

Board Members:

Greg McWhorter
Paul Fortunato
Terry Henley
Julie Wheeler
Tiffany Gardner
Anthony Wise
Rick Gentry
Alvin Nance
Shannon Coleman Egle
Michael Wood
Mike George



The Health, Educational and Housing Facility Board of the County of Knox

Regular Meeting
February 9, 2021, 4:15 p.m.
Zoom Video Conference Mtg. - In accordance with
Governor Lee's Executive Order No. 71
(an extension of Executive Order Nos. 16, 34, 51, 60 and 65)

AGENDA

- I. Call to Order
- II. Approval of Minutes from Previous Meeting
 - A) Regular Meeting – January 12, 2021
- ACTION** III. Review and consideration of Resolution relating to the Second Amendment of Revenue Bond (Berean Christian School Project) Series 2010.
- IV. Old Business
 - A) CT-0253 2021 University Health Systems
- V. New Business
- VI. Adjourn

MINUTES OF THE REGULAR MEETING OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX

January 12, 2021, 4:15 p.m.

The regular meeting of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox (the “Health & Ed Board” or “Board”) was held on Tuesday, January 12, 2021 at 4:48 p.m., pursuant to notice duly provided to the Directors and the public. The meeting was held via electronic method (Zoom Meeting), the Board’s Chair having determined on behalf of the Board that such was necessary to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak.

The following Directors were present at the meeting, constituting a quorum, Greg McWhorter (Chair), Paul Fortunato (Vice Chair), Tiffany Gardner (Secretary), Alvin Nance, Rick Gentry, Terry Henley, Michael Wood, Anthony Wise, Michael George, and Shannon Coleman Egle.

Also, in attendance were Todd Napier (The Development Corporation), Ray Christian (The Development Corp.), Shawn Barhorst (The Development Corporation), Brenda Wilson Spence (The Development Corporation), R. Christopher Trump (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Susan L. Levine (Paralegal - Egerton, McAfee, Armistead & Davis, P.C.), Benjamin Cunningham and Bennett L. Cox (University Health Systems), and Steven Turner (Bond Counsel for University Health Systems).

I. Greg McWhorter, the Board’s Chair, called the Health & Ed Board meeting to order. The Agenda of the Health & Ed Board meeting is attached hereto as Exhibit A.

The Health & Ed Board discussed the following matters and took the following action as noted:

II. Review/ Approve Minutes from Previous Meeting. The Chair of the meeting asked if there were any changes to the minutes of the regular meeting held on December 8, 2020. There were none. Upon a motion by Alvin Nance and a second by Michael Wood, the minutes of the December 8, 2020 meeting were unanimously approved.

III. Review and Approval of Finance Report as of December 31, 2020. The Chair recognized Shawn Barhorst who addressed the Board and presented the financial report as of December 31, 2020 (“Financial Report”), reviewing with the Board the Balance Sheet with Prior Year Comparison, Budget Variance Report, and Income Statement with Prior Year Comparison. Discussion was had.

Upon a motion by Alvin Nance and a second by Shannon Coleman Egle, the Financial Report as of December 31, 2020 was unanimously accepted. A copy of the financial statements so presented during the report are attached hereto collectively as Exhibit B.

IV. Review and Consideration of a Resolution relative to a Proposed Revenue Bond Issue for University Health System, Inc. d/b/a University of Tennessee Medical Center, and Related Documents in a Principal Amount not to Exceed \$52,000,000. Tiffany Gardner recused herself from the discussion and vote on this matter. The Chair recognized Chris Trump, who provided an overview of the proposed revenue bond application by University Health System, Inc. d/b/a University of Tennessee Medical Center (“UHS” or “Applicant”) for the issuance of revenue bonds. Mr. Trump stated that this is Phase II of the bonds approved by the Board in May of 2020, but due to Covid-19 related issues, the closing and financing of the remaining bonds was postponed.

Mr. Trump then introduced Benjamin Cunningham and Bennett L. Cox with UHS, and Steven Turner, bond counsel for UHS, to provide the Board additional background and overview of the proposed revenue bond. Mr. Cunningham stated that the proposed bonds will be privately placed with First Horizon Bank and the proceeds will be used to (a) finance certain capital projects for the University of Tennessee Medical Center’s hospital facilities, including a parking garage, (b) refund the Series 2014 Bonds, and (c) pay certain fees and expenses relating to the issuance and sale of the Bond. Discussion was had.

Upon a motion by Paul Fortunato, and a second by Alvin Nance, the resolution for UHS was unanimously approved, except for Ms. Gardner who recused herself from the vote. A copy of the resolution as approved is attached hereto as Exhibit C.

