

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

April 13, 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
 - A) Regular Meeting – March 9, 2021
- III. Finance Report
- IV. Consideration of Budget for FY 2021-2022.
- V. Review and consideration of a preliminary bond resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to the issuance of revenue bonds for Gleason Partners, L.P. in a principal amount not to exceed \$35,000,000 to finance the acquisition, rehabilitation and equipping of Westview Towers, a 240 unit housing facility for low and moderate income citizens in Knox County.
- VI. Old Business
 - A) Review and Consideration of a Resolution regarding Amendments to certain Promissory Notes previously Issued for the benefit of Broadway Towers Preservation, LP the proceeds of which were used to finance the acquisition, improvement and certain renovations to the buildings and other facilities at Broadway Towers.
- VII. New Business
- VI. Adjourn

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

March 9, 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, March 9, 2021 at 4:15 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, Shannon Coleman Egle, Terry Henley, Anthony Wise, and Alvin Nance.

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.), John Huber with Huber Properties, LLC, the Applicant for the PILOT regarding Farragut Pointe, LLC, Attorney Jordana Katz Nelson, with Bass Berry & Sims, counsel for Applicant, Mark Bunch, the Developer for Farragut Pointe, LLC, Robert Jacks, the Traffic Engineer preparing the Traffic Impact Study for Farragut Pointe, LLC, Knox County Commissioner Carson Dailey, Knox County Commissioner John Schoonmaker, and the following Knox County residents:

Jane Skinner
John King
Christine Adams
Tina San Gil
Louise Poolin
Joe LaCroix
Mandi Benedict
Ron Garrett
Chris Brown

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. Mr. McWhorter stated that due to the number of residents wishing to participate in today’s meeting that he proposed setting a time limit of five (5) minutes for each member of the public wishing to address the Board. Upon a motion by Julie Wheeler and a second by Alvin Nance, the procedure for receiving public comments was unanimously approved.

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 February 9, 2021. There were none. Upon a motion by Michael Wood and a second by Alvin Nance, the minutes of the February 9, 2021 meeting were unanimously approved.

III. Review and Consideration of an Amended Application of Farragut Pointe, LLC for a PILOT for low and moderate income citizens of Knox County. Board member, 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 (“Project”) referenced in the subject amended application, the increase in construction costs, and 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 submitted its amended application (“Amended Application”) to the Application Review Committee for a Payment-In-Lieu-of-Taxes (“PILOT”) for the Project since it has acquired additional land adjacent to the previously approved PILOT, which allowed the Applicant to increase the number of dwelling units from 100 to approximately 124. 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 emphasized that the Tennessee Housing Development Agency (“THDA”) is requiring the Applicant to rent 100% of the units at rates well below the current market rents in the area. When such below market rents are taken together with Lender’s required debt service coverage covenants for the project, the Project would not be able to comply with such covenants, if the property taxes were assessed as normal. Mr. Napier stated that the Project was previously approved by this Board and that the Amended Application has the support from Mayor Glenn Jacobs, as evidenced by the Mayoral Support letter included in the Board packet. Mr. Napier also directed the Board correspondence received from Jim Snowden, P.E., Senior Director of the Knox County Engineering and Public Works Department confirming that the roadway infrastructure is adequate, but will require the Developer to implement operational improvements, including an upgraded guardrail and potentially other improvements as such need may be indicated by the traffic impact study currently being conducted. Mr. Napier stated that he understands that the Developer has agreed to partner with the County on any such improvements as may be necessary. Mr. Napier stated that the Application Review Committee approved the Amended Application by a majority vote and that the Amended Application is now before the Board for consideration.

Mr. Napier then recognized John Huber who provided additional background on the multi-family project, current zoning issues, and the Project’s ultimate cure of current flooding issues in the area. Mr. Huber then introduced Robert Jacks (Traffic Engineer), Mark Bunch (Developer) and Jordana Katz Nelson (legal counsel to the Applicant) should the Board have any additional questions. Discussion was had.

