



# City of Greensboro

Date: March 12, 2009  
To: Bob Morgan, Interim City Manager  
From: Internal Audit Division  
Subject: Redwood Street Limited Partnership / Coley Jenkins Elderly Housing 2004-2005

The Internal Audit Division has completed our annual review of The Redwood Street Limited Partnership in conjunction with a Programmatic Review by the Housing & Community Development Department for the 2004-2005 year. Attached you will find our review report; the agency response; the departmental response and our replies to their responses. We feel that sufficient corrective actions have been implemented to our recommendations as we move forward. If you have any questions or need additional information, please let us know. Thanks.

Len Lucas  
Internal Audit Director

Cc: Andy Scott, Interim Assistant City Manager for Economic Development  
Dan Curry, Interim Director of Housing & Community Development



**Date:** November 28, 2006  
**To:** Andy Scott, Director of Housing & Community Development  
**From:** Internal Audit Division  
**Subject:** Redwood Street Limited Partnership/Coley Jenkins Elderly Housing 2004-2005

The Internal Audit Division has performed our compliance review of the year ended December 31, 2005 of Redwood Street Limited Partnership. This property received a loan provided by the City of Greensboro in the amount of \$556,000 and is non-interest bearing to help in the construction of 40 residential units located on Redwood Street. These units are called Coley Jenkins Independent Living Center. Senior Resources of Guilford is currently assisting in providing supportive services for residents.

The balance on the City's loan is due in full on December 1, 2027.

We accompanied Mr. Jim Teele of the department of Housing & Community Development, as he inspected approximately 15 percent of the units and some repairs were noted for the property. These issues have been forwarded to the Property Director to address before they escalate into costly problems.

We examined selected financial transactions maintained by the entity for compliance with the loan agreements. Based on our review, it appears that the funds have been spent according to the terms of the loan agreements except for the findings described below:

**FINDING:**

In the audited financials of Redwood Street Limited Partnership for year ended December 31, 2005, their auditors, Costello Hill & Company, stated in Note B to the financial statements that "...the partnership is not generating cash sufficient to pay all its obligations as they become due. This condition raises substantial doubt its ability to continue as a going concern." This comment was made by their auditor for year ended December 31, 2004 & 2003 as well. The cash balance at December 31, 2005 was only \$2,924 while the accounts payable balance was \$18,989. The current asset balance for the same period was \$6,607 while the current liabilities balance was \$100,110 which is a negative working capital of (\$93,503).

**RECOMMENDATION:**

The Partnership should advise the City of Greensboro how it plans to improve its financial position in regards to the City's loan of \$556,000.

**FINDING:**

Average monthly rents decreased to \$355 for 2005 from \$370 for 2004. For the first 10 months of 2006 the average monthly rent was \$367. Average budgeted monthly rents for 2006 are \$432. The average occupancy rate for the first 10 months of 2006 was 85%, for 2005 was 82% and for 2004 was 86%.

**RECOMMENDATION:**

The Partnership should advise the City of Greensboro how it plans to improve actual average monthly rent and its occupancy rate.

**FINDING:**

Per the loan agreement, section 5.4 states the borrower will submit their fiscal year ended financials statements to the City within 90 days of their year end. We did not receive copies of fiscal year ended December 31, 2005 financials until our review on May 17, 2006 which was approximately two months later.

**RECOMMENDATION:**

The partnership should submit their financials to the City as stated in the loan agreement.

We request a written signed response from Wynnefield Properties and the Department of Housing & Community Development by December 12, 2006. We did not receive a response from the managing agency for our review of this property last fiscal year. We understand a meeting was held with the Housing & Community Development staff; Community Investment Corporation of North Carolina, the first mortgagee; WNC Institutional Tax Credit Fund V L.P., the Tax Credit Syndicators; Wynnefield Properties' staff; Costello Hill & Company, CPA's and consultants to address various concerns on July 20, 2006. We are still awaiting recommendations and/or plans of action from that meeting.

We would like to thank Ms. Pam Mosley, Property Manager; Ms Joanie Duley, Corporate Management, and the staff of Wynnefield Properties for their courtesy and cooperation shown to us during this visit. If there are any questions or comments concerning the details of this visit, we can be reached at 373-2821.

