

RESOLUTION NO. _____
INDUCEMENT RESOLUTION REGARDING THE ISSUANCE OF
MULTIFAMILY HOUSING REVENUE BONDS FOR THE ACQUISITION,
CONSTRUCTION, RENOVATION AND EQUIPPING OF APARTMENTS
LOCATED IN THE CITY OF ALEXANDRIA, VIRGINIA

WHEREAS, there have been described to the Harrisonburg Redevelopment and Housing Authority (the “Authority”) the respective plans by Alexandria GMV 4A, LLC, a Virginia limited liability company, or an affiliated entity (the “4A Borrower”), to acquire, construct, renovate and equip an approximately 130-unit multifamily residential rental housing tower and 78 parking spaces (the “4A Project”), and by Alexandria GMV 4B, LLC, a Virginia limited liability company, or an affiliated entity (the “4B Borrower, and, together with the 4A Borrower, the “Borrowers”), to acquire, construct, renovate and equip an approximately 210-unit multifamily residential rental housing tower and 126 parking spaces (the “4B Project,” and, together with the 4A Project, the “Projects”), both Projects to be located on approximately 2.5 acres of land at 210 W. Glebe Road, Alexandria, Virginia; and

WHEREAS, the Projects shall be established and maintained as “qualified residential rental projects” within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Authority is empowered, pursuant to the Virginia Housing Authorities Law, Chapter 1, Title 36 (the “Act”) of the Code of Virginia of 1950, as amended (the “Virginia Code”), to issue its bonds for the purpose, among others, of financing the acquisition, construction, rehabilitation and equipping of multifamily residential rental apartment projects such as the Projects; and

WHEREAS, the 4A Borrower has requested the Authority to agree to issue its multifamily residential rental housing revenue bonds under the Act in an amount not to exceed \$4,000,000 (the “4A Bonds”), and the 4B Borrower has requested the Authority to agree to issue its multifamily residential rental housing revenue bonds under the Act in an amount not to exceed \$6,000,000 (the “4B Bonds,” and, together with the 4A Bonds, the “Bonds”), the proceeds of which Bonds will be used to finance costs to be incurred in acquiring, constructing, renovating and equipping of the respective Projects as permitted under the Act.

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

1. The foregoing recitals are approved by the Authority and are incorporated in, and deemed a part of, this Resolution.
2. It is hereby found and determined that the acquisition, construction, renovation and equipping of the Projects by the Borrowers will further the public purposes

(\$20,000,000); no additional fees are levied for a series of Bonds over twenty million dollars (\$20,000,000).

9. All costs and expenses in connection with the Bonds, including but not limited to the fees and expenses of the Authority, bond counsel, and counsel for the Authority, shall be paid from the proceeds of the Bonds (but only to the extent permitted by applicable law) or by the Borrowers. If for any reason such Bonds are not issued, it is understood that all such expenses shall be paid by the Borrowers and that the Authority shall have no responsibility therefor.

10. In adopting this Resolution, the Authority intends to evidence its "official intent" to reimburse the Project expenditures with proceeds from the issuance of the Bonds within the meaning of Treasury Regulations Section 1.150-2, including, without limitation, such expenditures with respect to the Projects as are incurred prior to the issuance of the Bonds but not more than sixty (60) days before the date of this Resolution.

11. The Bonds shall be limited obligations of the Authority and shall be payable solely out of revenues, receipts and payments specifically pledged therefor. Neither the commissioners, officers, agents or employees of the Authority, past, present and future, nor any person executing the Bonds, shall be liable personally on the Bonds by reason of the issuance thereof. The Bonds shall not be deemed to constitute a general obligation debt or a pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the Authority and the City of Harrisonburg (the "City") (and the Bonds shall so state on their face), and neither the Commonwealth of Virginia nor any such political subdivision thereof shall be personally liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than the special funds and sources provided therefor. 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 or the interest thereon or other costs incident thereto. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

12. The Authority (including its officers, commissioners, employees and agents) shall not be liable and hereby disclaims all liability to the Borrowers and all other persons or entities for any damages, direct or consequential, resulting from the issuance of the Bonds or failure of the Authority to issue the Bonds for any reason. Any obligation of the Authority to exercise its powers to issue the Bonds as requested by the Borrowers is contingent upon the satisfaction of all legal requirements and the Authority shall not be liable and hereby disclaims all liability to the Borrowers for any damages, direct or consequential, resulting from the Authority's failure to issue Bonds for the Projects for any reason, including but not limited to, the failure of the City Council of the City (the "City Council") to approve the issuance of the Bonds.

13. The Authority hereby authorizes the Chairperson, the Vice Chairperson or the Executive Director of the Authority to request allocations of the State Ceiling (as defined in Section 15.2-5000 of the Virginia Code) in accordance with the applicable

provisions of the Virginia Code and any regulations or executive orders issued thereunder. All costs incurred by the Authority, if any, in connection with such proceedings shall be paid for by the Borrowers.

14. No Bonds may be issued pursuant to this Resolution until such time as (a) the Authority has conducted public hearings with respect to the Bonds and the Projects as required by applicable law, (b) the issuance of the Bonds has been approved by the City Council and (c) the Bonds have received allocations of the State Ceiling in accordance with the applicable provisions of the Virginia Code and any regulations or executive orders issued thereunder.

15. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds or the creditworthiness of the Projects or the Borrowers.

16. All other acts of the officers of the Issuer, which are in conformity with the purposes and intent of this Resolution and in furtherance of the issuance of the Bonds, are hereby approved and confirmed.