Mr. Huber confirmed that the Project is being developed for the local workforce and it will not be used for Section 8 housing. He stated that all residents to be employed and provide proof of income to reflect their low to moderate income status. Mr. Huber stated that this housing project is to elevate the living conditions for the working-class citizens in the Farragut region. Mr. Huber

also addressed the concerns of the traffic impacts on the surrounding neighborhoods and asked Robert Jacks to address specific questions. Further discussion was had.

Mr. Jacks stated that the traffic study is underway and will include the traffic counts during the peak rush hour times. The traffic study is a level 1 study that will address choke points, turn lanes, capacity, and site lines. Mr. Jacks is working with Director Snowden to make sure he addresses all items raised by Knox County. Mr. Huber has agreed to cooperate with respect to any such recommendations and to comply with any such requirements.

The Chair then opened the meeting for public comments.

The Chair recognized Joe LaCroix who stated that his questions and concerns had all been answered by the Applicant and his team.

The Chair recognized Jane Skinner who stated she lives in the Concord Hills subdivision and wanted to know why no public meetings were held regarding the project and the impact the Project will have on the public schools. Mr. Huber stated that no public hearing was required since the property is currently zoned for multi-family use. Todd Napier further clarified that the HEB does not handle land use issues. If the property is properly zoned and the Project receives approval from the Mayor, then the HEB can consider the Project under its policies. Mr. Huber then addressed the impact on the public schools. He stated that if this was a 124 single family housing project then the schools would be more heavily impacted; however, based upon a recently developed project consisting of 240 units located on Wesley Avenue, the impacts to the local elementary school will be approximately 11 children, 6 middle school aged children, and 7 high school aged children.

The Chair recognized Tina San Gil whose property backs-up to the proposed Project. Ms. San Gil questioned the impact the Project would have on deforestation and flooding. Mr. Huber stated that they will adhere to all Knox County set-back requirements, but removal of trees will occur. He stated that the Project grading and storm water plans have been designed to alleviate the current flooding of the property and surrounding areas, including Concord Hills and Waterford. Ms. San Gil then asked about the timing of the Project. Mr. Huber stated that grading will begin in April of 2021 with construction on all buildings being completed by December 2022.

There being no further public questions, the Chair then recognized Chris Trump who confirmed the prior statements made by the Chair and Todd Napier regarding the HEB's role in approving the project and the fact that the Applicant must comply with all development regulations and requirements of Knox County, including implementing any traffic mitigation requirements.

The Chair then asked the Board if they had any additional questions. None were had.

Upon a motion by Alvin Nance and a second by Mike Gentry, the Board approved the Resolution concerning the Amended Application. Mr. Gentry recused himself from the vote and Paul Fortunato voted against approval of the amended application. A copy of the resolution as approved is attached hereto as Exhibit B.

IV. Old Business:

A) Review and consideration of 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. The Chair recognized Chris Trump, who provided an overview of the proposed resolution by WC Woodbury Crossing Limited Partnership (“Woodbury”) to extend the deadline for the closing of the 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. (“Project”). Mr. Trump stated that the resolution would change the date by which the PILOT is required to close from March 31, 2021 to May 31, 2021.

Upon a motion by Paul Fortunato, and a second by Julie Wheeler, the proposed resolution was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit C.

V. New Business: None.

VI. Next Meeting. The next regular meeting of The Health, Educational and Housing Facility Board of the County of Knox is scheduled for April 13, 2021, at 4:15 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

VII. 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 5:10 p.m.

Date

Secretary

EXHIBITS

Exhibit A Agenda – March 9, 2021

Exhibit B 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

Exhibit C Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox Approving the Section Extension of Deadline for WC Woodbury Crossing, LP

DRAFT

The Health, Educational and Housing Facility Board of the County of Knox
Balance Sheet with Prior Year Comparison
As of March 31, 2021