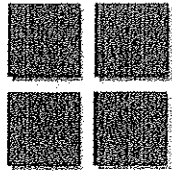


Mickey Kerans  
Internal Auditor



Len Lucas  
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development  
I. Norwood Stone, President of Wynnefield Properties, Incorporated



# HCD

Department of Housing & Community Development

**Date:** November 27, 2006  
**To:** Norwood Stone, Wynnefield Properties  
**From:** Michael Blair, City of Greensboro, HCD  
**RE:** *FY06/07 Coley-Jenkins Programmatic Evaluation*

### Project Information:

The Coley-Jenkins property is located at 2121 Redwood Dr. in Greensboro, NC. It is currently managed by Wynnefield Properties, Inc. who took over management in September of 2004. Prior to Wynnefield Properties taking over the property Beacon Management had been the management agency following the January 2003 bankruptcy of Project Homestead.

The January 1997 construction agreement included allocations of \$411,000 Federal HOME dollars and \$145,000 in local funds. 40 1BR HOME Assisted Units were created with an affordability of 30 Years. The 1<sup>st</sup> Amendment to the agreement allows for 16 units to be at 50% rent limits (\$528/m) and 24 units at 51% to 60% rent limits (\$635/m).

### HOME Program Compliance:

40 TOTAL 1BR	Tenant Rent	Utilities	Total (Rent + Util.)
1 Unit	\$380	\$99	\$479
13 Units	\$380	\$101	\$481
3 Units	\$380	\$107	\$487
1 Unit	\$380	\$123	\$503
1 Unit	\$474	\$90	\$464
19 Units	\$474	\$101	\$575
1 Unit	\$474	\$107	\$581
1 Unit	\$474	\$123	\$597

Rents are at \$380/m (18 units) and \$474/m (22 units) for the 1BR units. Utility costs range from \$90/m to \$123/m.

HCD affordability requirements have been met with 19 units falling below the 50% rent of \$528/month (rent plus utilities) and the remainder of 21 units falling under the 60% rent of \$635/m.

Incomes of residents are certified annually according to the NCFHA RCRS and HCD staff. Section 8 tenants are accepted and account for just fewer than 50% of all tenants.

Wynnefield Properties has a fair marketing plan that meets City Affirmative Marketing Requirements. The Tenant Selection Policy is clear and understandable.

The leases do not contain any of the HOME prohibited provisions and all leases are all greater than 12 months in length. A waiting list is maintained.

Coley-Jenkins residents were provided services by "Senior Resources of Guilford". This consisted of 24 hours of services and 80 visits to Coley-Jenkins residents in the 1<sup>st</sup> quarter of the current fiscal year. This included vision assistance, advocacy on behalf of residents, transportation and other services.

**Financial Review:**

As of this review there has been no resolution to the ongoing budget gap at Coley-Jenkins despite efforts by HCD to get clarification from Wynnefield Properties in writing.

The meeting with HCD and other financial interests (CICNC and WNC) on July 20, 2006 to discuss the operating budget issues at Coley Jenkins brought up several potential solutions.

Several possibilities exist and include:

- \* Reduce the annual per-unit costs such as reducing the property tax obligation or other management/administrative burdens
- \* Reestablish the County share of annual support
- \* Negotiate with Duke Energy to relieve certain utility costs
- \* Refinance the CICNC loan

In addition Wynnefield Properties has neglected to execute any of the current year Supportive-Service agreements for Coley-Jenkins, Kingsgate South and RS King Apartments. These are the only FY06/07 HCD agreements which remain unexecuted.

HCD will not reimburse Supportive-Service requisition requests until these matters are satisfactorily addressed and resolved.

HCD requests a detailed plan of action for Coley-Jenkins to be submitted by December 31, 2006.

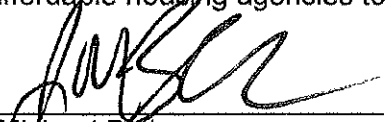
**Condition:**

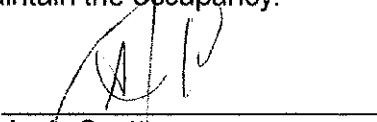
An inspection by HCD staff found the property to be in good condition and a generally pleasant living environment. Several minor conditions were in the HCD inspection report which should be addressed. Please report repairs to Internal Audit.

