

**STATE OF NORTH CAROLINA
COUNTY OF CUMBERLAND**

**CHOICE NEIGHBORHOODS PARTNERSHIP IMPLEMENTATION AGREEMENT
FOR THE
MURCHISON CHOICE NEIGHBORHOOD TRANSFORMATION**

This Choice Neighborhood Partnership Implementation Agreement (“Agreement”) is entered into as of this ____ day of _____, 2026, by and among the City of Fayetteville (“Lead Applicant” and “Neighborhood Implementation Lead”), Fayetteville Metropolitan Housing Authority (“Co-Applicant”), Pennrose NC, LLC (“Housing Implementation Entity”), and Urban Strategies, Inc. (“People Implementation Entity”) (each a “Principal Team Member”) in connection with the comprehensive revitalization of the Murchison Townhouses (“Murchison Townhouses”) and Elliott Circle (“Elliott Circle”) housing developments (collectively, the “Developments”) and the surrounding Murchison Choice Neighborhood (“the Target Neighborhood”) in Fayetteville, North Carolina.

RECITALS

- A. The United States Department of Housing and Urban Development (“HUD”) has developed the Choice Neighborhoods program, pursuant to which HUD makes Choice Neighborhoods Implementation (“CNI”) grants to eligible applicants who have submitted comprehensive neighborhood revitalization strategies, called transformation plans, that meet the criteria set forth in HUD’s Fiscal Year (FY) 2025 Notice of Funding Opportunity (“the NOFO”) for CNI Grants (Funding Opportunity Number. FR-6700-N-34).
- B. The Parties to this Agreement, the Murchison Townhouses public housing residents and the Elliott Circle residents, and other members of the community have undergone a comprehensive local planning process after receiving a FY 2020 Choice Neighborhood Planning Grant for the Murchison Choice Neighborhood (“Target Neighborhood”) and are now moving forward implementation to revitalize and transform the Target Neighborhood.
- C. The City is the local government of the Target Neighborhood. The City will serve as the Lead Applicant for the CNI grant. The City is submitting an application (the “Application”) to HUD for a CNI Grant in accordance with the NOFO. Additionally, the City will serve as the Neighborhood Implementation Lead to lead the Neighborhood Strategies (the “Neighborhood Strategies”) and implement the Critical Community Improvements (the “CCIs).
- D. The FMHA is a quasi-governmental, public body, corporate and politic, exercising exclusively public and essential government functions, and having all the powers necessary or convenient to carry out and effectuate the purposes and provisions of the North Carolina Housing Authorities Law, N.C.G.S. § 157-1, *et seq.* The FMHA will serve as the Co-Applicant for the Grant and Co-Developer for the Housing Strategy.
- E. Pennrose is an accomplished national developer that revitalizes distressed urban communities and develops vibrant, mixed-finance, mixed-income, and mixed-use communities that leverage and strengthen community assets. Pennrose is the Housing Implementation Entity and Co-Developer responsible for implementing the Housing Strategy (the “Housing Strategy”) included in the Application, in accordance with the NOFO.

- F. USI is a 501(c)(3) not-for-profit corporation specializing in resident-driven planning, community-based economic vitality, and community and supportive services and has partnered with public housing authorities nationwide to guide the human aspects of transformative neighborhood revitalization programs. USI will serve as the People Implementation Lead responsible for implementing the People Strategy (the “People Strategy”) included in the Application, in accordance with the NOFO.
- G. The Neighborhood, Housing and People Strategies based on the Transformation Plan is further described in the Application and will, if the Application is successful, be implemented in accordance with the requirements of the Grant Agreement.

AGREEMENT

Therefore, in consideration of the foregoing recitals and underlying promises, the Parties, with the intent to be legally bound, agree as follows:

I. BASIC COMMITMENTS OF THE PARTIES

- A. Commitment to Transformation Plan and Implementation Schedule. The Parties acknowledge that they each:
 - i. Have reviewed the NOFO and related guidance from HUD;
 - ii. Have participated in the preparation of Neighborhood, Housing and People Strategies based on the Transformation Plan and the Application; and
 - iii. Have carefully committed to the goals and requirements of the NOFO, the Transformation Plan, the Application, and this Agreement and agree to take all actions necessary and reasonable under their control to effectuate the requirements of the Neighborhood, Housing and People Strategies in accordance with HUD requirements.
- B. Commitment to Work Collaboratively. The Parties commit to work collaboratively throughout the entirety of the Grant process. The Parties agree to collect, analyze, and share data related to Housing, Neighborhood, and People Strategies with each other, as needed to evaluate the effectiveness of CNI strategies and programs, and to generate thorough and accurate reports measured against CNI performance metrics for HUD on a quarterly and annual basis. The Lead Applicant, People Implementation Entity, and property management entity will develop a data sharing agreement among all parties to ensure resident data can be shared on an as needed basis to achieve the goals of the People Plan. At a minimum, the data sharing agreement should cover resident contact information, eviction risk status, safeguards to ensure data security, and other basic information to facilitate case management outreach and housing stability supports. All medical and reasonable accommodation information shall be maintained, kept confidential, and disclosed consistent with the requirements of and the authorized purposes under Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. Article VII, Section C, herein provides greater detail on the process for implementation decision-making and settling disputes as required by the NOFO.

