

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
January 12, 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
ACTION A) Annual Meeting – December 8, 2020
- III. Finance Report
ACTION
- 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 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.
ACTION
- V. Old Business
- VI. New Business
- VII. Adjourn

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

December 8, 2020, 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, December 8, 2020 at 4:18 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), Julie Wheeler, 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.); Carl Lansden, with Lansden Landmarks, LLC (Applicant); Mark Bunch, Bunch Development Services (Developer for Lansden Landmarks, LLC and Hillwood Villas, LLC); Buzz Goss, with Hillwood Villas, LLC (Applicant), Kent Leach, with Hickory Creek Capital Partners; Craig Cobb, with DGA Lakeview, LP (Applicant); and Jay Moneyhun with Bass, Berry & Sims, PLC (counsel for DGA Lakeview, LP).

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 November 10, 2020. There were none. Upon a motion by Rick Gentry and a second by Mike George, the minutes of the November 10, 2020, meeting were unanimously approved.

III. Election of Board Officers and Committee Appointments. The Chair stated that, at the last meeting, a nominating committee was appointed to consider officer and committee appointments. He stated that there is a report in the Agenda Packet that contains the nominations made by the Nominating Committee as to those positions. A copy of such report is hereto attached as Exhibit B. The Chair asked if there were any questions or comments concerning the nominations or if any Board member wanted to make any additional nominations. There were none.

Upon a motion by Alvin Nance and a second by Tiffany Gardner, the following persons were elected or appointed to the positions opposite their name:

Officers:

Greg McWhorter: Chair
Paul Fortunato: Vice Chair
Tiffany Gardner: Secretary/ Treasurer
Julie Wheeler: Assistant Secretary/ Treasurer

Application Review Committee:

Rick Gentry, as Chair
Tiffany Gardner, as Vice Chair
Paul Fortunato
Greg McWhorter
Shannon Coleman Egle
Michael Wood

Further discussion was had regarding the need to establish a Performance Evaluation Committee for the Board due to the fact that the Health Ed Board is now entering into payment in lieu of tax transactions related to affordable housing. Upon a motion by Anthony Wise and a second by Julie Wheeler, the Board unanimously approved the creation of the Performance Evaluation Committee and the following persons were appointed to the positions opposite their name:

Performance Evaluation Committee.

Julie Wheeler, as Chair
Michael George, as Vice Chair
Terry Henley
Anthony Wise
Alvin Nance

IV. Consideration of Resolution regarding Signature Card Authorizations. The Chair stated that the resolution regarding Signature Card Authorizations is in the Board's packet and that the resolution is before the Board for its approval. The Chair asked if there were any comments or questions. A motion was made by Julie Wheeler and seconded by Tiffany Gardner to accept the resolution. However, Shawn Barhorst stated that since the officers are remaining the same for 2021, the need for new signature cards was no longer needed and the prior resolution granting authorization was sufficient for the Board's continued business. Mr. Trump further clarified that the prior resolution requiring 2 signatories was amended due to the Covid-19 pandemic which granted authority for only 1 signatory on checks. After discussion, the motion made by Julie Wheeler and Seconded by Tiffany Gardner was withdrawn.

V. Review and Consideration of a Preliminary Bond Resolution and Letter of Intent of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for Hillwood Villas, LLC in a Principal Amount Not to Exceed \$14,000,000. The Chair recognized Christopher Trump, who provided an overview of the proposed preliminary resolution by Hillwood Villas, LLC (“Hillwood”) for the issuance of revenue bonds to finance the rehabilitation construction, and equipping of an approximately 124-unit housing facility for low and moderate-income citizens to be known as Hillwood Villas Apartments (the “Hillwood Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 095NA024 and 095NA02401) with an address of 1642 Hillwood Dr., Knoxville, TN. Mr. Trump stated that the preliminary resolution would allow counsel to the Board to hold the required TEFRA hearing at a later date. Mr. Trump further stated that the preliminary resolution is needed in connection with the developer’s application to the THDA for low-income housing tax credits and that the preliminary resolution and letter of approval also provides assurances to the potential bond purchaser, to move forward with the Project.