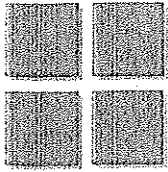
**Occupancy:**

From January 2006 through October 2006 Coley-Jenkins has had an **85% occupancy rate** which is a dramatic decrease of 8.5% from a similar period in 2005. It is also below the average in NE Greensboro which had an occupancy rate of 89.6% in April of 2006. The April 2006 Carolina Real Data vacancy rate for the City of Greensboro was 10%.

Occupancy needs to be improved. It is recommended that the property manager work with other affordable housing agencies to help increase and maintain the occupancy.

  
\_\_\_\_\_  
Michael Blair  
Specialist Grant Compliance

  
\_\_\_\_\_  
Andy Scott  
Director HCD



# HCD

Department of Housing & Community Development

## MEMO

**Date:** November 29, 2006  
**To:** Len Lucas, Internal Audit Director  
**From:** Michael Blair, Specialist Grants Compliance  
**RE:** 2006 HCD Review of Coley Jenkins Audit Report

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After review of the Draft October 26, 2006 Internal Audit report on Coley Jenkins Limited Partnership/Wynnefield Properties, for 2004-2005, HCD submits the following:

### FINDING 1:

In the audited financials of Redwood Street Limited Partnership for year ended December 31, 2005, their auditors, Costello Hill & Company, stated in Note B to the financial statements that "...the partnership is not generating cash sufficient to pay all its obligations as they become due. This condition raises substantial doubt its ability to continue as a going concern." This comment was made by their auditor for year ended December 31, 2004 & 2003 as well. The cash balance at December 31, 2005 was only \$2,924 while the accounts payable balance was \$18,989. The current asset balance for the same period was \$6,607 while the current liabilities balance was \$100,110 which is a negative working capital of (\$93,503).

### RECOMMENDATION 1:

The Partnership should advise the City of Greensboro how it plans to improve its financial position in regards to the City's loan of \$556,000.

- **HCD Reply to Recommendation 1:** HCD shares concern with the financial condition of this property and has addressed this in a programmatic review dated November 27, 2006.

### FINDING 2:

Average monthly rents decreased to \$355 for 2005 from \$370 for 2004. For the first 10 months of 2006 the average monthly rent was \$367. Average budgeted monthly rents for 2006 are \$432. The average occupancy rate for the first 10 months of 2006 was 85%, for 2005 was 82% and for 2004 was 86%.

### RECOMMENDATION 2:

The Partnership should advise the City of Greensboro how it plans to improve actual average monthly rent and its occupancy rate.

- **HCD Reply to Recommendation 2:** This concern is addressed in the HCD report.

**FINDING 3:**

Per the loan agreement, section 5.4 states the borrower will submit their fiscal year ended financials statements to the City within 90 days of their year end. We did not receive copies of fiscal year ended December 31, 2005 financials until our review on May 17, 2006 which was approximately two months later.

**RECOMMENDATION 3:**

The partnership should submit their financials to the City as stated in the loan agreement.

- **HCD Reply to Recommendation 3:** Concur

**Summary:** HCD concurs with the IA report.



**Date:** November 30, 2006  
**To:** Andy Scott, Director of Housing & Community Development  
**From:** Internal Audit Division  
**Subject:** HCD Reply to IA Report-Coley Jenkins Audit 2004-2005

Thank you for your timely reply of November 29, 2005. Internal Audit agrees with Housing & Community Development's response to IA's subject report dated November 28, 2006.

Handwritten signature of Mickey Kerans in black ink.

Mickey Kerans  
Internal Auditor

Handwritten signature of Len Lucas in black ink.

Len Lucas  
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development





City of Greensboro  
North Carolina

December 6, 2006

Ms. Paula Hall  
WNC & Associates, Inc.  
Route 3 Box 223  
Appomattox, VA 24522

Re: Redwood Street Limited Partnership/Coley Jenkins

Dear Ms. Hall:

In reference to the City of Greensboro's review report on Redwood Street Limited Partnership, I am enclosing for your review the reports dated for 2005 and 2006. As of today, the City has not received a reply from Wynnefield Management, Inc. on any of the reports. Since the replies are seriously over due, Mr. Andy Scott of the department of Housing & Community Development suggested we contact you.

