground Lease or this Contract beyond any applicable notice and cure periods. The Town shall have no obligation to execute the Ground Lease until:

- (a) Developer/Owner Entity has applied for all licenses, permits or other approvals necessary to commence construction of the Development and has obtained all required government approvals.
- (b) Developer/Owner Entity has secured and is in a position to close its construction financing for the Development and has acquired firm commitments for all permanent financing for the Development.
- (c) Any requirements imposed by the United States Department of Housing and Urban Development (“HUD”) have been met, if applicable.

3.2 No Warranty. The Town shall convey a leasehold interest in the Development Site as-is and provides no warranties regarding the Development Site, including regarding the Development Site's environmental condition.

Article 4. Developer Responsibilities

4.1 Commencement and Completion of Construction. Developer will be responsible for completing all necessary site planning, deconstructing existing structures on the Development Site as necessary, constructing the Development in accordance with the approved Plans and in a manner consistent with the Town's requirements for the Development, and the marketing and renting of all units in the Development to qualified households pursuant to Section 4.3 of this Contract.

4.2 Financing Plan. Developer will be responsible for securing all financing for the Development. Such financing shall include construction financing, tax credit equity financing, and permanent financing. The current anticipated sources and uses for the Development as of the date of this Contract are attached hereto as Exhibit D. Any changes to the financing for the Development shall be submitted to the Town for approval, which approval shall not be unreasonably withheld, conditioned or delayed. Subject to approval by Town Council, the Town anticipates providing up to \$2,675,693 in construction-to-permanent financing for the Development, a portion of which will be in the form of a loan, repayable out of cash flow, and the remainder to be in the form of a grant, all subject to such requirements as imposed by the Town.

4.3 Terms of Unit Leases. Of the total 54 units, fourteen (14) units shall be offered for rent to individuals and/or families with an income at or below 30% of the area median income for Orange County, North Carolina, as determined by the United States Department of Housing and Urban Development ("AMI"); twenty-six (26) units shall be offered for rent to individuals and/or families with an income at or below 50% of AMI; five (5) units shall be offered for rent to individuals and/or families with an income at or below 60% of AMI; and nine (9) units shall be offered for rent to individuals and/or families with an income at or below 80% of AMI. All Unit Leases and the marketing of all Unit Leases shall conform to the requirements of the Fair Housing Act, codified as Title VIII of the Civil Rights Act of 1968. Prior to execution of the Ground Lease and closing any financing for the Development from the Town, Developer shall submit to the Town a form of lease to be used for the Unit Leases, which form shall comply with the requirements of HUD and the low-income housing tax credit program.

4.4 RAD HAP Contract. The Town has received a Rental Assistance Demonstration ("RAD") Commitment to Enter into a Housing Assistance Payments ("HAP") Contract from HUD for the Development providing for forty (40) project-based rental assistance units. Developer shall adhere to all RAD program requirements and assist the Town as necessary to obtain the HAP Contract from HUD.

4.5 Approved Plans and Quality Standards. All units in the Development shall be built in accordance with the Town-approved Plans and shall be of a workmanlike standard of quality, to the Town's reasonable satisfaction as determined by appropriate staff of the Town's Building &

Development Services, Public Housing, and Affordable Housing and Community Connections Departments.

4.6 Compliance with this Contract. Developer agrees that the development, construction, marketing, and leasing of all units in the Development shall proceed in compliance with this Contract.

4.7 Insurance Requirements. Developer shall provide the Town evidence of valid insurance (if applicable) in the amounts stated below during the duration of the named project and the Town shall be named as an additional insured. The required coverage limits are: 1) Commercial General Liability - \$1,000,000 per occurrence and \$2,000,000 aggregate; 2) Automobile Liability - \$1,000,000 per occurrence; 3) Workers' Compensation - \$100,000 for both employer's liability and bodily injury by disease for each employee; 4) Umbrella/Excess Liability - \$5,500,000. Based on nature of services to be provided by the Developer and assessment of risk posed to the Town, the Town may reasonably require evidence of supplementary insurance coverages.

4.8 Progress Reports. Developer shall provide the Town a report of progress on the Development at reasonable intervals and upon reasonable request by the Town. Developer shall respond to such request by the Town within ten (10) business days.