Mr. Trump then introduced Buzz Gross, with Hillwood Villas, LLC, the Applicant, who provided the Board additional background and overview of the proposed housing Project. Mr. Gross then introduced Kent Leach, who represents the prospective bond purchaser, and Mark Bunch, the Developer, should any Board member have additional questions. Discussion was had.

Upon a motion by Alvin Nance, and a second by Rick Gentry, the proposed preliminary resolution for Hillwood Villas, LLC was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit C.

VI. Review and Consideration of a Preliminary Bond Resolution and Letter of Intent of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for Lansden Landmarks, LLC in a Principal Amount Not to Exceed \$13,000,000. The Chair recognized Christopher Trump, who provided an overview of the proposed preliminary resolution by Lansden Landmarks, LLC (“Lansden”) for the issuance of revenue bonds to finance the acquisition, construction, and equipping of an approximately 110-unit housing facility for low and moderate-income citizens to be known as The Ammons at Asheville Highway (the “Ammons Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 0711C025 and 0711C027) with an address of 4625 Ashville Hwy, Knoxville, TN. Mr. Trump stated that the preliminary resolution would allow counsel to the Board to hold the required TEFRA hearing at a later date. Mr. Trump further stated that the preliminary resolution is needed in connection with the developer’s application to the THDA for low-income housing tax credits and that the preliminary resolution and letter of approval also provides assurances to the potential bond purchaser, to move forward with the Project.

Mr. Trump then introduced Carl Lansden, with Lansden Landmarks, LLC, the Applicant, who provided the Board additional background and overview of the proposed housing Project. Mr. Lansden then introduced Mark Bunch, the Developer, should any Board member have additional questions. Discussion was had.

Upon a motion by Michael Wood, and a second by Rick Gentry, the proposed preliminary resolution for Lansden Landmarks, LLC was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit D.

VII. Review and consideration of a Preliminary Bond Resolution and Letter of Intent 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 DGA Lakeview LP in a principal amount not to exceed \$13,000,000. The Chair recognized James P. Moneyhun, who provided an overview of the proposed preliminary resolution by DGA Lakeview LP (“Lakeview”) for the issuance of revenue bonds to finance the acquisition, construction and equipping of a 96-Unit housing facility for low and moderate-income citizens to be known as Lakeview at Westland (the “Lakeview Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 144 02016 and 144 02009), which property is bounded on the east by Emory Church Road, bounded on the south by certain property with an address of 9649 Westland Drive believed to be owned by Westland Medical Investors LLC, bounded on the west by Pellissippi Parkway – Interstate 140 and bounded on the north by a portion of the Tennessee River commonly known as Sinking Creek. Mr. Moneyhun stated that the preliminary resolution would allow counsel to the Board to hold the required TEFRA hearing at a later date. Mr. Moneyhun stated that the preliminary resolution is needed in connection with the developer’s application to the THDA for low-income housing tax credits and the preliminary resolution and letter of approval also provides assurances to the potential bond purchaser, to move forward with the Project.

Mr. Moneyhun introduced Craig Cobb, with DGA Lakeview, LP, the Applicant, should any Board member have any additional questions. Discussion was had.

Upon a motion by Alvin Nance, and a second by Michael George, the proposed preliminary resolution for DGA Lakeview, LP was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit E.

VIII. Old Business:

A) CT-0253 S2020 Covenant Village Project. The Chair recognized Chris Trump who addressed the Board, presenting the CT-0253 S2020 State Report on Debt Obligation for the \$7,490,000 Collateralized Multifamily Housing bonds issued by the Board to Covenant Village, a copy of which is attached hereto as Exhibit F.

B) Discussion Concerning Payment-in-Lieu-of-Tax Policies and Procedures for Health Care Facilities. The Chair recognized Todd Napier who informed the Board that he has nothing new to report.

IX. New Business:

A) 2021 Meeting Schedule. The Chair recognized Todd Napier who addressed the Board regarding the proposed dates for the HEB board meetings in 2021. He stated that they are still scheduled to occur the second Tuesday of every month unless a specially called meeting needs to be scheduled.