	<u>As of March 31, 2021</u>	<u>As of March 31, 2020 (PY)</u>
ASSETS		
Current Assets		
Bank Accounts		
100-000 Cash - Checking	79,868	56,736
104-000 Cash - Money Market	223,024	220,848
Total Bank Accounts	\$302,893	\$277,584
Accounts Receivable		
125-000 Accounts Receivable	0	0
Total Accounts Receivable	0	0
Other Current Assets		
127-000 Prepaid Insurance	5,821	5,124
Total Other Current Assets	\$5,821	\$5,124
Total Current Assets	\$308,714	\$282,708
TOTAL ASSETS	\$308,714	\$282,708
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
200-000 Accounts Payable	6,350	156
Total Accounts Payable	\$6,350	\$156
Total Liabilities	\$6,350	\$156
Equity		
300-000 Opening Balance Equity	44,773	44,773
320-000 Retained Earnings	237,529	218,446
Net Income	20,062	19,083
Total Equity	\$302,364	\$282,302
TOTAL LIABILITIES AND EQUITY	\$308,714	\$282,458

The Health, Educational and Housing Facility Board of the County of Knox
Budget Variance Report
For the 12 Periods Ended March 31, 2021

	March 2021			April 2020 - March 2021			April 2020 - March 2021	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	% Remaining
Income								
410-000 Interest Revenue	190	292	(102)	2,195	3,500	(1,305)	3,500	37.28%
420-000 Base Rent Revenue	0	0	0	2,000	0	2,000	0	0.00%
435-000 Application Revenue	0	1,667	(1,667)	35,000	20,000	15,000	20,000	-75.00%
444-000 Closing Revenue	0	0	0	12,850	0	12,850	0	0.00%
445-000 Agenda Revenue	0	83	(83)	2,000	1,000	1,000	1,000	-100.00%
447-000 Appropriation - Retained								
Earnings	0	8	(8)	0	90	(90)	90	100.00%
Total Income	\$190	\$2,049	(\$1,859)	\$54,045	\$24,590	\$29,455	\$24,590	-119.79%
Expenses								
502-001 Operating Expenses	30	58	(29)	679	700	(21)	700	3.03%
503-001 Advertising Expenses	223	83	139	1,852	1,000	852	1,000	-85.15%
504-001 Administrative Expenses								
(TDC)	750	750	0	9,000	9,000	0	9,000	0.00%
507-001 Insurance Expense	529	466	63	5,653	5,590	63	5,590	-1.13%
511-001 Accounting Expense	0	442	(442)	5,300	5,300	0	5,300	0.00%
512-001 Legal Expense	250	250	0	11,500	3,000	8,500	3,000	-283.33%
Total Expenses	\$1,781	\$2,049	(\$268)	\$33,984	\$24,590	\$9,394	\$24,590	-38.20%
Net Operating Income	(\$1,591)	\$0	(\$1,591)	\$20,062	\$0	\$20,062		

The Health, Educational and Housing Facility Board of the County of Knox
Income Statement with Prior Year Comparison
For the 12 Periods Ended March 31, 2021

	April 2020 - March 2021	April 2019 - March 2020 (PY)
Income		
410-000 Interest Revenue	2,195	3,235
420-000 Base Rent Revenue	2,000	0
435-000 Application Revenue	35,000	38,750
444-000 Closing Revenue	12,850	0
445-000 Agenda Revenue	2,000	1,500
Total Income	\$54,045	\$43,485
Gross Profit	\$54,045	\$43,485
Expenses		
502-001 Operating Expenses	679	791
503-001 Advertising Expenses	1,852	871
504-001 Administrative Expenses (TDC)	9,000	9,000
507-001 Insurance Expense	5,653	5,590
511-001 Accounting Expense	5,300	5,150
512-001 Legal Expense	11,500	3,000
Total Expenses	\$33,984	\$24,402
Net Operating Income	\$20,062	\$19,083
Other Income		
430-000 PILOT Revenue	2,096	0
Total Other Income	\$2,096	\$0
Other Expenses		
587-001 PILOT Payment Expense	2,096	0
Total Other Expenses	\$2,096	\$0
Net Other Income	\$0	\$0
Net Income	\$20,062	\$19,083

The Health, Educational, and Housing Facility Board of the County of Knox
Proposed Budget
Fiscal Year April 1, 2021 - March 31, 2022