4.9 Community Engagement Plan. In accordance with the Memorandum of Understanding, Developer previously developed and executed, and the Town approved, an engagement plan describing key activities the Developer would undertake to garner support and gather input from the surrounding community and key stakeholders impacted by or interested in the redevelopment of the Development Site prior to construction.

Article 5. Default and Termination

5.1 Events of Default. The following shall be events of default (each an "Event of Default"):

- (a) Developer commits an act of fraud or makes any false representation in any statements to the Town or any documents related to the Development, including Developer's representations to potential lessees of Development units;
- (b) Developer fails to timely fulfill its responsibilities in accordance with this Contract;
- (c) The Ground Lease is not executed prior to expiration of the Option Period as defined in the Option, as may be extended by agreement of the parties;
- (d) Developer fails to lease the units of the Development in accordance with the income restrictions contained in Section 4.3 of this Contract.
- (e) A levy shall be made under any process on, or a receiver or custodian be appointed for, the Development or any part thereof.

- (f) The filing by Developer of a voluntary petition seeking the protection of the bankruptcy court under any chapter or section of the federal Bankruptcy Code or the filing by Developer of any petition or answer seeking or acquiescing in any reorganization, rehabilitations, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future federal, State or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors.
- (g) Developer has an involuntary petition filed against it under any chapter or section of the federal Bankruptcy Code or has a petition filed or proceeding brought against it under any other present or future federal, State or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors and such petition or proceeding is not dismissed within sixty (60) days of its filing or commencement.

5.2 Cure Period. Upon the occurrence of any Event of Default, the Town shall give written notice and the Developer shall have thirty (30) days to cure the default. If the default cannot reasonably be completely cured within thirty (30) days, the Town and the Developer shall agree in writing on a reasonable time limit for completion, not to exceed sixty (60) days (the "Cure Period"). If such default is not cured within the Cure Period, the Town may, at its option, and in the Town's sole and absolute discretion, and upon written notice to the Developer, either further extend the Cure Period or pursue the remedies pursuant to Sections 5.3 of this Contract.

5.3 Remedies. Upon the occurrence and during the continuance of any Event of Default and after any applicable Cure Period has ended, the Town may, in its sole discretion, immediately terminate this Contract and, if the Ground Lease has been executed, exercise its recapture rights set forth therein and repossess the Development Site and any improvements thereon (the "Recapture Remedies"), subject to the terms of the Ground Lease.

5.4. Termination. This Contract shall terminate upon written notice from the Town should the Town exercise its right to terminate set forth in Section 5.3 of this Contract. Otherwise, this Contract shall automatically terminate on the date that is six (6) months after the certificate of occupancy has been issued for the last unit in the Development.

5.5 Delays. The Developer may be granted extensions for delays that are not within its control, such as shortage of materials or natural disasters, Development Site problems including unsuitable soils, rock, existing structural debris or subsurface remains, unsuitable services or other conditions which make the Development Site or any portion thereof "unbuildable." Such extensions shall be granted only upon a documented showing of good cause and shall be granted only at the option of the Town, in the Town's reasonable discretion, and shall be for specific time periods.

Article 6. Dispute Resolution

The Parties agree to cooperate with each other for the purposes of carrying out this Contract, the Ground Lease and any subsequent agreements between the Parties related to the Development, in a timely fashion. Developer will work in good faith to resolve any unexpected issues or

complications during the Development in a timely and equitable manner resulting in mutual agreement. Unless otherwise agreed, the Parties will follow this dispute resolution process:

- (a) The terms of the dispute shall be submitted in writing to the other Party.
- (b) Representatives designated by each of the Parties will meet within five (5) business days of receipt of a written notice of a dispute and attempt to mediate a resolution.
- (c) If the parties are unable to resolve the dispute on their own, a facilitated mediation will be held with each party responsible for its own costs and expenses and one-half of the cost of the mediator.
- (d) In the event any disputes cannot be resolved by agreement, either party shall have the right to place the matter before a court of competent jurisdiction.

Article 7. Other Provisions

7.1 Amendments. No portion of this Contract may be amended at any time except by a separate written agreement between the parties. Written and signed amendment agreements shall be attached to this Contract and made a part of it for the duration of the Contract.