If you should have any questions, please don't hesitate to call us at 336-373-2821

Sincerely



Mickey Kerans  
Internal Auditor



Len Lucas  
Internal Audit Director

Enclosure

Cc: Ben Brown-Assistant City Manager of Economic Development  
Linda Miles-City Attorney  
Andy Scott-Director of Housing & Community Development



City of Greensboro  
North Carolina

December 6, 2006

Ms. Cindy Wiggins-Tiede  
CICNC  
P. O. Box 19999  
Raleigh, NC 27619

Re: Redwood Street Limited Partnership/Coley Jenkins

Dear Ms. Wiggins-Tiede:

In reference to the City of Greensboro's review report on Redwood Street Limited Partnership, I am enclosing for your review the reports dated for 2005 and 2006. As of today, the City has not received a reply from Wynnefield Management, Inc. on any of the reports. Since the replies are seriously over due, Mr. Andy Scott of the department of Housing & Community Development suggested we contact you.

If you should have any questions, please don't hesitate to call us at 336-373-2821

Sincerely



Mickey Kerans  
Internal Auditor



Len Lucas  
Internal Audit Director

Enclosure

Cc: Ben Brown-Assistant City Manager of Economic Development  
Linda Miles-City Attorney  
Andy Scott-Director of Housing & Community Development

City of Greensboro  
North Carolina

January 10, 2007

Mr. Norwood Stone, CEO  
Wynnefield Properties  
1610 Deercroft Court  
Greensboro, NC 27407

Re: City Mortgage Loans-Reponses needed to City review

Dear Mr. Stone:

We are still in need of written responses from Wynnefield for the following properties:

<b>PROPERTY</b>	<b>DUE DATE</b>
Coley-Jenkins 03-04	11/28/05
Coley-Jenkins 04-05	12/12/06
R. S. King 04-05	12/20/06
Kingsgate South 04-05	1/1/07

We have already sent to you the City's report by mail however if you need another one, please let me know. We would appreciate your responding to us as soon as possible.

If you should have any questions, please let us know at telephone number 373-2821.

Sincerely,



Mickey Kerans  
Internal Auditor



Len Lucas  
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development  
Andy Scott, Director of Housing & Community Development

## Lucas, Len

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**From:** Brown, Ben  
**Sent:** Thursday, February 15, 2007 10:04 AM  
**To:** Lucas, Len; Scott, Andrew; Brown, Ben; Miles, Linda  
**Cc:** Kerans, Mickey  
**Subject:** Re: Outstanding Issues

Andy, I concur with Len's recommendation. Let's do it. Ben

-----Original Message-----

**From:** Lucas, Len  
**To:** Scott, Andrew; Brown, Ben; Miles, Linda  
**CC:** Kerans, Mickey  
**Sent:** Wed Feb 14 13:21:21 2007  
**Subject:** Outstanding Issues

We have several outstanding issues with Wynnefield Properties, Inc. that need to be resolved right away. These are:

1. Coley Jenkins Elderly Housing 2003-2004 review dated November 14, 2005. We have not received a response to this report and have sent additional letters requesting this information on December 12, 2005; October 16, 2006 and November 7, 2006.
2. Coley Jenkins Elderly Housing 2004-2005 review dated November 28, 2006. We have not received a response to this report and have sent additional letters requesting this information on October 16, 2006; November 7, 2006; December 6, 2006 to CICNC and December 6, 2006 to WNC & Associates, Inc. Additionally, between these two review visits, Andy Scott sent a letter to Craig Stone dated May 31, 2006 requesting a meeting concerning this property.
3. Alexander Homes Limited Partnership review report dated July 19, 2006. We have not received a response to this report and have sent additional letters requesting this information on August 4, 2006; November 7, 2006 and December 19, 2006. Additionally, we calculate that the City of Greensboro is owed \$2,729 on its loan for this property.
4. R.S. King Apartments Limited Partnership review report dated December 6, 2006. We have not received a response to this report. It was due December 20, 2006.
5. Kingsgate Housing, LLC review report dated December 18, 2006. We have not received a response to this report. It was due January 1, 2007.

We copied Norwood Stone on all of this correspondence sent to Craig Stone at the Wynnefield headquarters. I understand that there are some Supportive Services Grants upcoming for some of these properties. I recommend that any funds requisitioned for these grants to not be disbursed until all of the above issues are resolved. Thanks.

