

Audubon Area Community Services, Inc.
Executive Committee Meeting
MINUTES
February 5, 2008

At 1:12 p.m., following lunch, Mr. Jerry Manning, called to order the February 5, 2008, meeting of the Executive Committee of the AACCS, Inc. Board of Directors.

Members Present (9 Members/8 Voting):

Mr. Marshall Hatfield
Ms. Daisy James
Rev. Jesse Johnson

Mr. Jerry Manning
Ms. Jaime Rafferty
Mr. M. Douglas Smith
Italicized = Ex-officio, non-voting member

Mr. Doug Smith
Ms. Allison Stull
Ms. Vicki Tinsley

Alternates Present with Member:

Rev. David Combs

Staff Present:

Ms. Cheryl Gatton, Human Resources Director
Mr. Ronald Logsdon, Executive Director

Ms. Denise Marcum, Executive Assistant
Mr. Terry Payne, CPA, Chief Financial Officer

Guests Present:

Mr. Jesse Mountjoy, AACCS Attorney
Mr. David Vickery, Wabuck Development Company Attorney

NEW BUSINESS

Corporate Resolution and Related Documents Required by the Equity Provider for The Learning Villa. Mr. Mountjoy noted the Corporate Resolution previously mailed to AACCS Board members has been modified as the final paragraph, which he has looked at and reviewed. It simply ratifies all of the matters that have been done through Mr. Logsdon leading up to this point.

Mr. Logsdon stated that action to approve the Resolution and related documents comes on recommendation for approval from the Administrative Support Committee. The developer is in quite a hurry, he said, and he further understands that delay is costing Wabuck Development quite a bit of money.

AACCS' limited liability subsidiary, Audubon Learning Villa, LLC, is a co-general partner with Wabuck, each owning ½ of 1% of this limited partnership called Learning Villa Limited, which is the limited partnership. The 99.9% owner of the limited partnership and the *limited* partner as opposed to Mr. Vickery's client and Audubon Learning Villa is Ohio Equity Fund for Housing Limited Partnership XVII of Columbus, Ohio.

AACCS, Inc. is a 100% owner of Audubon Learning Villa, LLC and then Mr. Gary Watkins and Wabuck affiliate, the Learning Villa Holding LLC are together the co-general partners. The partnership is managed by the co-general partners. The Ohio Equity Fund is a limited partner, which under Kentucky law, means a partner that is in the deal for something other than managing the project. It is doing it for the investment. In this case, they're in it by paying front-end dollars for the privilege of taking tax credits on their federal income tax returns for the tax credit coverage period of fifteen (15) years.

There is a Guaranty Agreement that Wabuck has for project completion, occupancy, tax credits, tax flows, cash flows and recovery provisions. That Guaranty Agreement is not from AACS; it is from Wabuck. Finally, there is a Development Services Agreement with AACS.

AACS is *due* development fees as part of the Kentucky Housing Corporation (KHC) funding plan the way it is structured. But AACS through these agreements turns around and loans that development fee back to the partnership and it gets a note secured by a mortgage on the real estate, which, according to KHC, is the way to go and which will firm up AACS' purchase option at the end of the 15-year tax credit compliance period. The project will eventually be offered to AACS at the appraised value, but the AACS loan will go in as a debt against this project. The \$1 million plus will go as a debt against this project.

The main thing now needed is a Resolution from the Executive Committee. As previously noted, the members that the Resolution that was printed and circulated to Board members prior to the meeting was missing one paragraph that Wabuck's attorney, Mr. Vickery, had added. AACS', attorney has looked at the added paragraph and he believes is right. That one added paragraph carries the effect that prior actions of Audubon, which are in the vested in persons with appropriate powers and authority as set forth in those actions, "are hereby ratified." Mr. Mountjoy informed the Committee that the provisions in that added paragraph are not anything other than a ratification of whatever has been done in previous times.

Mr. Vickery has assured that with respect to The Learning Villa project, Wabuck guarantees eligible occupancy, it guarantees that the project is built, it guarantees its project plans and specifications according to the syndicators' requirements. They do check all of this and audit it monthly throughout the project. Wabuck has to issue provide those guarantees. Mr. Watkins has pointed out before because of that, Mr. Watkins' entity will be the managing partner that will do these things and they will bear the brunt of the guarantee and the built in of the project just like Mr. Mountjoy said.

There are a number of documents that AACS' executive director, Mr. Logsdon, will need to sign on behalf of AACS or on behalf of AACS' fully owned LLC. There are also a some documents Chairman Manning and Board Secretary M. Douglas Smith will have to sign.

Mr. Marshall Hatfield made a motion to recommend to the AACS Executive Committee its approval of the Corporate Resolution and related documents pertaining to AACS being a co-general partner in The Learning Villa and to authorize the signing of the documents required by The Learning Villa's equity providers, Ohio Equity Fund. Ms. Betty Rucker seconded the motion. Motion approved.

ADJOURNMENT

There being no further business,

The Executive Committee meeting adjourned at 1:15 p.m.

Mr. Jerry Manning
Chairperson