7.2 Notices. All notices, requests for payment, or other communications arising hereunder shall be in writing and shall be deemed to be given when (a) hand delivered, or (b) one (1) business day after pickup by United Parcel Service (Overnight) or FedEx, or another similar overnight express service, or (c) received by electronic mail (provided that an original is delivered under one of the two methods set forth in subsections (a) or (b), above on the next business day), in any case addressed to the parties at their respective addresses set forth below:

To the Town:

Town of Chapel Hill
405 Martin Luther King Jr Blvd.
Chapel Hill, NC 27514
Attn: Interim Town Manager
Email: _____

Town of Chapel Hill
405 Martin Luther King Jr Blvd.
Chapel Hill, NC 27514
Attn: Faith Brodie, Public Housing Director
Email: _____

With a copy to:

Susan Ellinger
Ellinger & Carr, PLLC
2840 Plaza Place, Suite 360

Raleigh, NC 27612
Phone: 919-785-9998
Email: sellinger@ellingercarr.com

To the Developer:

Community Housing Partners Corporation
4915 Radford Avenue, Suite 300
Richmond, Virginia 25230
Attn: Samantha Brown
Phone: 804-614-2682
Email: sbrown@chpc2.org

With a copy to:

Lauren D. Nowlin, Esq.
Williams Mullen
200 S. 10th Street, Suite 1600
Richmond, VA 23219
Phone: 804-420-6585
Email: lnowlin@williamsmullen.com

or in each case to such other address as either party may from time to time designate by giving notice in writing pursuant to this Section 14 to the other party. Telephone numbers are for informational purposes only. Notices shall be deemed effective if given by counsel, acting in the capacity as counsel, to any party hereto, acting on behalf of such party. Effective notice will be deemed given only as provided above, except as otherwise expressly provided in this Contract.

7.3 Successors and Assigns; No Assignment. This Contract may not be assigned by Developer without the express written consent of the Town, and this Contract may not be assigned by the Town without the express written consent of Developer. The Town and the Developer each binds itself and its successors, executors, administrators and assigns with respect to all covenants of this Contract. Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of Developer or of any public body which may be party hereto, nor shall it be construed as giving rights or benefits hereunder to anyone other than the Town and the Developer.

7.4 Non-Discrimination. To the extent permitted by North Carolina law, the parties for themselves, their agents, officials, directors, officers, members, representatives, employees, and contractors agree not to discriminate in any manner or in any form based on actual or perceived age, mental or physical disability, sex, religion, creed, race, color, sexual orientation, gender identity or

expression, familial or marital status, economic status, veteran status or national origin in connection with this Contract or its performance.

7.5 Applicable Law. All matters relating to this Contract shall be governed by the laws of the State of North Carolina, without regard to its choice of law provisions, and venue for any action relating to this Contract shall be Orange County Civil Superior Court or the United States District Court for the Middle District of North Carolina.

7.6 Indemnity. Except to the extent caused by the sole negligence or willful misconduct of the Town, its officers, officials, agents and employees, the Developer shall indemnify and hold and save the Town, its officers, officials, agents and employees, harmless from losses, liabilities, damages, and costs of any kind, including all claims, costs (including defense) and losses accruing or resulting to any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with Developer's performance of this Contract, and from any and all claims, costs (including defense) and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by the Developer in the performance of this Contract. This representation and warranty shall survive the termination or expiration of this Contract.

7.7 Advertising. The Developer shall not use the existence of this Contract or the name of the Town of Chapel Hill as part of any advertising without the prior written approval of the Town.

7.8 Applicability of North Carolina Public Records Law. Notwithstanding any other provisions of this Contract, this Contract and all materials submitted to the Town by the Developer are subject to the public records laws of the State of North Carolina and it is the responsibility of the Developer to properly designate materials that may be protected from disclosure as trade secrets under North Carolina law as such and in the form required by law prior to the submission of such materials to the Town. Developer understands and agrees that the Town may take any and all actions necessary to comply with federal, state, and local laws and/or judicial orders and such actions will not constitute a breach of the terms of this Contract. To the extent that any other provisions of this Contract conflict with this paragraph, the provisions of this section shall control. Developer certifies that it is not providing and will not provide any confidential information, including, without limitation, trade secrets or other confidential and proprietary materials to the Town in connection with Developer's performance of this Agreement.

7.9 Iran Divestment Act Certification. Developer certifies that, as of the date listed below, it is not on the Final Divestment List as created by the State Treasurer pursuant to N.C. Gen. Stat. §147-86.55 *et seq.* In compliance with the requirements of the Iran Divestment Act and N.C. Gen. Stat. §147-86.59, Developer shall not utilize in the performance of the Contract any subcontractor that is identified on the Final Divestment List.