	Prior FY Budget Apr 2020 - Mar 2021	Prior FY Actual Apr 2020 - Mar 2021	Proposed Budget¹ Apr 2021 - Mar 2022
REVENUE:			
Agenda Revenue ²	1,000	2,000	2,000
Application/Project Revenue (Bond Issues) ³	20,000	35,000	20,000
Base Rent Revenue	-	2,000	2,000
Closing Revenue	-	12,850	-
Interest Revenue ⁴	3,500	2,195	2,000
Special Called Meeting		-	
Appropriation from Retained Earnings/Fund Balance ⁵	90	-	4,350
Total Revenue	\$ 24,590	\$ 54,045	\$ 30,350
EXPENSE:			
Insurance Expense (D & O)	5,590	5,653	6,350
Accounting Expense ⁶	5,300	5,300	5,300
Administrative Expense (TDC)	9,000	9,000	9,000
Advertising Expense (Public Notices) ⁷	1,000	1,852	1,000
Legal Expense	3,000	3,000	3,000
Policies Update	-	8,500	5,000
Operating Expense ⁸	700	679	700
Total Expense	\$ 24,590	\$ 33,984	\$ 30,350
Total Revenue less Expense	\$ -	\$ 20,062	\$ -

¹Budget is estimated actual costs - additional projects will incur additional revenue/expense.

²Based on estimate of 2 agenda fees per year.

³Based on 0.10% of the total project/bond Issue with a minimum fee of \$2,000 and a maximum of \$4,000.

⁴Proposed Budget for Interest Revenue estimated for \$220,000 investment balance @ 0.95% for 1 year.

⁵Deficit coverage (if any) is proposed to be funded from retained earnings/fund balance.

⁶Accounting Expense is for the annual audit fee.

⁷Advertising Expense is expense incurred for public notices and affidavits.

⁸Operating Expense is expense incurred for copies, postage, fedex, etc.

**RESOLUTION BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF
THE COUNTY OF KNOX APPROVING CERTAIN AMENDMENTS IN CONNECTION WITH
MULTIFAMILY HOUSING REVENUE NOTES, SERIES 2018A, 2018B, 2018C AND 2019D FOR
BROADWAY TOWERS PRESERVATION, LP**

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 issued its Multifamily Housing Revenue Notes, Series 2018A, 2018B and 2018C (Broadway Towers Project) in the original aggregate principal amount of \$21,425,000 (the “2018 Notes”) pursuant to the terms of that certain Funding Loan Agreement dated as of August 1, 2018 (the “2018 Funding Loan Agreement”) between Citibank, N.A. (the “Funding Lender”) and the Issuer, and the proceeds of the 2018 Notes were loaned to Broadway Towers Preservation, LP (the “Borrower”) pursuant to a Borrower Loan Agreement dated as of August 1, 2018 between the Borrower and the Issuer; and

WHEREAS, the Issuer issued its Multifamily Housing Revenue Note, Series 2019D in the original principal amount of \$4,975,000 (the “2019 Note” and together with the 2018 Notes, the “Notes”) pursuant to the terms of that certain Funding Loan Agreement dated as of July 1, 2019 (the “2019 Funding Loan Agreement”) between the Funding Lender and the Issuer, and the proceeds of the 2019 Note was loaned to the Borrower pursuant to a Borrower Loan Agreement dated as of July 1, 2019 between the Borrower and the Issuer; and

WHEREAS, the Funding Lender is the current holder of the Notes; and

WHEREAS, the Funding Lender has requested the Issuer to make certain amendments to the 2018 Funding Loan Agreement and the 2019 Funding Loan Agreement in order to modify the requirements related to the transfer and sale of the Notes; and

WHEREAS, there have been submitted to the Issuer (i) the form of an Amendment to Funding Loan Agreement between the Funding Lender and the Issuer providing for certain amendments to the 2018 Funding Loan Agreement and (ii) the form of an Amendment to Funding Loan Agreement between the Funding Lender and the Issuer providing for certain amendments to the 2019 Funding Loan Agreement (collectively, the “Amendment Agreements”) to carry out the transactions described above, copies of which instruments 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 Amendment Agreements to the other parties thereto.