- C. Incorporation of NOFO and Grant Agreement Requirements. The Parties are entering into this Agreement in furtherance of the Application. The Parties intend that this Agreement shall conform to and satisfy all requirements of the NOFO. In the event of any inconsistency between any NOFO requirement and the provisions of this Agreement, or in the event of a failure to include a provision necessary to satisfy such NOFO requirements, then this Agreement shall be construed to incorporate a provision satisfying such NOFO requirements and (while not required) the Parties agree to amend this Agreement as necessary. The Parties also agree to amend this Agreement to comply with provisions of the Choice Neighborhoods Grant Agreement (the “Grant Agreement”) should a Grant be awarded.
- D. Subsequent Implementation Agreements. This Agreement is intended to provide an overall framework for a cooperative, public-private, highly coordinated approach to implementation of the Transformation Plan. The Parties to this Agreement acknowledge that the accomplishment of the Transformation Plan will require additional agreements among the Parties, among several of the Parties to this Agreement, and between separate Parties to this Agreement and third parties (collectively, “Subsequent Agreements”). The Parties each agree to work with each other in good faith to consummate such agreements in accordance with the Transformation Plan implementation schedule established pursuant to the Grant Agreement and further agree that all Subsequent Agreements shall require compliance with this Agreement, as it may be amended.
- E. Funding. The Parties agree that this Agreement does not cover specific funding commitments made to the Transformation Plan by each of the Parties and such funding commitments as well as any funding contingencies will be addressed in Subsequent Agreements. The Parties further agree that this Agreement does not require the payment or transfer of money by any Party to any other Party to this Agreement, although Subsequent Agreements may involve the payment of money or transfer of funds, but such payments or transfers will be governed by the Subsequent Agreements. Each Party will fund its own participation under this Agreement, except as may be provided in Subsequent Agreements.

II. RESPONSIBILITIES OF THE CITY OF FAYETTEVILLE AS LEAD APPLICANT

- A. Lead Applicant. The City shall be the lead applicant for the Grant. The City will execute the Grant Agreement, hire a CNI Grant Manager, manage all Grant Agreement deadlines and perform all responsibilities required of the lead applicant as set forth in the NOFO and the Grant Agreement. The City shall submit an updated Choice Neighborhood Budget and Program Schedule within 120 days of grant award and submit reporting data to HUD quarterly and annually.
- B. Lead Coordinator. As provided in Article VIII, Section B herein, the City will co-chair the Implementation Working Team (as defined in Article VIII, Section A below) and maintain, with input from the Parties, the Transformation Plan implementation schedule. In addition, subject to the availability of all necessary funding and approvals, the City will be responsible for the following activities in connection with the Transformation Plan:

- i. Working with the public and private community partners to increase the involvement of the surrounding neighborhood communities in the Transformation Plan;
 - ii. Assigning to specific individuals and/or teams, all activities, and programs necessary to implement the Transformation Plan;
 - iii. Establishing appropriate performance measures and deadlines for each substantial activity or program; and
 - iv. Dedicating adequate staff time to monitoring the progress and performance of activities and programs included in the Transformation Plan.
- C. Supervision and Coordination of Principal Team Members. The City shall supervise the activities of the Principal Team Members with respect to the requirements of the Choice Neighborhoods program and the Grant Agreement. The City may delegate elements of the implementation of the Transformation Plan to one or more Principal Team Members, but shall, in all events, remain responsible for the supervision and integration of the efforts of the Principal Team Members. The City understands and agrees that, if the City proposes to rely on a Principal Team Member for rating purposes under the NOFO, the City will be required to secure HUD's approval, if funded, prior to replacing any Principal Team Member or effecting any material change to the roles and responsibilities of the Principal Team Member.
- D. Program Finance. The City shall have sole access to the Choice Neighborhoods program funding through HUD's LOCCS and shall be responsible for the administration of the funds disbursed from HUD under the Grant Agreement. All disbursements of Choice Neighborhoods program funding and program income derived from such binding shall be made in accordance with an approved budget or, if not in accordance with an approved budget, with the City's express written consent. The City shall comply with all the accounting, disbursement, and recordkeeping requirements set forth in the Grant Agreement and all applicable requirements. The City shall establish a mutually acceptable system for approving and tracking payments made from Choice Neighborhoods program funding. The City may conduct an audit of funds disbursed pursuant to this Agreement or in connection with this Agreement. Program income derived from Choice Neighborhoods program funds shall be used in a manner consistent with the Grant Agreement and all applicable requirements.
- E. Planning and Community Process. The City shall actively participate in the development and revision of the Transformation Plan and in efforts to gain resident and neighborhood involvement in planning for revitalization of the Target Neighborhood.
- F. Implementation of Programmatic Level Activities. Subject to the terms of the Grant Agreement, funding availability and all applicable requirements, the City agrees to consider deploying, various regulatory and financial resources to ensure the successful implementation of the Transformation Plan. Subject to funding availability and the appropriate approval process, the City shall coordinate any City Council-approved investments associated with this Grant and activities in the Target Neighborhood in furtherance of the activities proposed under the Transformation Plan.