X. Next Meeting. The next regular meeting of The Health, Educational and Housing Facility Board of the County of Knox is scheduled for January 12, 2021, at 4:15 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

XI. 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 4:41 p.m.

Date

Secretary

DRAFT

EXHIBITS

- Exhibit A Agenda – December 8, 2020
- Exhibit B Nominating Committee Report
- Exhibit C Resolution Regarding Signature Card Authorizations
- Exhibit D Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for Hillwood Villas, LLC in a Principal Amount Not to Exceed \$14,000,000 for the Purpose of rehabilitation construction, and equipping of an approximately 124-unit housing facility for low and moderate-income citizens to be known as Hillwood Villas Apartments (the “Hillwood Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 095NA024 and 095NA02401) with an address of 1642 Hillwood Dr., Knoxville, TN
- Exhibit E Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for Lansden Landmarks, LLC and its Affiliate The Ammons at Asheville Highway, LP in a Principal Amount Not to Exceed \$13,000,000 for the Purpose of acquisition, construction, and equipping of an approximately 110-unit housing facility for low and moderate-income citizens to be known as The Ammons at Asheville Highway (the “Ammons Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 071IC025 and 071IC027) with an address of 4625 Ashville Hwy, Knoxville, TN
- Exhibit F Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for DGA Lakeview, LP in a Principal Amount Not to Exceed \$13,000,000 for the Purpose of acquisition, construction, and equipping of an approximately 96-unit housing facility for low and moderate-income citizens to be known as Lakeview at Westland (the “Lakeview Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 144 02016 and 144 02009)
- Exhibit G CT-0253 S2020 Covenant Village Project

The Health, Educational and Housing Facility Board of the County of Knox
Balance Sheet with Prior Year Comparison
As of December 31, 2020

	<u>As of December 31, 2020</u>	<u>As of December 31, 2019 (PY)</u>
ASSETS		
Current Assets		
Bank Accounts		
100-000 Cash - Checking	84,951	54,940
104-000 Cash - Money Market	222,582	219,978
Total Bank Accounts	<u>\$307,533</u>	<u>\$274,917</u>
Accounts Receivable		
125-000 Accounts Receivable	0	0
Total Accounts Receivable	<u>0</u>	<u>0</u>
Other Current Assets		
127-000 Prepaid Insurance	931	932
Total Other Current Assets	<u>\$931</u>	<u>\$932</u>
Total Current Assets	<u>\$308,464</u>	<u>\$275,849</u>
TOTAL ASSETS	<u>\$308,464</u>	<u>\$275,849</u>
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
200-000 Accounts Payable	0	32
Total Accounts Payable	<u>\$0</u>	<u>\$32</u>
Total Liabilities	<u>\$0</u>	<u>\$32</u>
Equity		
300-000 Opening Balance Equity	44,773	44,773
320-000 Retained Earnings	237,529	218,446
Net Income	26,162	12,598
Total Equity	<u>\$308,464</u>	<u>\$275,817</u>
TOTAL LIABILITIES AND EQUITY	<u>\$308,464</u>	<u>\$275,849</u>

The Health, Educational and Housing Facility Board of the County of Knox
Budget Variance Report
For the 9 Periods Ended December 31, 2020

	December 2020			April 2020 - December 2020			April 2020 - March 2021	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	% Remaining
Income								
410-000 Interest Revenue	95	292	(197)	1,751	2,625	(874)	3,500	49.97%
435-000 Application Revenue	4,000	1,667	2,333	30,000	15,000	15,000	20,000	-50.00%
444-000 Closing Revenue	0	0	0	12,850	0	12,850	0	0.00%
445-000 Agenda Revenue	0	83	(83)	1,500	750	750	1,000	-50.00%
447-000 Appropriation - Retained Earnings	0	8	(8)	0	68	(68)	90	100.00%
Total Income	\$4,095	\$2,049	\$2,046	\$46,101	\$18,443	\$27,658	\$24,590	-88.30%
Expenses								
502-001 Operating Expenses	30	58	(29)	319	525	(206)	700	54.37%
503-001 Advertising Expenses	36	83	(47)	1,127	750	377	1,000	-32.97%
504-001 Administrative Expenses (TDC)	750	750	0	6,750	6,750	0	9,000	25.00%
507-001 Insurance Expense	466	466	0	4,193	4,192	0	5,590	24.99%
511-001 Accounting Expense	0	442	(442)	5,300	3,975	1,325	5,300	0.00%
512-001 Legal Expense	250	250	0	2,250	2,250	0	3,000	25.00%
Total Expenses	\$1,532	\$2,049	(\$517)	\$19,939	\$18,442	\$1,497	\$24,590	18.09%
Net Operating Income	\$2,563	\$0	\$2,563	\$26,162	\$0	\$26,162		

