

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

March 9, 2021, 4:15 p.m.

Zoom Video Conference Mtg. - In accordance with
Governor Lee's Executive Order No. 78

(an extension of Executive Order Nos. 16, 34, 51, 60, 65 and 71)

AGENDA

- I. Call to Order
- II. Approval of Minutes from Previous Meeting
 - ACTION** A) Regular Meeting – February 9, 2021
- III. Review and consideration of an amended application of Farragut Pointe, LLC for a Payment-In-Lieu-of-Tax (PILOT) transaction for the proposed acquisition, construction and equipping of Farragut Pointe, an approximate 124-unit multifamily housing facility on Loop Road in Knox County, Tennessee for low and moderate income citizens in Knox County.
 - ACTION**
- IV. Old Business
 - ACTION** A) Review and Consideration of a Resolution regarding an extension of closing date for the Lease Agreement with Woodbury Crossing L.P. and Related Documents for a Payment-In-Lieu-of-Taxes (PILOT) transaction for the development of an approximate 80-unit apartment complex project located at 7605 Twin Oak Lane in Knox County, Tennessee for low and moderate income citizens in Knox County.
- V. New Business
- VI. Adjourn

**MINUTES OF THE REGULAR MEETING OF
THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX**

February 9, 2021, 4:00 p.m.

The regular meeting of the Board of Directors of The Industrial Development Board of the County of Knox (the “Industrial Development Board” or “Board”) was held on Tuesday, February 9, 2021 at 4:00 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), Mike George, Julie Wheeler, Rick Gentry, Michael Wood, and Shannon Coleman Egle.

Also, in attendance were Todd Napier (The Development Corporation), Ray Christian (The Development Corp.), 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.), and Brannon McNeillie, CPA with Abacus Hive.

I. Greg McWhorter, the Board’s Chair, called the Industrial Development Board meeting to order. The Agenda of the Industrial Development Board meeting is attached hereto as Exhibit A. Mr. McWhorter asked Todd Napier to introduce Mr. McNeillie to the Board. Mr. Napier stated that due to Shawn Barhorst departure from The Development Corporation, he decided to hire Abacus Hive, a CPA and accounting firm, to oversee the financial affairs of the Board. Mr. McNeillie is one of two principals of Abacus Hive that will serve the Board in this respect.

The Industrial Development Board then discussed the following matters and took the following actions 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 January 12, 2021. There were none. Upon a motion by Paul Fortunato and a second by Rick Gentry, the minutes of the January 12, 2021, meeting were unanimously approved.

III. Old Business.

A) Update Regarding Knox County Property Tax Incentive Program Policies. The Chair recognized Chris Trump who addressed the Board regarding the status of the revised policies and procedures applicable to the Board’s Jobs PILOT program. Mr. Trump stated that the a draft of the full set of policies and procedures will be sent to Todd Napier this week and that he expects that a draft acceptable to Mr. Napier will be distributed to the Ad Hoc Policy and Procedures Committee of the Board for its review and consideration. Mr. Napier stated that once the Ad Hoc Committee approves for recommendation to the Board the draft Jobs PILOT policies and procedures, they will be presented to the Board to approve for submission to the Mayor’s

office for their input. Mr. Napier stated that he feels that it is important to then turn to the policies and procedures for the Board's Community Redevelopment PILOT program, stating that he believes that we should submit both those policies and the Jobs Recruitment policies to Knox County Commission so that the public workshops can be conducted at the same time for both sets of policies. Mr. Napier doesn't believe this will significantly alter the timeline, but wanted to be judicious with the County's time and resources. Mr. Napier stated that he would send dates to the Ad Hoc committee members to poll them on a meeting date to consider the Jobs PILOT policies and procedures.

B) Update Regarding Appointment to Greater Knoxville Foreign Trade Zone Advisory Council. The Chair recognized Todd Napier who gave the Board an update regarding the appointment and Ms. Gardner's discussions with the leadership at Jewelry Television to appoint a representative to the Advisory Council. Mr. Napier stated that while the discussions with Jewelry Television are still ongoing, he received the minutes to the latest Advisory Council meeting and learned that Rick Welsh, the Board's current appointee, was appointed to serve as Vice Chair of the Advisory Council for 2021. Based upon this information, Mr. Napier recommended that the Board reappoint Mr. Welch for 2021 and continue discussions with Jewelry Television for appointment of a new representative at the end of the year. Discussion was had.

Upon a motion by Tiffany Gardner and a second by Paul Fortunato, the Board unanimously approved the appointment of Rick Welsh to the Greater Knoxville Foreign Trade Zone Advisory Council.