III. RESPONSIBILITIES OF FAYETTEVILLE METROPOLITAN HOUSING AUTHORITY AS CO-APPLICANT

- A. Co-Applicant. The FMHA shall be the Co-Applicant for the Grant and will carry out all responsibilities required of the Co-Applicant as described in the NOFO and the Grant Agreement. FMHA shall co-chair the Implementation Working Team with the City. In addition, subject to the availability of all necessary funding and approvals, FMHA will be responsible for the following activities in connection with the Transformation Plan:
- i. Drafting the Relocation Plan in accordance with Choice Neighborhood requirements to submit to HUD. The relocation and rehousing of the Murchison Townhouses public housing residents in accordance with the requirements in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and, if CDBG or HOME funds are utilized, Section 104(d) of the Housing and Community Development Act of 1974, as applicable;
 - ii. Relocation of any person who moves permanently or temporarily from real property or moves personal property from real property directly because of acquisition, rehabilitation, or demolition undertaken as part of the Transformation Plan;
 - iii. Assisting with the involvement of the residents of Developments in the Transformation Plan;
 - iv. Providing lead support for the involvement of the current residents of the Developments included in the Housing Strategies and funded with CNI grant funds in the implementation of the Transformation Plan;
 - v. Working with the public and private community partners to increase the involvement of the surrounding neighborhood communities in the Transformation Plan;
 - vi. Supporting the Developer to achieve one-for-one replacement of the public housing units in accordance with the requirements of the NOFO;
 - vii. Assigning to specific individuals and/or teams, all activities, and programs necessary to implement the Transformation Plan; and
 - viii. Dedicating adequate staff time to monitoring the progress and performance of activities and programs included in the Transformation Plan.
- B. Planning and Community Process. The FMHA shall actively participate in the development and revision of the Transformation Plan and in efforts to gain resident and neighborhood involvement in planning for revitalization of the Target Neighborhood.
- C. Relations with the City of Fayetteville. The FMHA will coordinate closely with the City regarding the Transformation Plan and communications with HUD, and will forward to the City all relevant correspondence, directives, and other written material either to or from HUD with respect to this Agreement or the implementation of the

Transformation Plan unless otherwise prohibited by the Grant Agreement or the applicable requirements.

IV. RESPONSIBILITIES OF THE CITY OF FAYETTEVILLE AS NEIGHBORHOOD IMPLEMENTATION ENTITY

- A. The City will serve as the Neighborhood Implementation Entity. The City will implement the Neighborhood Strategy and the CCIs, with roles and responsibilities outlined as follows:
 - i. The City will work with key stakeholders to revitalize the Murchison CNI area by attracting long-term reinvestment from private and public sources, leading to economic development, improved amenities and services, and job opportunities for residents.
 - ii. The City has developed Neighborhood Strategies and the CCIs, both of which are included in the Application. The City will manage the CCIs, including lead partners, investments, and action items, across the following categories: economic development, assets and amenities, and community confidence and safety.
 - iii. The City will submit an updated Neighborhood Plan with detailed CCIs, in accordance with HUD requirements, to HUD within 12 months of the Grant Award and will work to obtain HUD approval.
 - iv. The City will manage the CCIs to maximize investment in the community in a strategic and intentional manner that best serves the Murchison Choice Neighborhood residents, business owners, and other stakeholders.
 - v. The City will collect the outcome metrics outlined in the Neighborhood Strategy and CCIs and shall participate in efforts to evaluate and analyze the data and, if appropriate, recommend amendments to the Neighborhood Strategies, which may evolve and improve over time, particularly with input from community stakeholders, subject to HUD approval.

V. RESPONSIBILITIES OF THE HOUSING IMPLEMENTATION ENTITY FOR THE HOUSING STRATEGY

- A. Pennrose will serve as the Housing Implementation Entity and Co-Developer, working closely with FMHA. Pennrose will implement all phases of the Housing Strategy of the Transformation Plan with roles and responsibilities outlined as follows:
 - i. FMHA will ensure that the fully executed, final Master Development Agreement is submitted to HUD within 120 days after the grant award.
 - ii. Pennrose will be responsible for the development of all phases of the Housing Strategy of the Transformation Plan, subject to the availability of all necessary funding and approvals. Pennrose will be responsible for implementing day- to-day development and asset management activities associated with the Housing Strategy, including but not limited to the following: development of the site and units as described in the Application; implementation of the overall master housing plan; and submitting/preparing financing/funding applications. More specifically Pennrose will be primarily responsible for selection and contracting with architects and engineers to develop plans and specifications required to

implement the Transformation plan; procuring and selecting construction contracts and other various contractor agreements; negotiating/executing legal documents; investor selection/negotiation; making primary guarantees for Construction Completion and Lease-Up/Project Close-out.

- iii. Pennrose will ensure that the financial closing for the first housing phase using grant funds occurs within 18 months of the Grant Award, and the construction Notice to Proceed or equivalent will start within 90 days after the closing date.
- iv. FMHA will prepare, submit and obtain HUD approval all required demolition, disposition, and acquisition applications and ensure both the relocation and demolition costs are included in the rental housing budgets.
- v. Pennrose will leverage Grant funds with additional public and private funding, including, but not limited to, tax credit equity, construction and permanent financing, and local, state and federal soft funding sources for the Housing Strategy included in the Application.
- vi. FMHA will be responsible for assisting Pennrose in securing HUD required approvals or the approvals of other governmental authorities for activities related to the Housing Strategy.
- vii. FMHA will retain oversight and approval rights for all design, amenities, and features for all phases of the Housing Strategy.
- viii. Pennrose will be responsible for all property management activities, with the Housing Implementation Lead taking the lead role until the development has reached stabilized occupancy and obtained forms 8609 for each Development from the North Carolina Housing Finance Agency. Thereafter, TO BE DETERMINED.
- ix. FMHA will provide input on the selection and terms of all financing parties, including investors and lenders, and the final approval of the Management Plan, and will draft the Tenant Selection Plan.
- x. Pennrose will collect the outcome metrics outlined in the Housing Strategy and shall participate in efforts to evaluate and analyze the data and, if appropriate, recommend amendments to the Housing Strategies, which may evolve and improve over time, particularly with input from community stakeholders, subject to HUD approval.