THANKS!  
Len Lucas  
373-2823

**Lucas, Len**

**From:** Scott, Andrew  
**Sent:** Thursday, February 15, 2007 1:15 AM  
**To:** Lucas, Len  
**Cc:** Williams, Mike; Brown, Ben  
**Subject:** RE: Outstanding Issues

Mike Williams is suppose to be working on a letter to WNC to warning them that if Norwood does not take care of the issues at Coley that we will call our loan under the terms of the note and deed of trust. Perhaps this will get his attention. Among the other things that they have not done is return executed copies of the supportive services contracts for this year and even if they did we would not release any funds until some effort was made.

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**From:** Lucas, Len  
**Sent:** Wednesday, February 14, 2007 1:21 PM  
**To:** Scott, Andrew; Brown, Ben; Miles, Linda  
**Cc:** Kerans, Mickey  
**Subject:** Outstanding Issues  
**Importance:** High

We have several outstanding issues with Wynnefield Properties, Inc. that need to be resolved right away. These are:

1. **Coley Jenkins Elderly Housing** 2003-2004 review dated November 14, 2005. We have not received a response to this report and have sent additional letters requesting this information on December 12, 2005; October 16, 2006 and November 7, 2006.
2. **Coley Jenkins Elderly Housing** 2004-2005 review dated November 28, 2006. We have not received a response to this report and have sent additional letters requesting this information on October 16, 2006; November 7, 2006; December 6, 2006 to CICNC and December 6, 2006 to WNC & Associates, Inc. Additionally, between these two review visits, Andy Scott sent a letter to Craig Stone dated May 31, 2006 requesting a meeting concerning this property.
3. **Alexander Homes Limited Partnership** review report dated July 19, 2006. We have not received a response to this report and have sent additional letters requesting this information on August 4, 2006; November 7, 2006 and December 19, 2006. **Additionally, we calculate that the City of Greensboro is owed \$2,729 on its loan for this property.**
4. **R.S. King Apartments Limited Partnership** review report dated December 6, 2006. We have not received a response to this report. It was due December 20, 2006.
5. **Kingsgate Housing, LLC** review report dated December 18, 2006. We have not received a response to this report. It was due January 1, 2007.

We copied Norwood Stone on all of this correspondence sent to Craig Stone at the Wynnefield headquarters. I understand that there are some Supportive Services Grants upcoming for some of these properties. I recommend that any funds requisitioned for these grants to not be disbursed until all of the above issues are resolved. Thanks.

R- 3/15/07

# Wynnefield Properties, Inc.

Real Estate Management  
336-454-6134  
Fax: 336-454-6226

P.O. Box 395  
5614 Riverdale Road  
Jamestown, NC 27282

March 6, 2007

Mickey Kerans  
Internal Auditor  
City of Greensboro  
P. O. Box 3136  
Greensboro, N. C. 27402

RE:Coley-Jenkins Elderly Housing

Dear Mickey:

In reference to your letter dated November 14, 2005 we are responding to your findings.

A meeting was scheduled for July 2006 with the Greensboro Housing and Community Development Agency. The following were asked to attend:

- WNC-David Shafer
- C.I.C.N.C.-Brad Frazier
- Costello Hill & Company, LLP-Greg Ashley
- Wynnefield Properties, Inc.-Norwood Stone, Craig Stone and Bill Cashatt

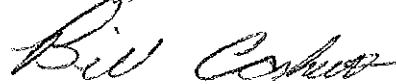
The property taxes for 2003, 2004 and 2005 have been paid. The paid receipts are attached.

We have instructed our auditors that the financials must be completed in time for Wynnefield Properties, Inc. to mail them to the city before the end of March.

The balances due Coley-Jenkins from Kingsgate and R.S. King were paid on December 9, 2005. Copies of the canceled checks are enclosed.

Please contact me if you need additional information.

Sincerely,



Bill Cashatt, Controller  
Wynnefield Properties, Inc.



City of Greensboro  
North Carolina

March 15, 2007

Mr. Bill Cashatt  
Controller  
Wynnefield Properties  
5614 Riverdale Road  
Jamestown, NC 27282

Re: Coley-Jenkins Elderly Housing-2003-2004

Dear Bill:

Thank you for your response dated March 6, 2007 in reference to the Coley-Jenkins Elderly Housing review for 2003-2004. We requested that Wynnefield respond by November 28, 2005, however, we did not receive your reply until March 15, 2007.