V. Old Business: None.

VI. New Business:

A) Discussion Concerning Payment-in-Lieu-of-Tax Policies and Procedures for Health Care Facilities. The Chair recognized Todd Napier who addressed the Board regarding the proposed timeline and budget from Board Counsel, Christopher Trump, to establish the PILOT Policies and Procedures for Health Care Facilities. Mr. Napier stated that the estimated legal budget for the Board’s portion of this project is approximately \$12,500.00 and asked the Board for approval to incur this expense. Discussion was had.

Upon a motion by Alvin Nance, and a second by Tiffany Gardner, the Board unanimously approved legal fee expenditures not to exceed \$12,500.00.

B) Discussion Concerning the Bankruptcy filing of The Proton Therapy Center, LLC d/b/a Provision Center for Proton Therapy and related entities. The Chair recognized Todd Napier who addressed the Board regarding the recent Chapter 11 Bankruptcy proceedings filed by The Proton Therapy Center, LLC (Bankruptcy Case No. 3:20-bk-05438) and the default notices received regarding its 2014 bond obligations. Mr. Napier asked Chris Trump to discuss the status. Mr. Trump first addressed a potential conflict of interest since his firm has represented entities affiliated with The Proton Therapy Center, LLC with various other projects outside of Knox County, TN, but until an adversary proceeding is filed in the bankruptcy proceedings that would place his firm in a conflict situation, the only thing that needs to be done is monitor the proceedings. Mr. Trump stated that the bonds were non-recourse and that the interested parties

would be the bond holders, not the Board. Mr. Trump asked the Board members to waive the potential conflict of interest to allow Mr. Trump to monitor the bankruptcy proceedings until the Board is put into an adversary position. Mr. Trump stated that he has already had discussions with Morris Kizer of Gentry, Tipton & McLemore, P.C., and that Mr. Kizer has agreed to represent the Board should an adversary proceeding involving the Board should arise. Mr. Trump asked for approval to retain Mr. Kizer as special counsel should the need arise. Discussion was had.

Upon a motion by Paul Fortunato, and a second by Shannon Coleman Egle, the Board unanimously waived the potential conflict of interest of Mr. Trump's firm to allow Mr. Trump the ability to monitor the bankruptcy filings until an adversary proceeding arises, upon which, attorney Morris Kizer would be retained as special counsel.

VII. Next Meeting. The next regular meeting of The Health, Educational and Housing Facility Board of the County of Knox is scheduled for February 9, 2021, at 4:15 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

VIII. Adjournment. No further business having come before the Board and upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 5:08 p.m.

Date

Julie Wheeler, Assistant Secretary

DRAFT

EXHIBITS

- Exhibit A Agenda – January 12, 2021
- Exhibit B Financial Statements as of December 31, 2020
- Exhibit C Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a Revenue Bond Issue for University Health System, Inc. d/b/a University of Tennessee Medical Center, and Related Documents in a Principal Amount not to Exceed \$52,000,000 to (a) finance certain capital projects for the University of Tennessee Medical Center’s hospital facilities, (b) refund the Series 2014 Bonds, and (c) pay certain fees and expenses relating to the issuance and sale of the Bond.

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**A RESOLUTION OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD
OF THE COUNTY OF KNOX RELATING TO SECOND AMENDMENT OF
REVENUE BOND (BEREAN CHRISTIAN SCHOOL PROJECT)
SERIES 2010**

WHEREAS, the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox (the "Issuer") has met pursuant to proper notice; and

WHEREAS, the Issuer has issued its Revenue Bond (Berean Christian School Project), Series 2010 (as previously amended, the "Bond") in the original principal amount of \$1,675,000; and

WHEREAS, the proceeds of the Bond were loaned to Berean Christian School, LLC, a Tennessee nonprofit limited liability company (the "Borrower"), pursuant to a Loan Agreement dated as of December 30, 2010 (as previously amended, the "Loan Agreement") between the Borrower and the Issuer; and

WHEREAS, the proceeds of the Bond were used by the Borrower to finance and refinance improvements to its educational facilities (the "Project") in Knox County, Tennessee; and

WHEREAS, the Bond was originally purchased by Home Federal Bank of Tennessee (the "Bondholder") and is still held by the Bondholder; and

WHEREAS, the Borrower has requested that the Issuer approve an amendment to the Bond and the documents related thereto to amend the interest rate thereon; and