7.10 Audits. The Town may conduct an audit of Developer's financial, performance and compliance records maintained in connection with the operations and services performed under this Contract. The Town or its designee may conduct such audits or inspections throughout the Term of this Contract and for a period of three (3) years thereafter or longer if required by law.

In the event of such an audit, Developer agrees that the Town, or its designated representative, shall have the right to review and to copy any work, materials, payrolls, records, data, supporting

documentation, or any other sources of information and matters that may in Town's judgment have any bearing on or pertain to any matters, rights, duties or obligations under or covered by any contract document in connection with this Contract. The Developer agrees that the Town, or its designated representative, shall have access to Developer personnel pertaining to the performance of this Contract, including but not limited to financial, performance, operations and compliance records. Developer agrees to maintain such records for possible audit for a minimum of three (3) years after expiration of the Term, unless a longer period of records retention is stipulated. Developer agrees to allow the Town's auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. The Town's authorized representative or designee shall have reasonable access to the Developer's facilities, shall be allowed to interview all current or former employees to discuss matters pertinent to the performance of this Contract and shall be provided adequate and appropriate work space, in order to conduct audits in compliance with this article. Further, Developer agrees to include a similar right to the Town to audit and interview staff in any subcontract related to performance of this Contract.

Developer shall require all payees to comply with the provisions of this article by including the requirements hereof in a written contract agreement between Developer and payee. Developer will ensure that all payees have the same right to audit provisions contained in this Contract. The Town agrees to provide Developer with an opportunity to discuss and respond to any findings before a final audit report is issued.

The Town's rights under this provision shall survive the termination of this Contract. The Town may conduct an audit up to three (3) years after this Contract terminates.

7.11 E-Verify. Developer shall comply with E-Verify, the federal E-Verify program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law and as in accordance with N.C. Gen. Stat. §64-25 *et seq.* In addition, to the best of Developer's knowledge, any subcontractor employed by Developer as a part of this Contract shall be in compliance with the requirements of E-Verify and N.C. Gen. Stat. §64-25 *et seq.*

7.12 No Conflict of Interest. Developer certifies and shall insure that no employees of the Town staff, members of local governing bodies or other public officials in the locality in which the Development is situated shall be admitted to any share or part of the Development or this Contract, and shall not have any financial interest directly or indirectly in any contract or subcontract, or receive any proceeds or benefits under this Contract. Developer also certifies and shall insure that immediate family members of said members, officers, employees, agents or officials are similarly barred from having any financial interest in or benefit from the Development or this Contract. Developer shall incorporate, or cause to be incorporated in all subcontracts, this provision prohibiting such interest pursuant to the purpose of this section.

7.13 Town's Governmental Powers Reserved. Developer acknowledges and understands that the terms of this Contract shall not bind the Town in a regulatory or police powers capacity. The obligations of the Town established within this Contract are transactional in nature and the Developer obligations shall remain subject to all requirements of federal and state law and the Town of Chapel Hill Code of Ordinances. No actions of the Town taken in a governmental capacity

with regards to the exercise of its police powers or regulatory enforcement of its ordinances and codes shall be a breach of the terms of this Contract and Developer acknowledges that it may have additional obligations to the Town established by law that are not expressly stated within this Contract.

7.14 Minority and Women Owned Business Participation. Pursuant to General Statutes of North Carolina Section 143-128 and 143-131 and to Town policy, the Town of Chapel Hill encourages and provides equal opportunity for Certified Minority and Woman-Owned Business Enterprise (MWBE) businesses to participate in all aspects of the Town's contracting and procurement programs to include - Professional Services; Goods and Other Services; and Construction. Furthermore, the Town's goal is to contract or sub-contract ten percent (10%) of the contract amount to Certified MWBEs for formal building construction projects. Developer will be required to identify participation of MWBE businesses in its proposal and how that participation will be achieved.