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The Health, Educational and Housing Facility Board of the County of Knox
Income Statement with Prior Year Comparison
For the 9 Periods Ended December 31, 2020

	<u>April 2020 - December 2020</u>	<u>April 2019 - December 2019 (PY)</u>
Income		
410-000 Interest Revenue	1,751	2,357
435-000 Application Revenue	30,000	28,000
444-000 Closing Revenue	12,850	0
445-000 Agenda Revenue	1,500	1,500
Total Income	\$46,101	\$31,857
Gross Profit	\$46,101	\$31,857
Expenses		
502-001 Operating Expenses	319	469
503-001 Advertising Expenses	1,127	448
504-001 Administrative Expenses (TDC)	6,750	6,750
507-001 Insurance Expense	4,193	4,192
511-001 Accounting Expense	5,300	5,150
512-001 Legal Expense	2,250	2,250
Total Expenses	\$19,939	\$19,260
Net Operating Income	\$26,162	\$12,598
Net Income	\$26,162	\$12,598

Draft

BOND RESOLUTION

A Bond Resolution Authorizing the Issuance and Sale of
Not in Excess of
\$52,000,000
The Health, Educational and Housing Facility Board of the County of Knox
Revenue Bonds (University Health System, Inc.)

WHEREAS, The Health, Educational and Housing Facility Board of the County of Knox (the “*Issuer*”) has determined that it is in keeping with its authorized purposes to issue a series of revenue bonds and loan the proceeds thereof to University Health System, Inc., to finance costs of the Project (as hereinafter defined); and

BE IT RESOLVED by the Members of The Health, Educational and Housing Facility Board of the County of Knox, as follows:

Section 1. Definitions. (a) As used in this Bond Resolution, including the preambles hereto, unless a different meaning clearly appears from the context, or as otherwise defined herein, the following words and terms which are defined in the Bond Purchase and Loan Agreement shall have the same meanings, respectively, in this Bond Resolution and with respect to the Bonds authorized hereby as are given to such words and terms by the Bond Purchase and Loan Agreement.

In addition, as used in this Bond Resolution, unless a different meaning clearly appears from the context, the following words and terms shall have the following respective meanings:

“*Act*” shall mean Sections 48-101-301 *et seq.*, Tennessee Code Annotated.

“*Authorized Officer*” shall mean the Chair, Vice Chair, Secretary/Treasurer or Assistant Secretary/Treasurer of the Issuer.

“*Bond Purchaser*” shall mean First Horizon TE1, LLC, as purchaser of the Series 2021 Bonds.

“*Bond Purchase and Loan Agreement*” shall mean the Series 2021 Bond Purchase and Loan Agreement by and among the Issuer, the Institution and the Purchaser relating to the issuance of the Series 2021 Bonds, the loan of the proceeds of the Series 2021 Bonds to the Institution, and related matters, authorized by Section 6 hereof and when amended or supplemented, such Bond Purchase and Loan Agreement as amended or supplemented.

“*Bond Resolution*” shall mean this Bond Resolution, adopted by the Issuer on January 12, 2021.

“*Institution*” shall mean the Tennessee not-for-profit corporation operating hospital facilities located in Knoxville, Tennessee, the corporate name of which is University Health System, Inc., and its successors.

“*Project*” shall mean the capital additions and improvements described in the Bond Purchase and Loan Agreement and the refunding of the Series 2014 Bonds.

“*Refunding Trust Agreement*” shall mean a Refunding Trust Agreement by and among the Issuer, the Institution and Regions Bank, as the Series 2014 Bond Trustee and as Refunding Trustee under such Refunding Trust Agreement, relating to the refunding of the Series 2014 Bonds, if required in connection with such refunding.