C) CT-0253 S2020 Northshore Town Center Project. The Chair recognized Chris Trump who addressed the Board, presenting the CT-0253 S2020 State Report on Debt Obligation for the refinance of the Tax Increment Revenue Note, Series 2020 in the amount of \$2,507,841.21 previously issued by the Board to Northshore Market Investors, LLC.

IV. New Business. None.

V. Next Meeting. The next regular meeting of The Industrial Board of the County of Knox is scheduled for March 9, 2021, at 4:00 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

VI. 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 4:19 p.m.

Date

Secretary

EXHIBITS

Exhibit A Agenda – February 9, 2021

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX APPROVING THE AMENDED PILOT APPLICATION OF FARRAGUT POINTE, LP

WHEREAS, THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX (“Board”) Part 3 of Chapter 101 of Title 48 of the Tennessee Code Annotated, as amended (the "Act") and as such is a public instrumentality of Knox County performing a public function; and

WHEREAS, the purpose of said Act, as stated therein, is to authorize the incorporation in the several municipalities in the State of Tennessee of public corporations to finance, refinance, acquire, own, lease, and/or dispose of projects to promote and maintain and increase commerce, welfare, health, housing, education and prosperity of the people of the State of Tennessee; and

WHEREAS, Tenn. Code Ann. §48-101-312 provides that the Board and all properties at any time owned by it, and the income and revenues therefrom, and all bonds issued by it, and the income therefrom are exempt from all taxation in the State of Tennessee; and

WHEREAS, Farragut Pointe, LP (“Applicant”) submitted an Application (“Application”) to the Board for payment in lieu of tax arrangement under Tenn. Code Ann. §48-101-312 (“PILOT”) for real property taxes in connection with construction, development, equipping, and installation of the Applicant’s proposed 100-unit affordable housing apartment development to be located at 554-566 Loop Road, Knoxville, Tennessee, 37922 in Knox County, Tennessee (“Project”), subject to such project receiving an allocation of low-income housing tax credits (“LIHTC”) under Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. § 42) from the Tennessee Housing Development Agency (“THDA”); and

WHEREAS, the Board approved the Application on March 10, 2020 by Resolution that required the PILOT to close by September 30, 2020; and

WHEREAS, Applicant has now submitted an Amended Application (“Amended Application”) to the Board for payment in lieu of tax arrangement under Tenn. Code Ann. §48-101-312 (“PILOT”) for real property taxes in connection with construction, development, equipping, and installation of the Applicant’s proposed 124-unit affordable housing apartment development to be located at 554-566 Loop Road, Knoxville, Tennessee, 37922 in Knox County, Tennessee (“Project”), subject to such project receiving an allocation of low-income housing tax credits (“LIHTC”) under Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. § 42) from the Tennessee Housing Development Agency (“THDA”); and

WHEREAS, pursuant to Tenn. Code Ann. §§48-101-312(b)(4), the Board has the authority to enter into a payment in lieu of tax transaction for LIHTC projects upon finding that such payments are deemed to be in furtherance of the Board’s public purposes and upon receipt by the Board of a letter of support from the Mayor and Chief Executive Officer of Knox County for such project; and

WHEREAS, Applicant has received a letter of support for the PILOT Project from the Mayor and Chief Executive Officer of Knox County (“Mayoral Support Letter”).

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS AS FOLLOWS:

1. The Board finds that the Project and grant of tax incentives to Applicant by the Board pursuant to the Act, and in particular, Tenn. Code Ann. §§48-101-312, are in furtherance of the public purposes of the Board provided in the Act, and will have the effect of to promote and maintain

and increase commerce, welfare, health, housing (affordable housing, in particular), education and prosperity of the people of the State of Tennessee.

2. Subject to the THDA's allocation of LIHTC to the Project the Amended Application is hereby approved by the Board and the Board is hereby authorized to enter into a PILOT with the Applicant having (i) a term-length commencing on the date of closing and ending on the date which is fifteen (15) years from the date of stabilization (i.e. the date the Project achieves 80% occupancy, not to exceed three (3) years from the closing of the PILOT), (ii) a closing fee in the amount of \$35,000.00, (iii) an annual maintenance fee equal to \$2,000 per annum, such amount to increase annually at a rate of 2.45% year over year, and (iv) payments in lieu of tax in an amount as follows:
 - a. From the date of closing of the PILOT until the date of stabilization (as defined above), an amount equal to the real property taxes which were otherwise payable with respect to the Project as of such date of closing;
 - b. Years 1 through 5 from the date of stabilization, an amount equal to \$4,384.00 per annum;
 - c. Years 6 through 10 from the date of stabilization, an amount equal to \$8,768.00 per annum; and
 - d. Years 11 through 15 from the date of stabilization, an amount equal to \$17,536.00 per annum.