We are in agreement with your explanation of the findings for payment of property taxes for 2003, 2004 and 2005; that the audited financials should be delivered to the City within 90 days of Coley-Jenkins' fiscal year end and the proof of repayment of expenses from R. S. King to Coley-Jenkins. In reference to the finding regarding Coley-Jenkins financial position, we are aware of the meeting in July, 2006, however, you did not give any explanation of procedures to improve Coley-Jenkins' financial position. Please advise

We are still due a response for Coley-Jenkins review dated 2004-2005 per our letter dated November 28, 2006 and Wynnefield's response was due to us by December 12, 2006.

If you should have any questions, please let us know at telephone number 373-2821.

Sincerely,



Mickey Kerans  
Internal Auditor

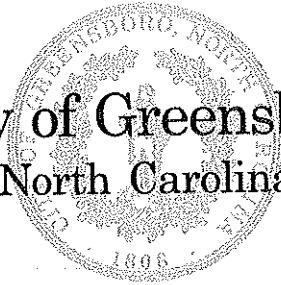


Len Lucas  
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development  
Andy Scott, Director of Housing & Community Development  
Linda Miles, City Attorney  
Norwood Stone, CEO of Wynnefield Properties, Inc.



City of Greensboro  
North Carolina



March 23, 2007

Ms. Joanie G. Duley  
Wynnefield Properties  
5614 Riverdale Drive  
Jamestown, NC 27282

Re: Audited Financials for FYE December 31, 2006

Dear Joanie:

We are in receipt of the audited financials for Kingsgate South Housing, Raymond S. King, Coley-Jenkins, Lincoln Grove and Alexander Homes. As you mentioned you will be forwarding New Garden audit when Mr. Covington completes it. Also, please send us any Management Letter issued for each of the six properties. We appreciate your prompt response in delivering the first five audits before their due dates.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Kerans".

Mickey Kerans  
Internal Auditor

A handwritten signature in black ink, appearing to read "Len Lucas".

Len Lucas  
Internal Audit Director

Cc: Andy Scott, Director of Housing & Community Development

City of Greensboro  
North Carolina

Office of City Attorney

June 15, 2007

**Sent Certified Mail**

Redwood Street Limited Partnership  
c/o Mr. Norwood Stone  
Wynnefield Properties, Inc.  
PO Box 395  
Jamestown, NC 27282

Re: Coley Jenkins Issues

Dear Mr. Stone:

Mr. Andy Scott, Director of Housing and Community Development for the City of Greensboro, and other city representatives have spoken to you and members of your organization regarding the failure of your organization to rectify concerns regarding Coley Jenkins, which the City brought up to you in a July, 2006 meeting. To date no communication has been given to the City regarding your organization's plans to rectify the problems. The problems/issues are enumerated in the following paragraphs.

From January 2006 through October 2006, Coley Jenkins had an 85% occupancy rate. Additionally, a note in your 2006 audit brings up the concern of insolvency as doubts remain that the property can remain a "going concern" as rents cannot exceed expenses. This statement has been made in three (3) consecutive audits.

Your agency continues to ignore requests from the City's auditors, and answers to questions and other information remain open from requests of December 12, 2005, October 16, 2006, and November 7, 2006. The City did receive an incomplete response on March 15, 2007. Also, the December 31, 2006 audit that was sent to the City did not include the management letter or a statement from the accountant that no management letter was issued.

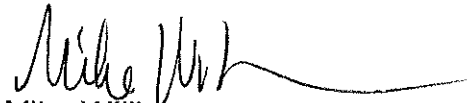
Property tax of \$3,610.52 is still owed on the Coley Jenkins property and Guilford County has placed a lien on the property for past due taxes. As you are aware this placement of a lien on the property is an event of default if not cured within ten business days after your receipt of notice from Lender demanding

cure. Please consider this letter official notice of this breach and Lender's demand for cure.

Numerous requests to Wynnefield from the City for a viable plan to resolve Coley Jenkins financial properties have been ignored. The draft action plan requested by the City in a letter dated August 9, 2006 sent to Craig Stone has never been prepared.

If the City does not receive a response to the above stated issues/problems within ten business days from the date of this letter, then it will have no choice but to take all legal actions in accordance with the terms of the loan documents, including foreclosure.