B. Pennrose and FMHA specifically affirm their understanding that the Transformation Plan is intended to transform distressed public and assisted housing into energy efficient, mixed-income housing that is physically and financially viable over the long-term; and to be a catalyst for neighborhood revitalization and rebuilding the neighborhood housing market, creating a neighborhood of choice for households with a broad range of incomes. Accordingly, the Developer affirms its understanding of and commitment to the following Housing-related objectives of the CNI program:

- i. Housing transformed with the assistance of Choice Neighborhoods should be:

- a) Housing units must meet all federal, local and state building regulations/codes and be built to market rate standards. HUD is seeking excellence in design. Design projects must be compatible with and support revitalization of the surrounding neighborhood. Local architecture and design elements should be incorporated so the housing blends in with and enhances the physical character of the neighborhood. Amenities should be provided that address the needs of residents and support self-sufficiency. Housing units should be able to withstand severe weather events. Site and building designs must incorporate all federal accessibility requirements as referenced in the NOFO and should seek to incorporate Universal Design concepts, such as livability and visitability.
 - b) Mixed-Income - Housing affordable to families and individuals with a broad range of incomes including low-income, moderate income, and market rate or unrestricted; and
 - c) Well-Managed and Financially Viable - Developments that have budgeted appropriately for the rental income that can be generated from the project and meet or exceed industry standards for quality management and maintenance of the property. The Transformation Plan will demonstrate that current residents of the Targeted Housing who wish to return to the on-site replacement housing may return in accordance with the housing choice opportunities for residents in the NOFO. The Transformation Plan further includes, and the Developer will participate in, resident involvement in planning and implementation activities in accordance with the NOFO.
- ii. The Transformation Plan's demolition and redevelopment activities will comply with the "one-for-one" replacement standards of the NOFO.
 - iii. Affordable Housing units (non-replacement rental units, as defined in the NOFO) developed with Choice Neighborhoods funds
 - a) Must be done in accordance with a mixed-finance development proposal approved by HUD. Such units must be available to families earning up to 120 percent of AMI for at least 20 years. Affordable Housing units must be in the same building with replacement units, except for buildings with one to four units total. Further, Affordable Housing units cannot include other funding that has a lower income restriction (such as LIHTC equity). The affordability restrictions shall be contained in a legally enforceable document recorded in the appropriate recorder's office or registry of deeds and consistent with the long-term viability of the project. HUD will review the development proposal in accordance with the regulations at 24 CFR 905.606 and the Cost Controls and Safe Harbor Standards for Rental Mixed-Finance Development, dated April 2003, or subsequent guidance.
- C. The Developer and FMHA will carry out the redevelopment activities in full compliance with applicable labor standards and specifically agree to create resident employment opportunities and contract with Section 3 (as defined in Article VIII, Section R below) business entities.

VI. RESPONSIBILITIES OF URBAN STRATEGIES, INC., FOR THE PEOPLE STRATEGY

- A. USI will serve as the People Implementation Lead. Subject to the availability of all necessary funding and approvals, USI agrees to implement the People Strategy and conduct longitudinal data collection and analysis related to the measurable outcomes of the People Strategy. USI will hire an on-site, full-time Project Manager to oversee the implementation of the People Strategy and family support specialists to provide day-to-day case management. USI will develop a detailed, updated People Plan to submit to HUD within 12 months of the Grant Award.
- B. USI specifically affirms its understanding of and commitment to the following People Strategy-related objectives of the Choice Neighborhood Initiative program:
 - i. Increasing income and employment. Resident employment and income increase, which supports economic stability and provides residents a path for moving out of subsidized housing;
 - ii. Training and Education. Children and youth have access to services that improve their education and prepare them for college or careers;
 - iii. Maintaining Independence. Elderly people and people with disabilities have access to services that help them stay independent; and
- C. The Transformation Plan is designed to ensure that current residents of the existing developments benefit from transformation by providing each household with comprehensive case management services.
- D. USI will expand and/or develop partnerships with the organizations around employment, health, and community safety.
- E. USI will continue to engage residents and the community in the development of the People Plan.
- F. USI will carry out its activities in full compliance with applicable labor standards and specifically agrees to create resident employment opportunities and contract with Section 3 business entities.
- G. USI will collect the outcome metrics outlined in the People Strategy and shall participate in efforts to evaluate and analyze the data and, if appropriate, recommend amendments to the People Strategies, which may evolve and improve over time, particularly with input from community stakeholders, subject to HUD approval.

VII. MISCELLANEOUS PROVISIONS

- A. Housing Strategy Feasibility. The Parties agree that certain matters are conditions precedent to the ability of the Developer to complete the Housing Strategy of the Transformation Plan and that Developer's ability to perform responsibilities hereunder is substantially contingent upon actions by third parties, as well as upon the continuation of economic and regulatory circumstances at least as favorable to housing development and marketing as currently exist ("Development Contingencies"). Such Development Contingencies, and the process for determining an event permitting

withdrawal of the Developer, shall be itemized in a Subsequent Agreement between the Developer and FMHA.