7.15 Section 3 and Local Hiring.

- (a) The work to be performed under this agreement or contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 USC.1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance, or HUD-assisted projects covered by Section 3 shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing, and business concerns which provide economic opportunity to low- and very low-income persons.
- (b) The parties to this agreement or contract agree to comply with HUD's regulations in 24 CFR part 75, which implement Section 3. As evidenced by their execution of this agreement or contract, the parties to this agreement or contract certify that they are under no contractual or other impediment that would prevent them from complying with the 24 CFR part 75 regulations.
- (c) The subrecipient or contractor agrees to send to each labor organization or representative of workers with which the subrecipient or contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the subrecipient or contractor's commitments under this Section 3 Clause and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- (d) The subrecipient or contractor agrees to include this Section 3 Clause in every contract or subcontract subject to compliance with regulations in 24 CFR part 75, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this

Section 3 Clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 75. The subrecipient or contractor will not contract or subcontract with any subcontractor where the subrecipient or contractor has notice or knowledge that the contractor or subcontractor has been found in violation of the regulations in 24 CFR part 75.

- (e) The subrecipient or contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.
- (f) The subrecipient or contractor agrees to retain documentation demonstrating which workers meet the definition of a Section 3 Worker or Targeted Section 3 Worker at the time of hire or the first reporting period, as follows:
 - a. For a worker to qualify as a Section 3 Worker, one of the following documentations must be maintained:
 - i. A worker's self-certification that their income is below the income limit from the prior calendar year;
 - ii. A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;
 - iii. Certification from a Public Housing Authority (PHA), or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that worker is a participant in one of their programs;
 - iv. An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or
 - v. An employer's certification that the worker is employed by a Section 3 business concern.
 - b. For a worker to qualify as a Targeted Section 3 Worker, one of the following must be maintained:
 - i. A worker's self-certification of participation in public housing or Section 8-assisted housing programs;
 - ii. Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;
 - iii. An employer's certification that the worker is employed by a Section 3 business concern; or
 - iv. A worker's certification that the worker is a Youth Build participant;
 - v. An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work

- site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;
- vi. An employer's certification that the worker is employed by a Section 3 business concern; or
 - vii. A worker's self-certification that the worker is a Youth Build participant.
- (g) In accordance with 24 CFR Part 75.25(a), the subrecipient or contractor agrees to document the following labor hours (including total hours worked by all contractors and subcontractors) for Section 3 projects and to provide such documentation for review by the Subrecipient:
- a. The total number of labor hours worked by all workers,
 - b. The total number of labor hours worked by Section 3 Workers, and
 - c. The total number of labor hours worked by Targeted Section 3 Workers.
- (h) Noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this agreement or contract for default, and debarment or suspension from future HUD assisted contracts.
- (i) With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 USC 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

7.16 Compliance with the Fair Housing Act. Developer agrees and covenants that all advertisements and leases related to the Development will conform to the requirements of the Fair Housing Act, codified as Title VIII of the Civil Rights Act of 1968.

7.17 Entire Contract. This Contract constitutes the entire agreement between the Developer and the Town and may not be altered except by a written agreement signed by both the Developer and the Town.

7.18 No Partnership. Nothing contained in this Contract shall be construed as creating an association, joint venture, agency relationship, or partnership between the Developer and the Town. Neither party shall have the authority to bind the other party or act as the other's agent or representative.

7.19 Companies Boycotting Israel Divestment Act Certification. Developer certifies that it has not been designated by the North Carolina State Treasurer as a company engaged in the boycott of Israel pursuant to N.C. Gen. Stat §147-86.80 *et seq.*

7.20 No Waiver. The failure or delay of the Town to exercise its rights under this Contract, including any such right to exercise its remedies under Article 5 of this Contract, shall not constitute a waiver thereof.

[Signatures on following pages.]

DRAFT

IN WITNESS WHEREOF, the parties hereto do hereunto set their hands and seals the date first written above.

TOWN OF CHAPEL HILL

By: _____
Chris Blue, Interim Town Manager

ATTEST:

By: _____
, Deputy Town Clerk

(Affix Seal)

Approved as to legal form: _____
_____, Town Attorney

NORTH CAROLINA

COUNTY OF ORANGE

TOWN ACKNOWLEDGEMENT

This is to certify that on the ____ day of _____, 2023, before me personally came _____, with whom I am personally acquainted, who, being by me duly sworn, says that she is the Deputy Town Clerk and Chris Blue, is the Interim Town Manager of the Town of Chapel Hill, the municipal corporation described herein and which voluntarily executed the foregoing; that he knows the corporate seal of said municipal corporation; that the seal affixed to the foregoing instrument is said corporate seal, and the name of the municipal corporation was subscribed thereto by the said Deputy Town Clerk and that the said seal was affixed, all by order of the governing body of said municipal corporation, and that the said instrument is the act and deed of said municipal corporation.