“*Series 2014 Bonds*” shall mean the Issuer’s outstanding Revenue Bonds, Series 2014 (University Health System, Inc.).

“*Series 2014 Bond Trustee*” shall mean Regions Bank, as Bond Trustee under the Bond Indenture dated as of July 1, 2014, between such Bond Trustee and the Issuer, relating to the Series 2014 Bonds.

“*Series 2021 Bonds*” shall mean the Issuer’s revenue bonds to be issued pursuant to this Bond Resolution and under the Bond Purchase and Loan Agreement.

“*Tax Regulatory Agreement*” shall mean the Tax Regulatory Agreement by and among the Issuer, the Institution and the Master Trustee relating to the Series 2021 Bonds.

Section 2. Authority for this Bond Resolution. This Bond Resolution is adopted pursuant to and in accordance with the provisions of the Act.

Section 3. Series 2021 Bonds Authorized and Purpose of Issue. There is hereby authorized the issuance of a series of The Health, Educational and Housing Facility Board of the County of Knox, Revenue Bonds, for the purposes of financing and refinancing costs of the Project, including but not limited to reimbursing to the Institution any such costs paid by it, refunding and redeeming in advance of maturity the Series 2014 Bonds, and paying costs of issuance of the Series 2021 Bonds. The principal amount of the Series 2021 Bonds shall be as set forth in the Bond Purchase and Loan Agreement but shall not exceed \$52,000,000.

Section 4. Refunding of Series 2014 Bonds; Notice of Intent to Refund. The Members hereby determine that the refunding of the Series 2014 Bonds, which bear interest at variable rates and are subject to mandatory purchase or tender prior to maturity, is advantageous to the Issuer. The Series 2014 Bonds if refunded by the Series 2021 Bonds shall be called for redemption on their first optional redemption date that is not more than ten (10) calendar days after the date of issuance of the Series 2021 Bonds. It is expected that the Series 2014 Bonds either will be retired in conjunction with the issuance of the Series 2021 Bonds or that notice of redemption of the Series 2014 Bonds will be given in conjunction with such issuance and, accordingly, that notice of intention to issue such refunding Series 2021 Bonds will not be required by Section 48-101-310(e), Tennessee Code Annotated; otherwise, such notice shall be given if and as directed by the Institution.

Section 5. Details of Series 2021 Bonds. (a) The Series 2021 Bonds shall bear such series designation, be dated, bear interest from their date, be payable, be lettered “R” and numbered consecutively from 1 upwards in order of issuance, be in the denominations (initially, \$100,000 and integral multiples of \$5,000 in excess thereof), be serial or term bonds and in the latter case

be subject to sinking fund retirement at such times and in such amounts, and bear such other terms, in all cases as provided in the Bond Purchase and Loan Agreement.

The Series 2021 Bonds shall mature in the years (but not later than 40 years after their respective dated dates) and in the principal amounts as set forth in the Bond Purchase and Loan Agreement and shall bear interest at fixed or variable (based on LIBOR or some market-acceptable substitute therefor, or a percentage thereof, and additional factors) interest rates per annum not to exceed the maximum rate permitted by law, as shall be determined pursuant to the Bond Purchase and Loan Agreement.

(b) The Series 2021 Bonds shall be subject to optional and mandatory redemption prior to maturity or tender for purchase and purchase in lieu of redemption, as and to the extent provided in the Bond Purchase and Loan Agreement.

Section 6. Sale of Series 2021 Bonds; Related Documents. The Series 2021 Bonds shall be sold by the Issuer to the Bond Purchaser in consideration of advances to be made by the Bond Purchaser in respect thereof, up to and not exceeding \$52,000,000. The Authorized Officers or any of them are hereby authorized and directed to execute and deliver the Series 2021 Bonds to the Bond Purchaser upon receipt from the Bond Purchaser of the initial advance in respect thereof, and to execute and deliver all documents and instruments required in connection therewith.

