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WHEREAS, the Little Rock Housing Authority, which conducts business as the Metropolitan Housing Alliance (“MHA”), faces a difficult economic situation where outstanding loans of over five million dollars (\$5,000,000.00) plus interest, penalties and fees, are currently secured by the properties of Madison Heights-I and Madison Heights-II will be foreclosed on August 1, 2025, unless payment is made; and,

WHEREAS, the total amount of this request is approximately seven million five hundred thousand dollars (\$7,500,000.00), and MHA has been deemed by the U.S. Department of Housing & Urban Development “HUD”) as a troubled public housing authority; and,

WHEREAS, the City has an interest to assure that persons are provided the possibility of clean and affordable housing even if they possess only a low to moderate income; and,

WHEREAS, state statute allows a municipality from time to time to loan money to a public housing authority, or if the City were to purchase assets the City might be able to use short-term financing as authorized by Amendment 78 to the Arkansas Constitution, yet before taking any such action the City should assure that there its fiduciary duties for the use of governmental funds are met;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF LITTLE ROCK, ARKANSAS:

Section 1. The City acknowledges that it has been asked to provide financial assistance to MHA, and while the City wishes to do what it can, it also wishes to assure that any such action is appropriate.

1 **Section 2.** The City states that before any funds are provided by it to MHA through any financing
2 vehicle, the following actions must be completed to the sole satisfaction of the Board of Directors:

- 3 (a) All entities with any claim against MHA which may be resolved by action to foreclose on MH-
4 I, MH-I, or both, shall provide a written release to the City in a form acceptable to the City
5 Attorney that upon the provision of funds to MHA, these entities will provide a written satis-
6 faction of interest against MHA to the City which shall be filed of record in the real estate
7 records of Pulaski County, Arkansas; and,
- 8 (b) HUD, on behalf of the itself and the United States of America, will provide a written certifi-
9 cation in a form acceptable to the City Attorney which states that any interest it has, or had, in
10 MH-I and MH-II are rendered null and void, and will be quitclaimed to the City upon the pro-
11 vision of City funds that will cancel any outstanding debts or claims against MH-I and MH-II
12 which shall be filed of record in the real estate records of Pulaski County, Arkansas; and,
- 13 (c) The State of Arkansas, through the appropriate entity, will provide a written certification in a
14 form acceptable to the City Attorney which states that any interest it has, or had, in MH-I and
15 MH-II are rendered null and void, and will be quitclaimed to the City upon the provision of
16 City funds that will cancel any outstanding debts or claims against MH-I and MH-II which
17 shall be filed of record in the real estate records of Pulaski County, Arkansas; and,
- 18 (d) Any joint venture that works with MHA or the Central Arkansas Housing Corporation
19 (“CAHC”) which has any interest in MH-I and MH-II shall deed all right title and interest to
20 these properties to MHA in a form acceptable to the City Attorney prior to any disbursement
21 by the City and which shall be filed of record in the real estate records of Pulaski County,
22 Arkansas;
- 23 (e) Any interest that CAHC has in MH-I and MH-II shall deed all right title and interest to these
24 properties to MHA in a form acceptable to the City Attorney prior to any disbursement by the
25 City and which shall be filed of record in the real estate records of Pulaski County, Arkansas;
- 26 (f) MHA shall execute any document, in a form acceptable to the City Attorney, which establishes
27 that MH-I and MH-II are collateral for a loan, or security for a debt to the City for the disburse-
28 ment of funds to MHA pursuant to this Resolution; and,
- 29 (g) Any entity, including governmental entities, shall execute a release of any interest it has, or
30 may have, or arguably may have, in the property known as MH-I or MH-II, which acknowl-
31 edges and agrees to the conditions set forth in this Resolution; and,
- 32 (h) MHA shall provide the City, prior to the disbursement of any funds, audited financial records
33 which establish how the monies provided by a loan from the City shall be repaid, and which is
34 found acceptable by the City Attorney and the City Finance Director; and,

(i) During the period of any outstanding loan from the City MHA shall be responsible for all of the following as to MH-I and MH-II: and,

(i) Insurance on the property at MH-I and MH-II; and,

Operation and management of the rentals at MH-I and MH-II in a manner that assures the repayment in full of all sums due to the City as a result of this loan; and,

(ii) Indemnity by MHA of any claim on any nature whatsoever, including but not limited to fees and costs, penalties and interest, successfully brought against MHA because of the properties MH-I and MH-II; and,

(iii) Access to the City at any reasonable time to inspection of all books, records, certified audit reports, and other documents that pertain to MH-I and MH-II while any portion of the loan is outstanding on those properties; and,

(iv) The right to refuse any action, before it is formally agreed upon, of MHA as to MH-I and MH-II which would create a colorable or recognized claim against the properties; and,

(v) Failure timely to pay any amount for taxes, contracts, insurance, or any other expense associated with the with the operation and management of MH-I and MH-II by MHA;

(vi) Placement in escrow by MHA with an agent acceptable to the City of fee simple title or MH-I and MH-II in the City, as established by a complete title search of the property of MH-I and MH-II, so that any failure at any time of MHA to follow each and every condition set forth in this Resolution which upon notice of any failure of MHA to comply with any provision of this Resolution would result in delivery of the warranty deeds to the City to be filed of record in the real estate records of Pulaski County, Arkansas.

(j) The City obtains an opinion from qualified legal counsel that pursuant to Arkansas law the City is able to enter into such a loan agreement with MHA.

Section 3. Severability. In the event any title, section, paragraph, item, sentence, clause, phrase, or word of this resolution is declared or adjudged to be invalid or unconstitutional, such declaration or adjudication shall not affect the remaining portions of the resolution, which shall remain in full force and effect as if the portion so declared or adjudged invalid or unconstitutional were not originally a part of the resolution.

Section 4. Repealer. All laws, ordinances, resolutions, or parts of the same, that are inconsistent with the provisions of this resolution, are hereby repealed to the extent of such inconsistency.

ADOPTED: June 3, 2025

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ATTEST:

APPROVED:

Allison Segars, City Clerk

Frank Scott, Jr., Mayor

APPROVED AS TO LEGAL FORM:

Thomas M. Carpenter, City Attorney//

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