- B. Term of Agreement. This Agreement shall have a term of the shorter of ten years or until closeout of the Grant; subject to termination rights described in Article IX, Sections K, T, U, and V below. NEED TO UPDATE
- C. Capitalization and Recitals. Capitalized terms not defined herein shall have the meaning provided in the NOFO. The recitals are incorporated as if fully set forth in this Agreement.
- D. Modification. Oral changes of this Agreement will have no effect. Any pilot information, discussions or agreements are merged herein and barred hereby. This Agreement may be modified or amended only in writing signed by all Parties.
- E. No Delegation. Nothing in this Agreement shall be read to or otherwise interpreted to delegate the legal authority of the any of the Parties to any other Party or Parties to this Agreement.
- F. Rules of Construction. The headings and captions of this Agreement are provided for convenience only and are not intended to have effect in the construction of this Agreement. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved in favor of or against any Party on the basis of which Party drafted the uncertain or ambiguous language. This Agreement has been reviewed by all Parties and shall be construed and interpreted according to the ordinary meaning of the words used to fairly accomplish the purposes and intentions of all Parties to this Agreement.
- G. Governing Law. The validity, interpretation, performance, and execution of this Agreement and all rights accruing under this Agreement are all governed by North Carolina law.
- H. Venue and Forum Selection. The Parties expressly agree that if litigation is brought in connection with this Agreement and (1) the litigation proceeds in the Courts of the State of North Carolina, the parties agree that the appropriate venue shall be in Cumberland County (Fourteenth Judicial District of North Carolina); or (2) the litigation proceeds in a federal court, the parties agree that the appropriate venue shall be the United States District Court for the Eastern District of North Carolina.
- I. Conflict of Interest. No member of the governing body of the City, FMHA, CCS, or other units of government and no other officer, employee, or agent of the City, FMHA, CCS, or other unit of government who exercises any functions or responsibilities in connection with the implementation of the Transformation Plan will have any personal interest, direct, or indirect, in this Agreement.
- J. Non-liability of Public Officials. No Party to this Agreement, nor any subcontractors are permitted to charge personally any official, employee or agent of the City, FMHA, or CCS, with any liability or expenses of defense or hold any official, employee or agent of the City, FMHA, or CCS personally liable to such Party or its subcontractors, under any term or condition of this Agreement. This provision presumes that all such

individuals are acting in good faith and within the course and scope of his/her employment.

- K. Morality Clause. If, in the sole opinion of the City, at any time the Parties or any of its owner(s) or employee(s) or agent(s) (collectively referenced as an “Actor”) engages in any one or more actions that bring disrepute, contempt, scandal, or public ridicule to the Actor or subject the Actor to prosecution or offend the community or public morals or decency or denigrate individuals or groups in the community served by the City or are scandalous or inconsistent with community standards or good citizenship or may adversely affect the City’s finances, public standing, image, or reputation or are embarrassing or offensive to the City or may reflect unfavorably on the City or are derogatory or offensive to one or more employee(s) or customer(s) of the City, the City may immediately upon written notice to the Parties terminate this Agreement, in addition to any other rights and remedies that the City may have hereunder or at law or in equity.
- L. Force Majeure. Neither of the Parties shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations by an act of war, hostile foreign actions, adverse governmental actions, nuclear explosion, pandemic or epidemic, earthquake, hurricane, tornado, or other catastrophic natural event or act of God.
- M. E-Verify. The Parties acknowledge that “E-Verify” is the federal E-Verify program operated by the US Department of Homeland Security and other federal agencies which is used to verify the work authorization of newly hired employees pursuant to federal law and in accordance with Article 2, Chapter 64 of the North Carolina General Statutes. Subrecipient further acknowledges that all employers, as defined by Article 2, Chapter 64 of the North Carolina General Statutes, must use E-Verify and after hiring an employee to work in the United States, shall verify the work authorization of the employee through E-Verify in accordance with NCGS §64-26(a). The Parties pledge, attest and warrant through execution of this contract that Parties comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes and further pledge, attest, and warrant that any subcontractors currently employed by or subsequently hired by the Parties shall comply with any and all E-Verify requirements. Failure to comply with the above requirements shall be considered a breach of this contract.
- N. Assignment. The Parties may not assign their rights, duties, or obligations under this Agreement to any other person or entity without the prior written consent of all Parties to this Agreement.
- O. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the Parties hereto and their permitted successors and assigns.
- P. No Third-Party Beneficiaries. This Agreement is entered into for the exclusive benefit of the Parties and the Parties expressly disclaim any intent to benefit anyone not a party to this Agreement.
- Q. Severability. If any term or provision of this Agreement, or the application thereof to any person or circumstances shall be invalid or unenforceable, the remainder of this

Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the greatest extent permitted by law.