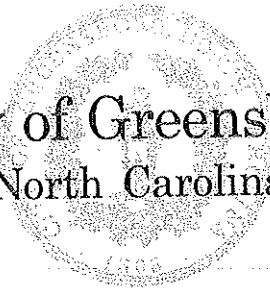
Sincerely,

A handwritten signature in black ink, appearing to read "Mike Williams", with a long horizontal flourish extending to the right.

Mike Williams  
Associate General Counsel

Cc: Andrew Scott, Director of Housing and Community Development  
WNC and Associated c/o David Shaffer  
CICNC c/o Cindy Wiggins-Tieda  
Linda Miles, City Attorney  
Len Lucas, Internal Audit  
Michael Blair, Department of HCD

City of Greensboro  
North Carolina



Len/Andy,  
As I understand  
City policy, we should  
send another letter to  
these folks talking that  
future allocations  
of funds from  
the City may  
be in jeopardy  
if they don't  
clean up this  
stuff now!  
—Chauzy  
Ben  
10/23/07

October 18, 2007

CERTIFIED MAIL-Return Receipt Requested

Mr. I. Norwood Stone  
President  
Wynnefield Properties, Inc  
PO Box 395  
Jamestown, NC 27282

Re: Coley-Jenkins Elderly Housing

Dear Mr. Stone:

We are still due a response from Wynnefield Property Management for Coley-Jenkins review letter November 14, 2005 which was due to us by November 28, 2005; review letter dated November 28, 2006 which was due to us by December 12, 2006 and review letter dated August 13, 2007 which was due to us by August 27, 2007.

If you should have any questions, please let us know at telephone number 373-2821. We would like to have your responses to the reviews above as soon as possible so we can finalize these files.

Sincerely,

Mickey Kerans  
Internal Auditor

Len Lucas  
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development  
Andy Scott, Director of Housing & Community Development

Ben  
10/24/07  
Len/Andy

## **Wynnefield Properties**

5614 Riverdale Dr. Jamestown NC 27282 Phone: 336-454-6134 Fax: 336-454-6226

February 27, 2009

Mickey Kearns  
City of Greensboro  
300 Washington St.  
P.O. Box 3136  
Greensboro, NC 27402-3136

Dear Mickey:

In response to the City of Greensboro's Internal Audit Division letter dated November 28, 2006, concerning Coley Jenkins Independent Living Center, please find our response to the City's findings below.

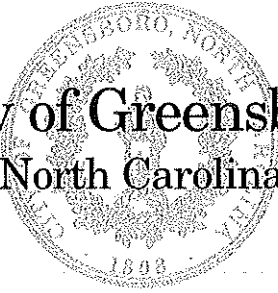
- Wynnefield is continuing to seek to stabilize the property by various means. We are working to find better operating financial terms and conditions by re-negotiating the current loan agreement. We are seeking to secure a property tax reduction or elimination; by finding a qualified non profit to acquire the property and eliminate its tax obligation. We are also negotiating with the utility company and insurance provider in an attempt to secure lower operating costs. We are also seeking to secure obligations laid out in the initial tax credit application for the benefit of Coley Jenkins Independent Living Center. We have met with the City of Greensboro staff, HCD staff, WNC, and CICNC staff to inform each party of the current financial conditions in an attempt to work in concert to find a long term viable solution.
- In addition to the above we are seeking to increase our marketing efforts in an attempt to increase occupancy and overall collections.
- All year end financials will be submitted moving forward upon receipt from the independent auditor within 90 days.

Should you have further questions regarding our response concerning Coley Jenkins Apartments, please contact us at 454-6134.

Regards,

Craig Stone  
Wynnefield Properties

City of Greensboro  
North Carolina



March 9, 2009

Mr. Craig Stone  
Wynnefield Properties  
P. O. Box 395  
Jamestown, NC 27282

Re: Redwood Street Limited Partnership-2004 to 2005

Dear Craig:

We are in receipt of your letter dated February 27, 2009 via e-mail on March 6, 2009. Your letter was a reply to the City's Internal Audit report dated November 28, 2006 for the 2004 to 2005 Year End. We have reviewed your letter and agree with responses and corrective measures.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Kerans".

Mickey Kerans  
Internal Auditor

A handwritten signature in black ink, appearing to read "Len Lucas".

Len Lucas  
Internal Audit Director

Cc: Bob Morgan, Interim City Manager  
Dan Curry, Acting Director of Housing & Community Development  
Andy Scott, Interim Assistant City Manager of Economic Development