WHEREAS, there has been submitted to the Issuer the form of a Second Amendment to Bond Documents (the "Second Amendment") among the Borrower, the Issuer and the Bondholder, to carry out the transactions described above, a copy of which instrument shall be filed with the records of the Issuer.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX:

1. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute and either is authorized and directed to deliver the Second Amendment to the other parties thereto.
2. The Second Amendment shall be in substantially the form submitted, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by the officer executing it, his or her execution to constitute conclusive evidence of his or her approval of any such omissions, insertions and changes.
3. The officers of the Issuer are hereby authorized and directed to execute, deliver and file such other certificates and instruments and to take all such further action as they may consider necessary or desirable in connection with the consummation of the transactions described above.
4. Any authorization herein to execute any document shall include authorization to record such document where appropriate.
5. All other acts of the officers of the Issuer which are in conformity with the purposes and intent of this resolution are hereby approved and confirmed.

**STATE OF TENNESSEE
COUNTY OF KNOX**

I, Greg McWhorter, Chair of THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX (the “Board”), do hereby certify that the foregoing is a true and complete extract of the minutes of the Board of Directors of the Board at a meeting duly called and held on February 9, 2021, and sets forth so much of said minutes as in any way relates to the introduction, consideration and passage of the resolution therein set forth. Public notice of said meeting was given pursuant to and in compliance with all provisions of law.

**THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE COUNTY OF KNOX**

Chair

Dated: February 9, 2021

DATE: January 25, 2021

THE HEALTH, EDUCATION & HOUSING FACILITY BOARD OF THE COUNTY OF KNOX
17 Market Square, #201
Knoxville, TN 37902-1405

The Board meets monthly on the second Tuesday at 4:15 p.m. in the offices of The Development Corporation located at 17 Market Square, #201, Knoxville, TN 37902-1405.

PROJECT APPLICATION

PROJECT NAME: Berean Christian School, LLC

LOCATION: 2329 Prosser Road, Knoxville, Tennessee

SUBMITTED BY: (If a partnership, applicant should provide the partners' names, addresses, and status, whether limited or general partner.)
Berean Christian School, LLC

AUTHORIZATION – AMOUNT ASKING FOR: Existing bond in the original principal amount of \$1,675,000 has been paid down to \$926,207.47. Seeking amendment to existing bond to reduce interest rate.

ESTIMATED PROJECT COST AND BREAKDOWN (i.e., land, building, equipment, etc.)
Proceeds of existing bond were used to finance or refinance the following facilities located at 2329 Prosser Road, Knoxville, Tennessee:
(1) a 7,000 square foot high school building and 12,00 square foot gymnasium and (2) a 17,500 square foot expansion of the school building

PROCEDURE FOR SALE OF BONDS (Private vs. Public Placement, etc. See also Paragraphs 5 (3) (4) and (5)) Private Placement

PURCHASER: Home Federal Bank of Tennessee

GUARANTOR: Berean Bible Church, Inc., Knoxville, Tennessee

FISCAL AGENT (if selected): None

ATTORNEY (if selected): G. Mark Mamantov and James P. Moneyhun, Jr., Bass Berry & Sims PLC, bond counsel

TRUSTEE (if selected): None

BRIEF DESCRIPTION OF PROJECT: (including the purpose, employment created, economic impact, size of buildings, land, etc., and other appropriate comments to fully explain.) Amendment to the existing bond is requested to reduce the interest rate.

3. **Housing** – For housing and similar issues, the Board will require a feasibility study to be filed with the original application or for consideration at a regular meeting not less than one month prior to final approval. If consideration is at a regular meeting, the study must be mailed to members and counsel not less than 10 days prior to the meeting.

4. **Refinancing** – Generally, except for manufacturing or regional warehouse facilities, the Board requires that in any refinancing of existing debt, 25% of the bond proceeds be used for new construction or renovations.

5. **General**

- (1) Projects are approved and extended for 6 month periods.
- (2) Regardless of property ownership, applicants will be required to pay all property taxes as if owned by the applicant.
- (3) In the event applicant requests approval of a public placement, he should clearly designate such request on the application and should be prepared to provide reasons therefore at the appropriate Board meeting. A rating of AA or better will normally be required.
- (4) Unless otherwise designated, the Board will consider all requests for new issues to be request for private placements. Private placements shall mean that the bonds may not be sold, transferred or assigned by the holder thereof except (1) to an institutional investor and then only for the investment account of such institutional investor, or (2) an individual investor and then only for the account of such individual investor. For this purpose, an institutional investor shall mean a bank, savings and loan association, insurance company, or other financial institution having a combined capital and surplus of not less than \$5,000,000. For this purpose, an individual investor shall mean one whose net worth is certified to be not less than \$1,000,000. Bonds, notes and other documents shall bear an appropriate legend to reflect these restrictions. As a substitute for this, the Board will consider restrictions limiting the minimum bond size to \$100,000.
- (5) In the event that the Board approves a public issue, it will not execute in connection therewith official statements or similar documents deemed by counsel to create unacceptable obligations.
- (6) Documents to be executed by the Board will include the following or similar paragraph:

No recourse under or upon any obligation, covenant, or agreement or in any Bond or coupon, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator member, director or officer, as such, past, present, or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Bond or coupon issue, of any sum that may be due and unpaid by the Issuer upon any such Bond or coupon. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such to respond by reason of any act or omission on his part or otherwise for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Bond or coupon , of any sum that may remain due and unpaid upon the Bonds and coupons or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issue of such bonds and coupons.

The County of Knox, Tennessee, shall not in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Bonds issued, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever herein or indebtedness by the Issuer, and none of the Bonds of the Issuer issued or any of its agreements or obligations herein or otherwise shall be construed to constitute an indebtedness of the County of Knox, Tennessee, within the meaning of any constitutional or statutory provision whatsoever.

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:
 Name: The Health, Educational & Housing Facility Board of the County of Knox
 Address: c/o Christopher Trump, Esq., River Tower, 900 S. Gay Street, Suite 1400
Knoxville, TN 37901
 Debt Issue Name: Revenue Bonds, Series 2021 (University Health System, Inc.)
 If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.

2. Face Amount: \$ \$52,000,000 Maximum Principal Amount
 Premium/Discount: \$ None

3. Interest Cost: 1.007 % Tax-exempt Taxable
 TIC NIC Product of
 Variable: Index LIBOR plus 109 basis points mult. by 82.5%
 Variable: Remarketing Agent (Subject to change)
 Other: _____

4. Debt Obligation:
 TRAN RAN CON
 BAN CRAN GAN
 Bond Loan Agreement Capital Lease
 If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Division of Local Government Finance ("LGF").

5. Ratings:
 Unrated
 Moody's _____ Standard & Poor's _____ Fitch _____

6. Purpose:

		BRIEF DESCRIPTION
<input type="checkbox"/> General Government	_____ %	_____
<input type="checkbox"/> Education	_____ %	_____
<input type="checkbox"/> Utilities	_____ %	_____
<input checked="" type="checkbox"/> Other	<u>100</u> %	<u>Capital costs at UT Medical Center</u>
<input type="checkbox"/> Refunding/Renewal	_____ %	_____

7. Security:
 General Obligation General Obligation + Revenue/Tax
 Revenue Tax Increment Financing (TIF)
 Annual Appropriation (Capital Lease Only) Other (Describe): _____

8. Type of Sale:
 Competitive Public Sale Interfund Loan
 Negotiated Sale Loan Program Draw-Down Loan
 Informal Bid

9. Date:
 Dated Date: January 14, 2021 Issue/Closing Date: January 14, 2021

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REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:

No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent	_____	_____
Paying Agent / Registrar	_____	_____
Trustee	_____	_____
Liquidity / Credit Enhancement	_____	_____
Escrow Agent	_____	_____
Sponsorship / Program / Admin	_____	_____
Other _____	_____	_____

13. Disclosure Document / Official Statement:

None Prepared

EMMA link _____ or

Copy attached

14. Continuing Disclosure Obligations:

Is there an existing continuing disclosure obligation related to the security for this debt? Yes No

Is there a continuing disclosure obligation agreement related to this debt? Yes No

If yes to either question, date that disclosure is due _____

Name and title of person responsible for compliance _____

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy 12-13-11

Is the debt obligation in compliance with and clearly authorized under the policy? Yes No

16. Written Derivative Management Policy:

No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy? Yes No

17. Submission of Report:

To the Governing Body: on 2/3/21 and presented at public meeting held on 2/9/21

Copy to Director, Division of Local Govt Finance: on 2/10/21 either by:

Mail to: _____ OR Email to: LGF@cot.tn.gov

Cordell Hull Building
425 Fifth Avenue North, 4th Floor
Nashville, TN 37243-3400

18. Signatures:

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	Greg McWhorter	Steven I. Turner
Title	Chair	Partner
Firm	Issuer	Hawkins Delafield & Wood LLP
Email	greg@tnmarketrealty.com	sturner@hawkins.com
Date	January , 2021	January 14, 2021