- R. **Liability.** Each of the Parties agrees to assume liability for their own risks associated with activities pursuant to this Agreement. Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating a legal partnership between any Parties to this Agreement. Nothing herein shall be construed to provide for rights to recovery of any damages, including but not limited to all general, special, pecuniary, consequential, or punitive damages as a result of this Agreement. Subsequent Agreements may include such rights, provided the Parties to such Subsequent Agreements determine appropriate.
- S. **Indemnification.**
- i. **Mutual Scope of Indemnification.** Each Party (each, an “Indemnifying Party”) agrees, to the fullest extent permitted by applicable law, to indemnify, defend, and hold harmless each other Party, together with its respective elected and appointed officials, officers, directors, employees, agents, representatives, successors, and assigns (each, an “Indemnified Party”), from and against any and all claims, demands, suits, actions, proceedings, losses, damages, liabilities, costs, and expenses, including reasonable attorneys’ fees and court costs (collectively, “Claims”), arising out of or relating to: (i) the negligent, reckless, or wrongful acts or omissions of the Indemnifying Party, its officers, employees, agents, subcontractors, or invitees in connection with the performance of its obligations under this Agreement; or (ii) the material breach by the Indemnifying Party of any representation, warranty, covenant, or obligation contained in this Agreement.
- ii. **Developer Indemnification of City and FMHA.** In addition to the obligations set forth in the Mutual Scope of Indemnification provision above, Pennrose NC, LLC (“Developer”) shall indemnify, defend, and hold harmless the City and FMHA, and each of their respective officials, officers, employees, and agents, from and against any and all Claims arising out of or relating to:
- a) The design, construction, development, or management of any phase of the Housing Strategy, including defects in workmanship or materials;
 - b) Any failure by the Developer to comply with applicable federal, state, or local law, regulation, or HUD requirement in connection with the Transformation Plan;
 - c) Any labor dispute, workers’ compensation claim, or employment matter arising from the Developer’s activities under this Agreement or any Subsequent Agreement; or
 - d) Any environmental condition, hazardous material release, or contamination caused or exacerbated by the Developer’s construction or demolition activities.
- iii. **USI Indemnification of City and FMHA.** In addition to the obligations set forth in the Mutual Scope of Indemnification provision above, Urban Strategies, Inc. (“USI”) shall indemnify, defend, and hold harmless the City and FMHA, and each of their respective officials, officers, employees, and agents, from and against any and all Claims arising out of or relating to:

- a) The implementation of the People Strategy or the Neighborhood Strategy, including any services rendered to or on behalf of residents of the Target Neighborhood;
 - b) Any breach of confidentiality or misuse of personal data, resident information, or case management records in USI's possession or control; or
 - c) Any failure by USI to comply with applicable federal, state, or local law in connection with community services activities under the Transformation Plan.
- iv. **City and FMHA Indemnification of Other Parties.** The City and FMHA shall indemnify, defend, and hold harmless the Developer and USI from Claims arising solely and directly from the City's or FMHA's respective negligent or wrongful acts or omissions in connection with the performance of their own obligations under this Agreement, subject in all cases to the governmental immunity limitations set forth below.
- v. **Indemnification Procedure.** Any Indemnified Party seeking indemnification under this Section shall: (i) give the Indemnifying Party prompt written notice of any Claim for which indemnification is sought, provided that failure to give timely notice shall not relieve the Indemnifying Party of its obligations except to the extent the Indemnifying Party is materially prejudiced by such failure; (ii) grant the Indemnifying Party the right, at the Indemnifying Party's election, to assume sole control of the defense of such Claim with counsel reasonably acceptable to the Indemnified Party; and (iii) cooperate with the Indemnifying Party, at the Indemnifying Party's reasonable expense, in the defense of such Claim. The Indemnified Party shall have the right to participate in the defense of any Claim with counsel of its choice, at its own expense. No settlement or consent judgment binding on an Indemnified Party shall be entered without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld.
- vi. **Governmental Immunity Preserved.** Nothing in this Section shall be construed as a waiver of the sovereign or governmental immunity of the City, FMHA, or any other governmental entity under North Carolina law, including without limitation the limitations on liability set forth in the North Carolina Tort Claims Act, N.C.G.S. § 143-291, et seq., and the local government tort claims provisions set forth in N.C.G.S. § 160A-485. No right of indemnification shall arise against the City or FMHA to the extent that such indemnification would constitute a waiver of governmental immunity not authorized by statute. Each Party acknowledges and agrees that its rights to indemnification from the City or FMHA are subject to these limitations.
- vii. **No Indemnification for Own Willful Misconduct.** Notwithstanding any other provision of this Agreement, no Party shall be entitled to indemnification under this Section for any Claim to the extent arising from that Party's own fraud, willful misconduct, or gross negligence.
- viii. **Subsequent Agreements.** The indemnification provisions of this Section represent the baseline framework for indemnification obligations under this Agreement. Subsequent Agreements may expand, supplement, or modify the indemnification obligations of specific Parties with respect to specific activities, provided that no Subsequent Agreement may reduce the protections afforded to the City or FMHA below those set forth in this Section without the prior written consent of the City.