The form, terms and provisions of the Bond Purchase and Loan Agreement, in substantially the form presented to this meeting, and the form, terms and provisions of the Refunding Trust Agreement, if any, in substantially the form of the Refunding Trust Agreement dated as of February 7, 2017, by and among the Issuer, the Institution and Regions Bank as Bond Trustee and as Refunding Trustee thereunder, are in all respects approved. The Authorized Officers or any of them are authorized and empowered for and on behalf of the Issuer to execute, acknowledge and deliver the Bond Purchase and Loan Agreement, the Series 2021 Bonds and the Refunding Trust Agreement, and the Secretary/Treasurer or Assistant Secretary/Treasurer (unless a signatory as aforesaid) is hereby authorized and empowered to affix, impress, imprint or otherwise reproduce on each Series 2021 Bond the seal of the Issuer, if required, and to attest to the same for and on behalf of the Issuer, with such changes therein as the signing officer shall approve, execution and delivery to be conclusive evidence of such approval.

All Authorized Officers are hereby authorized to take any action, execute any document, or give any consent which may from time to time be required by the Issuer under the Act, this Bond Resolution, the Bond Purchase and Loan Agreement, and the Refunding Trust Agreement, if required, including but not limited to giving notice of intention to issue refunding Series 2021 Bonds, if required, providing for the redemption prior to maturity of the Series 2014 Bonds and executing and delivering the Tax Regulatory Agreement. Any such action taken or document executed by such officer in his or her capacity as an officer of the Issuer shall be deemed to be an act by the Issuer.

Section 7. Effective Date. This Bond Resolution shall take effect immediately.

I hereby certify that the foregoing resolution of The Health, Educational and Housing Facility Board of the County of Knox was duly and lawfully adopted by its Board of Directors on January 12, 2021, at a duly called meeting at which a quorum was acting throughout, and I furthermore certify that such resolution has not been amended or modified in any respect.

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

Secretary

January 12, 2021

DATE: December 22, 2020

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

17 Market Square, #201
Knoxville, TN 37902-1405

The Board meets 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: *University Health System, Inc. ("UHS"), d.b.a. University of Tennessee Medical Center ("UTMC")*

LOCATION: *1924 Alcoa Highway, Knoxville, TN 37920*

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

Benjamin M. Cunningham, Jr., Chief Financial Officer, UHS

AUTHORIZATION – AMOUNT ASKING FOR:

\$53,000,000 (maximum, not to exceed amount) to be issued in one or more series (the "Bonds").

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

Proceeds of the Bonds will be used to (1) pay costs of acquiring, constructing, reconstructing, improving, equipping, furnishing, bettering and/or extending the UTMC as described under "Brief Description of the Project" below (approximately \$43,000,000), including but not limited to reimbursing the Institution for any such costs paid by it, and costs of issuance of the Bonds, and (2) current refund the Knox County Board's outstanding variable rate Series 2014 Bonds for UHS (the "Series 2014 Bonds") to avoid a 2021 mandatory purchase of the Series 2014 Bonds and continue to take advantage of favorable variable interest rates (approximately \$10,000,000).

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

Private placement.

PURCHASER:

First Horizon TE1, LLC, a subsidiary of First Horizon Bank.

GUARANTOR:

UHS

FISCAL AGENT (if selected):

Ponder & Co. (John Cheney and Holly Houston Benedict) will serve as UHS' independent financial advisor

ATTORNEY (if selected):

Hawkins Delafield & Wood LLP (Steven Turner and Charles Toto) will serve as bond counsel

TRUSTEE (if selected):

Regions Bank, Nashville, TN

BRIEF DESCRIPTION OF PROJECT: (including the purpose, employment created, economic impact, size of buildings, land, etc., and other appropriate comments to fully explain.)

Proceeds of the Bonds will be used to finance or reimburse the costs of acquiring, constructing, reconstructing, improving, equipping, furnishing, bettering and/or extending the UTMC campus located at 1924 Alcoa Highway, Knoxville, Tennessee, on approximately 92 acres adjacent to the Tennessee River and bordered by US Highway 129 (Alcoa Highway) to the South and West and by Cherokee Trail to the East, including but not limited to the following: construction of an approximately 1,200 space parking facility, CT replacement and area renovation, linear accelerator, building acquisitions, and construction and equipping of administrative offices and facilities.