The Applicant shall also be given the opportunity to pre-pay the annual maintenance fee at a present value discount acceptable to the staff and legal counsel to the Board.

3. The staff and legal counsel of the Board are hereby authorized to proceed in the preparation and finalization for presentment to the Board of a Lease Agreement and other documents deemed necessary and convenient by such staff and legal counsel to accomplish the proposed payment in lieu of tax transaction ("Transaction Documents"). Such Transaction Documents shall provide for (a) the acquisition by the Board and lease to the Applicant of the subject real property constituting the Project, such lease to be upon the terms set forth more particularly above; and (b) such other terms and conditions set forth in the Application and as may be approved by the Board, or otherwise deemed necessary and convenient by the staff and legal counsel to the Board.
4. Such approvals set forth herein are subject to the Applicant paying or reimbursing the Board for any and all costs and expenses incurred by the Board in connection with the approval and closing of the PILOT, including, without limitation, any and all attorneys' fees incurred by the Board.
5. The PILOT transaction approved hereby must close by December 31, 2021, and upon failure to close by such date (or such later date approved by the Board pursuant to a separate resolution), the approval evidenced hereby shall expire and be of no further force and effect.

[The remainder of this page intentionally left blank.]

**STATE OF TENNESSEE
COUNTY OF KNOX**

I, Tiffany E. Gardner, Secretary 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 March 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

Tiffany E. Gardner, Secretary

Dated: March 9, 2021

**MINUTES OF THE REGULAR MEETING OF THE APPLICATION REVIEW
COMMITTEE OF THE HEALTH, EDUCATIONAL & HOUSING FACILITY
BOARD OF THE COUNTY OF KNOX**

Tuesday, February 23, 2021 4:00 p.m.

The regular meeting of the Application Review Committees (the “Application Review Committee” or “Committee”) of the Health, Educational & Housing Facility Board of the County of Knox (the “Board” or “HEB”) was held on Tuesday, February 23, 2021 at 4:00 p.m., pursuant to notice duly provided to the Committee Members and the public. The meeting was held via electronic method (Zoom Meeting), the Committee’s Chair having determined on behalf of the Committee that such was necessary to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak.

The following Application Review Committee Members were present at the meeting constituting a quorum: Rick Gentry (Chair), Greg McWhorter, Tiffany Gardner, Paul Fortunato, and Michael Wood.

Also, in attendance were Todd Napier (The Development Corporation), Ray Christian (The Development Corp.), Brenda Wilson Spence (The Development Corporation), R. Christopher (“Chris”) Trump (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Susan L. Levine (Paralegal – Egerton, McAfee, Armistead & Davis, P.C.), and John Huber with Huber Properties, LLC, the Applicant for the PILOT regarding Farragut Pointe, LLC.

I. Rick Gentry (Chair) called the meeting of the Application Review Committee to order. The Agenda of the meeting is attached hereto as Exhibit A.

II. Review/Approve Minutes from Previous Meeting. The Chair of the meeting asked if there were any changes to the minutes of the regular joint meeting held on October 27, 2020. There being no changes to the minutes, upon motion of Tiffany Gardner and second by Greg McWhorter, the minutes were unanimously approved.

III. Review and Consideration of an Amended Application for a Payment-In-Lieu-of-Taxes (“PILOT”) filed by Farragut Pointe, LLC for a low-income housing project located in Farragut, Knox County, Tennessee. The Chair, Rick Gentry, recused himself from the discussion and vote on this matter. The Chair then recognized Todd Napier who provided an overview of the previously approved project and explained that there had been certain modifications to the Project’s scope and cost since submitting the original application, stating that most pertain to an increase in the number of dwelling units from 100 to approximately 124 for the low-income multi-family project to be known as Farragut Pointe. The project will be built on approximately 10.4 acres located at 554 Loop Road, Knoxville, TN. The Applicant has submitted to the Committee an amended application (“Application”) for a Payment-In-Lieu-of-Taxes (“PILOT”) for the Project since the developer has acquired additional land adjacent to the previously approved PILOT, which allowed the Developer to increase the number of dwelling units from 100 to approximately 124. A copy of the Amended Application is attached hereto as Exhibit B. Mr. Napier stated that the Applicant is seeking abatement of taxes on the real property over

fifteen (15) years as follows: 96% in years 1-5, 94% in years 6-10, and 90% in years 11-15. The PILOT results in a total property tax abatement of approximately \$2,096,000. Mr. Napier stated that the Mayor of Knox County has provided a letter of support for the PILOT based upon these terms and the PILOT will be conditioned upon the Applicant receiving an award of 4% tax credits from the Tennessee Housing Development Agency.