T. **North Carolina Public Records Law**

- i. **Applicability.** The Parties acknowledge that the City and FMHA are public agencies subject to the North Carolina Public Records Law, N.C.G.S. Chapter 132 (“Public Records Law”). Records in the possession or custody of the City or FMHA that relate to this Agreement, the Transformation Plan, or the expenditure of public funds under this Agreement may constitute “public records” as defined in N.C.G.S. § 132-1 and may be subject to public disclosure upon request, subject to applicable statutory exemptions.
- ii. **Obligations of Non-Governmental Parties.** Pennrose NC, LLC and Urban Strategies, Inc. (each, a “Non-Governmental Party”) acknowledge that, to the extent they are acting as agents of the City or FMHA, or where records in their possession relate to the receipt or expenditure of public funds under this Agreement or any Subsequent Agreement, such records may be subject to the Public Records Law. Each Non-Governmental Party agrees to:
 - a) Retain all records, correspondence, financial documents, reports, and other materials related to the performance of obligations under this Agreement for a period of not less than five (5) years following the closeout of the Grant, or longer if required by the Grant Agreement or applicable law;
 - b) 2. Promptly notify the City’s designated records liaison upon receipt of any public records request, subpoena, court order, or other legal process seeking records related to this Agreement, the Transformation Plan, or the use of Grant funds;
 - c) 3. Cooperate fully with the City in responding to public records requests, including by producing responsive records within the time required by N.C.G.S. § 132-6; and
 - d) 4. Refrain from taking any action designed to circumvent the City’s or FMHA’s obligations under the Public Records Law, including by retaining records that should properly be in the City’s or FMHA’s custody.
- iii. **Exemptions.** Nothing in this Section shall require the disclosure of records that are: (i) exempt from disclosure under N.C.G.S. § 132-1.2 (trade secrets), N.C.G.S. § 132-6.1 (security plans), or other applicable exemptions under N.C.G.S. Chapter 132; (ii) protected from disclosure by federal law, including applicable HUD confidentiality requirements; (iii) protected by the attorney-client privilege or the attorney work-product doctrine; or (iv) personal identifying information protected under applicable privacy laws. Where a Non-Governmental Party asserts that responsive records are exempt from disclosure, it shall promptly provide the City with a written log identifying the records withheld and the basis for each asserted exemption, so that the City may make a lawful disclosure determination.
- iv. **Designation of Records Liaison.** Within fifteen (15) days of execution of this Agreement, each Party shall designate a records liaison responsible for coordinating public records requests and records retention obligations under this Section. The City’s records liaison shall serve as the primary point of contact for coordinating the City’s response to any public records request that implicates records held by a Non-

Governmental Party. Each Party shall promptly notify all other Parties of any change in the identity of its designated records liaison.

- v. **No Liability for Lawful Disclosure.** No Party shall have any liability to another Party for disclosing records in good faith compliance with a valid public records request, court order, or other legal obligation under N.C.G.S. Chapter 132 or applicable law, even if such disclosure includes information provided in confidence by another Party, provided that the disclosing Party has given written notice of the request to all other affected Parties and has afforded them a reasonable opportunity—not to exceed five (5) business days—to seek a protective order or other relief before disclosure.
 - vi. **Electronic Records.** The Parties acknowledge that electronic communications, including e-mails, text messages, and electronic documents, related to the subject matter of this Agreement may constitute public records subject to disclosure and retention requirements under N.C.G.S. Chapter 132. Each Party shall ensure that its electronic records management systems and retention policies are consistent with the obligations of this Section and applicable law.
- U. **Termination.** This Agreement shall terminate upon the closeout of the Grant or sooner:
- i. In the event the City is not selected for a Grant for funding year 2023/2024, and any Party withdraws as a Principal Team Member by written notice to the other Parties, in which event this Agreement shall terminate sixty (60) days after receipt of such notice; or
 - ii. With the mutual consent of the Parties and HUD.
- V. **Termination for Cause.** In the event of substantial failure by one or more of the Parties to perform in accordance with the terms of this agreement, one or more of the Parties shall have the right to terminate this agreement upon ten calendar (10) days written notice in which event the Parties shall have neither the obligation nor the right to perform further services under this agreement nor shall the Parties be obligated to make any further payment for work that has not been performed. Failure to perform includes (but are not limited to) the following:
- i. Failure to comply with any of the rules, regulations or provisions referred to herein, or such statutes, regulations, executive orders, and HUD guidelines, policies or directives as may become applicable at any time;
 - ii. Failure, for any reason, of one or more of the Parties to fulfill in a timely and proper manner its obligations under this Agreement; or
 - iii. Ineffective or improper use of funds under this Agreement.
- W. **Termination for Convenience.** One or more of the Parties may without cause and without prejudice to any other right or remedy legally available to the Parties, terminate this Agreement for convenience at any time by giving sixty (60) days written notice to the other Parties, subject to applicable terms of Subsequent Agreements and in accordance with the federal cost principles outlined in 2 CFR Part 200.

- X. Notices. Any notices to be given by either party to the other under the terms of this Agreement shall be in writing and shall be deemed to have been sufficiently given if delivered by hand, with a written acknowledgment of receipt, or mailed by registered or certified mail to the other party at the following addresses or to such other addresses as either party hereafter from time to time designates in writing to the other party for the receipt of notice:

i. City of Fayetteville

Douglas J. Hewett, City Manager (via)
Christopher Cauley, Director of Economic and Community Development
433 Hay Street
Fayetteville, NC 28301
910-433-1590
ChristopherCauley@Fayettevillenc.gov

ii. Fayetteville Metropolitan Housing Authority

Dawn Weeks, Executive Director
P.O. Drawer 2349
Fayetteville, NC 28302-2349
910-483-3648
DWeeks@fmhanc.org

iii. Penrose NC, LLC

Timothy Henkel
CEO
1301 N 31st St,
Philadelphia, PA 19121
Email

iv. Urban Strategies, Inc.

Esther Shin
100 N Broadway, Suite 1110
St. Louis, MO 63102
314-335-2914
Esther.shin@usi-inc.org

Such notice, if mailed, shall be deemed to have been received by the other party on the date contained in the receipt.