18. This Resolution shall take effect immediately upon its adoption.

Adopted: October 18, 2023

CERTIFICATE OF VOTES

Record of the roll-call vote by the Harrisonburg Redevelopment and Housing Authority, upon reading on a Resolution titled **“INDUCEMENT RESOLUTION REGARDING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR THE ACQUISITION, CONSTRUCTION, RENOVATION AND EQUIPPING OF APARTMENTS IN THE CITY OF ALEXANDRIA, VIRGINIA”** taken at a meeting of the Authority held on October 18, 2023:

| | AYE | NAY | ABSTAIN | ABSENT |
|---------------------------|------------|------------|----------------|---------------|
| Gil Colman, Chair | | | | |
| Kevin Coffman, Vice-Chair | | | | |
| Luciano Benjamin | | | | |
| Shonda Green | | | | |
| Kenneth Kettler | | | | |
| Amanda Leech | | | | |
| Janet Rogers | | | | |

Dated: October 18, 2023

(SEAL)

Gil Colman, Chair, Harrisonburg Redevelopment
and Housing Authority

ATTEST: _____
Secretary

The undersigned Secretary of the Harrisonburg Redevelopment and Housing Authority hereby certifies that the foregoing is a true, correct, and complete copy of a Resolution adopted by the Authority's commissioners present and voting at a meeting duly called and held on October 18, 2023, in accordance with law, and that such Resolution has not been repealed, revoked, rescinded, or amended, but is in full force and effect as of the date hereof.

WITNESS my hand and the seal of the Authority this 18th day of October, 2023.

**HARRISONBURG REDEVELOPMENT AND
HOUSING AUTHORITY**

By: _____
Secretary

October 16, 20223

Michael Wong
Executive Director
Harrisonburg Redevelopment & Housing Authority
P.O. Box 1071, Harrisonburg, Va. 22803

RE: Letter of Interest

Dear Michael,

As requested, this letter will confirm our interest in providing financing to Harrisonburg Redevelopment & Housing Authority for the development of the Commerce Village II apartments ("project"). Commerce Village II is a 16 one-bedroom unit complex located in the city of Harrisonburg, Virginia.

Based upon the information provided to date, we will consider a construction loan of about \$2,400,000. Our loan to value will not exceed 75% of the combined appraised value of the completed subject project as well as the as is value of 110 North Mason Street Harrisonburg, Va. during the construction phase.

Construction financing term will not exceed 36 months interest only.

Currently, interest rates on our construction loans are variable rate, floating at 30 Day TERM SOFR+2.75%, current indicative of 8.06% with a floor of 8.06%, taxable. If the financing is deemed to be eligible for tax exempt financing the current indicative tax-exempt rate is 6.53%.

We would look for an acceptable commitment from all other designated sources of construction and permanent financing prior to closing on the construction loan.

We have enjoyed a good working relationship for several years with Harrisonburg Redevelopment & Housing Authority. I look forward to working with you on the subject project. Should you have any questions, please do not hesitate to call me at 540-437-3269

Sincerely,

Matthew

Matthew Guthrie
Market President
Senior Vice President
United Bank



October 16, 2023

Mr. Michael Wong
Director
Harrisonburg Redevelopment & Housing Authority
P.O. Box 1071
Harrisonburg, VA 22801

Dear Mr. Wong,

On behalf of Bank of the James, I am pleased to offer the following financing commitment, subject to the terms and conditions outlined below.

Borrower: Harrisonburg Redevelopment and Housing Authority

Loan Amount: Tax-exempt construction to permanent loan of up to, but not exceeding, \$2,700,000.

Purpose: Finance the construction and permanent financing of property known as Commerce Village II.

Term of Repayment: Interest-only due monthly during the 12-month construction period. The remaining term loan shall be repaid over the Borrower's option of a period of 15 or 20 years consisting of monthly payments of principal and interest based on the prevailing interest rate.

Interest Rate: Bank Qualified Tax-Exempt rate of 6.10% for the first six years, including the 12-month interest only period. At the end of the initial rate term, and every five years thereafter, the BQTE rate shall adjust based upon the Five-Year United States Treasury Yield plus a margin of 2.75%, multiplied by one minus the Bank's income tax rate. Note that changes in the Bank's income tax rate may affect the BQTE rate throughout the life of the loan. Non-Bank Qualified Tax Exempt and Fully Taxable rates are available upon request. At no time will the BQTE rate go below 4.345% throughout the life of the loan.

Tax Treatment: All rates are subject to the loan being "bank qualified" under Section 265 of the Internal Revenue Code, as determined in the opinion of the Borrower's counsel.

Bank Closing Costs: Origination fee of \$1,500, payable at the initiation of the loan. This fee may be financed into the loan amount if the Borrower so chooses.

Annual/Ongoing Fees: None.

Prepayment Penalties: None. The Borrower may prepay the debt at any time, without penalty. Note that any principal repaid may not be readvanced, even during construction.

Collateral: The loan shall be secured by a first priority Credit Line Deed of Trust and Assignment of Leases and Rents on 16 units known as Commerce Village II, In Harrisonburg, Virginia

Thank you for the opportunity to meet your lending needs. Should the terms and conditions described above be acceptable to you, please sign below and return this letter to the Bank. In addition, please contact me at 540.478.5808 or trea@bankofthejames.com if you have any questions.

By execution of a Promissory Note reflecting the terms and conditions described above the Borrower accepts this commitment.

Sincerely,



Thomas D. Rea
President, Shenandoah Valley Region

Accepted as Outlined Herein:

Harrisonburg Redevelopment and Housing Authority:

By: _____
Michael Wong

_____ **Date**