Mr. Napier then recognized John Huber who provided additional background on the multi-family project, issues relating to deadlines associated with the prior approved PILOT and any future applications, lender's requirements, and outstanding cure items from THDA. Discussion was had. Mr. Huber stated that, as with the prior approval, the PILOT was needed to ensure that the Project will be financeable and still be made available to low and moderate income families at below market rent.

The Chair recognized Mike Wood who questioned Mr. Huber regarding the availability of low-income housing in subject area; Greg McWhorter who asked questions regarding community involvement and workshops related to the project; and Paul Fortunato who also raised questions regarding community workshops, as well as proposed road improvements to serve the low-income housing project. Mr. Huber stated that this will be the first low-income housing project serving the Farragut area and that it satisfies a small percentage of the current demand. Mr. Huber further stated that since the property is already zoned 12 units per acre, a public hearing was not required, but the project is not a secret within the community. Finally, Mr. Huber stated that Knox County has approved the plans and that he did not believe that any further improvements to the roads in the area would be required. Further discussion was had.

Upon a motion by Greg McWhorter and a second by Michael Wood, the Committee voted to recommend approval of the amended application to the full Board. Mr. Gentry recused himself from the vote, and Paul Fortunato voted against approval of the amended application.

IV. New Business. None.

V. Old Business. None.

No further business having come before the Application Review Committee and upon motion duly made and seconded, the Chair adjourned the meeting at 4:33 p.m.

Date

Rick Gentry, Chair

EXHIBITS

Exhibit A

Agenda

Exhibit B

Amended PILOT Application filed by Farragut
Pointe, LLC

DRAFT

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HEALTH,
EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX
APPROVING SECOND EXTENSION OF DEADLINE FOR WC WOODBURY
CROSSING LIMITED PARTNERSHIP**

WHEREAS, The Health, Educational and Housing Facility Board of the County of Knox (“Board”) is a housing and redevelopment authority of the City of Knoxville, Tennessee, organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. Sections 13-20-101 et seq., as amended; and

WHEREAS, WC Woodbury Crossing Limited Partnership (“Applicant”) submitted an application (“Application”) to the Board for certain tax incentives under the payment in lieu of tax (“PILOT”) program in connection with the acquisition, renovation, equipping, and installation of the Applicant’s proposed 80-unit affordable, multi-family housing development to be located on Twin Oak Lane, Corryton, Tennessee, in Knox County, Tennessee to be known as “Woodbury Crossing” (“Project”); and

WHEREAS, on May 20, 2020, the Board of Directors of the Board approved a resolution (the “Original Resolution”) authorizing the Board to negotiate a PILOT Lease with Applicant, and on June 9, 2020, the Board of Directors of the Board approved the PILOT Lease (the “Second Resolution”), and

WHEREAS, on October 13, 2020, the Board of Directors of the Board approved a resolution (the “Third Resolution”) extending the deadline to close the PILOT Lease from December 31, 2020 to March 31, 2021. The Second Resolution and Third Resolution, collectively with the Original Resolution, are hereinafter the “Prior Resolutions”); and

WHEREAS, pursuant to the Prior Resolutions, Applicant had to close the PILOT transaction by March 31, 2021, the failure to close by such date (or such later date approved by the Board pursuant to a separate resolution), the approval would expire and be of no further force and effect; and

WHEREAS, Applicant attempted to close the PILOT transaction by March 31, 2021, but informed the Board that it will be unable to do so by the deadline; and

WHEREAS, Applicant still desires to close the PILOT transaction and should be able to close the PILOT transaction by May 31, 2021, at the latest; and

WHEREAS, the Board desires to extend the deadline to close the PILOT transaction until May 31, 2021, to allow additional time for the PILOT transaction to close.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX:

1. The deadline to close the PILOT transaction is hereby extended to, and must close by May 31, 2021, and upon failure to close by such date (or such later date approved by the Board pursuant to a separate resolution), the approval evidenced hereby and the Prior Resolutions shall expire and be of no further force and effect.
2. The terms of the Prior Resolutions not modified hereby are ratified in all respects.

[Signature Page to Woodbury Resolution dated March 9, 2021]

**STATE OF TENNESSEE
COUNTY OF KNOX**

I, Tiffany E. Gardner, Secretary 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 March 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

Secretary

Dated: March 9, 2021