- Y. Waiver. The Parties' failure to act with respect to a breach by the Parties does not waive its right to act with respect to subsequent or similar breaches. The failure of the Parties to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.
- Z. Examination and Retention of Records. The Parties acknowledge and agree that HUD, or the Comptroller General of the United States, or any of their duly authorized representatives shall, until five years after close-out of the Grant, have access to and the right to examine any of any Party's books, documents, papers, or other records involving transactions related to this Agreement for the purpose of making audit,

examination, excerpts, and transcriptions. Notwithstanding the above, if there is litigation, claims, audits, negotiations, or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the five-year period, whichever occurs later.

- AA. Opportunities for Low-Income and Very-Low Income People. The Parties are each committed to fully implementing the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (“Section 3”) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.
- BB. Opportunities for Minority Firms, Women’s Business Enterprises and Labor Surplus Area Firms. The Parties are each committed to take all necessary affirmative steps to assure that minority firms, women’s business enterprises, and labor surplus area firms are involved in the Transformation Plan. Affirmative steps shall include:
- i. Placing qualified small and minority businesses and women’s business enterprises on solicitation lists for work required by the Transformation Plan;
 - ii. Assuring that small and minority businesses and women’s business enterprises are solicited whenever they are potential sources to perform services or provide supplies related to the Transformation Plan;
 - iii. Dividing total requirements, when economically feasible, into smaller tasks or quantities to per-unit maximum participation by small and minority business, and women’s business enterprises;
 - iv. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women’s business enterprises; and
 - v. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce to promote the involvement of minority firms, women’s business enterprises, and labor surplus area firms.
- CC. Counterparts. This Agreement may be executed in counterparts and all such counterparts shall be deemed to be originals and together shall constitute but one and the same instrument.
- DD. Delay. Failure or delay on the part of any Party to exercise any right, remedy, power, or privilege hereunder shall not operate as a waiver of any current or future default. Further, a waiver of one provision of this Agreement is not a waiver of all or any future provision(s) of this Agreement.

EE. Divestment of Companies Boycotting Israel or Invest in Iran Certification. The Parties certify that:

- i. It is not identified on the Final Divestment List or any other list of prohibited investments created by the NC State Treasurer pursuant to N.C.G.S. 147-86.58;
- ii. It has not been designated by the NC State Treasurer pursuant to N.C.G.S. 147-86.81 as a company engaged in the boycott of Israel ((i) and (ii) to be collectively referred to as “FD Lists”); and
- iii. It will not take any action causing it to appear on the Treasurer’s FD Lists created by the NC State Treasurer during the term of this Agreement.

By signing this Agreement, the Parties further agree, as an independent obligation, separate and apart from this Agreement, to reimburse the City for any and all damages, costs and attorneys’ fees incurred by the City in connection with any claim that this Agreement or any part thereof is void due to one or more parties appearing on the Treasurer’s FD Lists at any time before or during the term of this Agreement.

FF. Survival of Terms. All warranties, covenants, and representations contained within this contract and all applicable work authorizations, if any, shall continue in full force and effect for five (5) years after the execution and delivery of the final product, act, or service taken in furtherance of this contract. Survivability shall not be impacted, or otherwise shall not be rendered null or void, by the termination or natural expiration of this contract or other applicable work undertaken in furtherance of this contract.

GG. Counterpart Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when the counterparts hereof, taken together, bear the signatures of all the parties reflected hereon as the signatories. To facilitate execution of this Agreement, the parties may execute and exchange by telephone facsimile, or by e-mail as a .pdf document or other electronic image, counterparts of the signature pages, provided that executed originals thereof are promptly forwarded to the other party by any of the delivery methods set forth in this Paragraph Article III, Section FF.

HH. Representations and Voluntary Execution. Each of the Parties represent that they have read and reviewed this Agreement and enter into this Agreement voluntarily and on their own accord, each having the opportunity to seek the advice of counsel and represents and warrants that they are under no duress or coercion in entering into this Agreement. The person who has signed this Agreement on behalf of a Party is authorized by such Party to do so, and by signing this Agreement, personally represents and warrants that he or she is authorized to bind them to its terms.

THE UNDERSIGNED REPRESENT AND ACKNOWLEDGE THAT THEY HAVE CAREFULLY READ THE ENTIRE AGREEMENT, HAVE SECURED THE ADVICE OF COUNSEL, UNDERSTAND THE AGREEMENT AND ITS CONSEQUENCES, AND KNOWINGLY AND VOLUNTARILY ENTER INTO IT.

[SIGNATURE PAGES FOLLOW]

DRAFT

IN WITNESS WHEREOF, the Parties have duly executed this Murchison Choice Neighborhoods Partnership Implementation Agreement, on or as of the date first written above.

ATTEST:

CITY OF FAYETTEVILLE

BY: _____
Pamela J. Megill
City Clerk

BY: _____
Kelly Olivera
Assistant City Manager

ATTEST:

FAYETTEVILLE METROPOLITAN HOUSING AUTHORITY

BY: _____
Dawn Weeks
Executive Director

BY: _____
Joyce Tucker
Board Chairperson

ATTEST:

Pennrose NC, LLC

BY: _____

BY: _____
Timothy Henkel
CEO

ATTEST:

URBAN STRATEGIES, INC.

BY: _____
Ebonie Reed, Esq.
Vice President of Legal and Compliance

BY: _____
Esther Shinn
President