WITNESS my hand and official seal, this the ____ day of _____, 2023.

(SEAL-STAMP)

Notary Public: _____

My Commission expires: _____

COMMUNITY HOUSING PARTNERS CORPORATION

By: _____ (SEAL)
Name: _____
Title: _____

STATE OF _____

COUNTY OF _____

I, the undersigned, a Notary Public of the County and State aforesaid, certify that the following person(s) personally appeared before me this day, and

- I have personal knowledge of the identity of the principal(s);
- I have seen satisfactory evidence of the principal's identity, by a current state or federal identification with the principal's photograph in the form of a _____; or
- A credible witness has sworn to the identity of the principal(s).

each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: _____(name),
_____ (title), Community Housing Partners Corporation.

Witness my hand and official seal, this the _____ day of _____, 2023.

[NOTARY SEAL]

Notary Public

Print Name of Notary

My Commission Expires: _____

DRAFT

EXHIBIT A

LEGAL DESCRIPTION

All that certain tract or parcel of land, situated, and lying and being in the Northwest corner of Carver Street Extension as per Deed Book 231, at Page 1195, Orange County Registry, and the Northwest corner of the property of William Norwood as per Deed Book 121, at Page 214, Orange County Registry, running thence with the Eastern margin or Edgar Gear Heirs (Deed Book 125, at Page 50) North 22° 30' 00" West 252.12 feet to iron pin, the Southern margin of the property of the Town of Chapel Hill (Deed Book 221, Page 793, Orange County Registry) South 88° 03' 36" East 738.87 feet to an iron pipe in the Western margin of other property of Seibel, Anderson and Stewart; running thence with said margin South 02° 29' 12" West 109.45 feet to an iron pipe; running thence with Norwood, Burnett, and Caldwell South 66° 32' 00" West 443.92 feet to an iron stake, the Southeast corner of the property of William Norwood (Deed Book 121, Page 214, Orange County Registry) running thence Norwood North 21° 37' 24" West 163.92 feet to an iron pipe; running thence South 66° 22' 34" West 185.19 feet to the point and place of BEGINNING and being 3.23 acres, more or less, according to survey of Stephen E Wilson, R.L.S.

DRAFT

EXHIBIT B

SCHEDULE OF ACTIVITIES AND MILESTONES

Milestone	Planned Completion Date
1. Draft and submit a community engagement plan.	COMPLETE
2. Facilitate community meetings and stakeholder engagement to inform project vision and preliminary concept.	COMPLETE
3. Complete and submit to the Town a Concept Plan for review by Town staff, advisory boards, and Town Council.	COMPLETE
4. Present Concept Plan to Advisory Boards and Council for feedback.	COMPLETE
5. Prepare and submit to the Town a development application for review by Town staff, advisory boards, and Town Council.	COMPLETE
6. Council authorizes issuance of site control to developer.	COMPLETE
7. Participate in review process for development application(s).	COMPLETE
8. Prepare financing plan to accompany proposed development plan.	COMPLETE
9. Prepare and submit 9% NCHFA Low Income Housing Tax Credit application (LIHTC application requires both committed financing and zoning approval).	COMPLETE
10. Council approval of Affordable Housing bond funding.	COMPLETE
11. Council approval of development application(s) (zoning/entitlement).	COMPLETE

12. Prepare and submit 4% NCHFA Low Income Housing Tax Credit application (if 9% application not competitive.	COMPLETE
13. Prepare and submit final development plan for staff approval.	COMPLETE
14. Council authorization to execute Development Contract.	Winter 2023 (or earlier)
15. Final permits distributed (ZCP and Building Permits).	Spring 2023 (or earlier)
16. Execution of Ground Lease.	Summer 2023 (or earlier)
17. Start of active site preparation.	Summer 2023
18. Start of building construction.	Winter 2023/2024
19. Substantial completion of buildings.	Fall 2024
20. Occupancy of buildings by tenants.	Winter 2024/2025

EXHIBIT C
FORM OF GROUND LEASE

[See attached]

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EXHIBIT D
SOURCES AND USES

[See attached]

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