2. The Amendment Agreements shall be in substantially the forms submitted, which are 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. To the extent the amended transfer restrictions related to the Notes or the other provisions set forth in the Amendment Agreements conflict with the policies of the Issuer, said policies are hereby waived.

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. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

(Signature Page to Follow)

[Signature Page to Broadway Towers Resolution dated April 13, 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 April 13, 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: April 13, 2021

DATE: March 22, 2021

THE HEALTH, EDUCATION & HOUSING FACILITIES 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: Broadway Towers Apartments

LOCATION: 1508 McCroskey Avenue, Knoxville, Tennessee

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

Broadway Towers Preservation, LP, a Tennessee limited partnership. General partner is ReBuild America – Knoxville, LLC, whose Sole Member and Manager is ReBuild America, Inc. The address is 1720 Gracewood Parkway, Bishop GA 30621.

AUTHORIZATION – AMOUNT ASKING FOR: No change in existing bond amount. Seeking modifications to existing bond documents.

ESTIMATED PROJECT COST AND BREAKDOWN (i.e., land, building, equipment, etc.)

Proceeds were used to finance the acquisition, construction, renovation and equipping of the improvements located at 1508 McCroskey Avenue, Knoxville, Tennessee

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

PURCHASER: Citibank, N.A.

GUARANTOR: Not Applicable

FISCAL AGENT (if selected): Not Applicable

ATTORNEY (if selected): Bond Counsel: Jay Moneyhun with Bass, Berry, Sims, PLC

TRUSTEE (if selected): Not Applicable

BRIEF DESCRIPTION OF PROJECT: (including the purpose, employment created, economic impact, size of buildings, land, etc., and other appropriate comments to fully explain.) Amendments to existing bond documents to modify the requirements related to the transfer or sale of the bonds. The documents to be amended are: (i) Funding Loan Agreement for Multifamily Housing Revenue Notes, Series 2018A, 2018B and 2018C (Broadway Towers Project) and (ii) Funding Loan Agreement for Multifamily Housing Revenue Note, Series 2019D (Broadway Towers Project).

FINANCIAL STATEMENTS: If public placement is requested, include with the above: (1) financial summary of past 5 years; (2) current audit; (3) 3-5 year financial projections.

RULES: Compliance with the rules on the following page is the responsibility of Applicant. The Board reserves the right to amend or waive any Rule without notice.

RULES

1. **Procedure** – The Project Application must be filed with the Secretary of the Board fourteen days prior to meeting so that copies can be mailed to all Board Members and counsel to the Board one week prior to Board meeting.
 - (1) If a TEFRA hearing is requested, the completed TEFRA form and Application **MUST BE RECEIVED** by the Secretary not less than 20 days prior to the meeting.
 - (2) If no TEFRA hearing is requested, the Application **MUST BE RECEIVED** by the Secretary not less than 14 days prior to the meeting.
2. **Fee Schedule** – Appropriate fees must be submitted with the request:

Projects and Bond Issues: The Industrial Development Board of the County of Knox and The Health, Educational and Housing Facility Board of the County of Knox

Agenda Fee: \$500. This fee is assessed on matters considered by the Board of Directors at a regular meeting of the Directors. It is not assessed if (i) the Applicant has paid a Project Fee and (ii) the action requested is related to the same Project or Bond Issue for which the Project Fee was paid. If an Applicant requests further action related to an outstanding Bond Issue, the Agenda Fee will be due and payable.

Project Fee: 10 basis points (0.10%) of the Total Project/Bond Issue with a minimum of \$2,000 and a maximum of \$4,000.

Special Meeting Fee: \$1,000 per Applicant.

Interlocal Agreement Fee: \$1,000 per Applicant.

All fees are due and payable fourteen days before the meeting and should be payable to the applicable Board and delivered to the Board at its office located at 17 Market Square, #201, Knoxville, TN 37902-1405.

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.