

REQUEST FOR BOARD ACTION
HENDERSON COUNTY
BOARD OF COMMISSIONERS

MEETING DATE: August 1, 2022

SUBJECT: Agreement with H3 Collective, Inc./Fostering Hopes

PRESENTER: Charles Russell Burrell

ATTACHMENT(S): Draft agreement

SUMMARY OF REQUEST:

The Board at its last meeting discussed an agreement to lend funds to H3 Collective, Inc., d/b/a Fostering Hopes, for creation of a new model of foster home in Henderson County, and directed the County Attorney to draft an agreement toward that end.

County staff will be present and prepared if requested to give further information on this matter.

BOARD ACTION REQUESTED:

Approval of the draft agreement.

If the Board is so inclined, the following motion is suggested:

I move that the Board approve the draft agreement, and direct staff to finalize and enter the agreement.

STATE OF NORTH CAROLINA

COUNTY OF HENDERSON

PERFORMANCE AGREEMENT

This Agreement is made this the _____ day of August, 2022, by and between the County of Henderson, a body corporate and politic of the State of North Carolina (the “County”), and H3 Collective, Inc., d/b/a Fostering Hopes, a nonprofit corporation organized and existing under the laws of the State of North Carolina (“Fostering Hopes”).

Background

- A. The County is a body politic and corporate of the State of North Carolina, having the capacity to contract pursuant to N.C. Gen. Stat. §153A-11.
- B. The County is required by North Carolina to provide foster homes for juveniles taken into custody by the County’s Department of Social Services as abused, neglected or dependent juveniles.
- C. Fostering Hopes was formed by a merger between it and H3 Collective, another North Carolina nonprofit corporation.
- D. Fostering Hopes is piloting an innovative and creative housing model to both increase care, services and support for children in foster care while at the same time reducing the cost of Foster Care for County governments, by providing a “professional foster care home”, where a licensed parent couple with no dependent children of their own are provided the home rent-free to care for a specific demographic of children, primarily focusing on teens, minorities, and larger sibling groups, as described in the attachment (the “PFCH model”). The PFCH model also provides the County with a significant cost savings as compared to normal private foster care.
- E. The County desires to accelerate the development of the PFCH model by Fostering Hopes, through the arrangement set out herein.
- F. Fostering Hopes desires to provide foster care services using the PFCH model to juveniles in the custody of the Henderson County Department of Social Services.
- G. Fostering Hopes has acquired real estate located in Henderson County (the “Facility”) potentially suitable for the provision of services using the PFCH model. The Facility is of such a size that more than one foster home may be able to be located on the site.
- H. The County desires to assist in the preparation of the real estate acquired by Fostering Hopes, by lending funds for such purpose, to be repaid according to the terms hereof.
- I. Fostering Hopes desires to repay the funds lent by the County by the provision of PFCH model services to foster children in the custody of the Henderson County Department of Social Services, according to the terms hereof.

Agreement

1. The County shall loan to Fostering Hopes the sum of Three Hundred Forty-Eight Thousand Dollars (\$348,000) (the "Loan"). The Loan is to be used for the remodeling, up-fitting, and construction of the Facility, and for the partial or total retirement of the debt incurred by Fostering Hopes in the purchase of the Facility (collectively, the "Work"). The Loan shall not bear interest. The Loan shall be repaid as stated in paragraph 5., below.

2. Fostering Hopes shall immediately commence the Work and take all other steps in their power in order for North Carolina to provide the required licensing and commence accepting foster children for placement there prior to the end of 2022.

3. The County shall have the following responsibilities:

A. To advance the Loan to Fostering Hopes.

B. To use its best efforts consistent with the best interest of the foster children to use the Fostering Hopes facility for the placement of foster children in the custody of the Henderson County Department of Social Services.

C. Determine monthly that Fostering Hopes has either (1) made reasonable progress toward meeting the requirements of 4.A. and 4.B. by the end of 2022; or, after the accomplishment of 4.A. and 4.B., (2) provide the County with a home (including staff according to the PFCH model) appropriate for licensed foster care for foster children in the custody of the Henderson County Department of Social Services.

4. Fostering Hopes shall have the following responsibilities:

A. Completing remodeling, up-fitting and construction of the Facility.

B. Obtain licensing from North Carolina for the Facility to commence accepting foster children.

C. Accomplish 4.A. and 4.B. by the end of 2022. The County may in its discretion extend this period should accomplishment by the end of 2022 be impractical on account of circumstances outside the control of Fostering Hopes.

D. Certify monthly compliance with the requirements of 3.C., above.

E. Accept foster children in the custody of the Henderson County Department of Social Services, so long as the said Department has need of such placement, on a priority basis.

5. Repayment of the Loan: For each month that Fostering Hopes receives the certification required under 3.C., above, one-sixtieth (1/60th) of the Loan shall be forgiven.

6. Security for the Loan: Fostering Hopes shall convey to the County a deed of trust encumbering the Facility. This deed of trust is recognized to be a second deed of trust on the Facility behind the deed of trust to Neuse, Incorporated, Trustee for First Citizens Bank & Trust Company, securing the purchase of the Facility by Fostering Hopes, and may be subordinated to future advances under said deed of trust, and to other loans obtained by Fostering Hopes to acquire

materials or labor for the remodeling, up-fit and construction of the Facility. The County will not unreasonably withhold such subordination.

7. Should Fostering Hopes dissolve prior to the repayment of the Loan, then all its assets located within Henderson County shall be conveyed to another North Carolina nonprofit organization able to obtain licensure for the Facility, which shall assume all of Fostering Hopes' responsibilities under this Agreement, or, in the absence or lack of availability of such organization, to Henderson County.

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