Proceeds of the Bonds also will be used to current refund the outstanding Series 2014 Bonds as described under "Estimated Project Cost and Breakdown" above.

A TEFRA Hearing is not requested.

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.

Not applicable.

RULES: Compliance with the rules on the following page is the responsibility of Applicant. The Board reserves the right to amend or waiver 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: \$5,000 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

therefor 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.

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

December 8, 2020, 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, December 8, 2020 at 4:18 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), Tiffany Gardner (Secretary), Julie Wheeler, 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.); Carl Lansden, with Lansden Landmarks, LLC (Applicant); Mark Bunch, Bunch Development Services (Developer for Lansden Landmarks, LLC and Hillwood Villas, LLC); Buzz Goss, with Hillwood Villas, LLC (Applicant), Kent Leach, with Hickory Creek Capital Partners; Craig Cobb, with DGA Lakeview, LP (Applicant); and Jay Moneyhun with Bass, Berry & Sims, PLC (counsel for DGA Lakeview, LP).

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 November 10, 2020. There were none. Upon a motion by Rick Gentry and a second by Mike George, the minutes of the November 10, 2020, meeting were unanimously approved.

III. Election of Board Officers and Committee Appointments. The Chair stated that, at the last meeting, a nominating committee was appointed to consider officer and committee appointments. He stated that there is a report in the Agenda Packet that contains the nominations made by the Nominating Committee as to those positions. A copy of such report is hereto attached as Exhibit B. The Chair asked if there were any questions or comments concerning the nominations or if any Board member wanted to make any additional nominations. There were none.

Upon a motion by Alvin Nance and a second by Tiffany Gardner, the following persons were elected or appointed to the positions opposite their name:

Officers:

Greg McWhorter: Chair
Paul Fortunato: Vice Chair
Tiffany Gardner: Secretary/ Treasurer
Julie Wheeler: Assistant Secretary/ Treasurer

Application Review Committee:

Rick Gentry, as Chair
Tiffany Gardner, as Vice Chair
Paul Fortunato
Greg McWhorter
Shannon Coleman Egle
Michael Wood

Further discussion was had regarding the need to establish a Performance Evaluation Committee for the Board due to the fact that the Health & Ed Board is now entering into payment in lieu of tax transactions related to affordable housing. Upon a motion by Anthony Wise and a second by Julie Wheeler, the Board unanimously approved the creation of the Performance Evaluation Committee and the following persons were appointed to the positions opposite their name:

Performance Evaluation Committee.

Julie Wheeler, as Chair
Michael George, as Vice Chair
Terry Henley
Anthony Wise
Alvin Nance

IV. Consideration of Resolution regarding Signature Card Authorizations. The Chair stated that the resolution regarding Signature Card Authorizations is in the Board's packet and that the resolution is before the Board for its approval. The Chair asked if there were any comments or questions. A motion was made by Julie Wheeler and seconded by Tiffany Gardner to accept the resolution. However, Shawn Barhorst stated that since the officers are remaining the same for 2021, the need for new signature cards was no longer needed and the prior resolution granting authorization was sufficient for the Board's continued business. Mr. Trump further clarified that the prior resolution requiring 2 signatories was amended due to the Covid-19 pandemic which granted authority for only 1 signatory on checks. After discussion, the motion made by Julie Wheeler and Seconded by Tiffany Gardner was withdrawn.

V. Review and Consideration of a Preliminary Bond Resolution and Letter of Intent of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for Hillwood Villas, LLC in a Principal Amount Not to Exceed \$14,000,000. The Chair recognized Christopher Trump, who provided an overview of the proposed preliminary resolution by Hillwood Villas, LLC (“Hillwood”) for the issuance of revenue bonds to finance the rehabilitation construction, and equipping of an approximately 124-unit housing facility for low and moderate-income citizens to be known as Hillwood Villas Apartments (the “Hillwood Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 095NA024 and 095NA02401) with an address of 1642 Hillwood Dr., Knoxville, TN. Mr. Trump stated that the preliminary resolution would allow counsel to the Board to hold the required TEFRA hearing at a later date. Mr. Trump further stated that the preliminary resolution is needed in connection with the developer’s application to the THDA for low-income housing tax credits and that the preliminary resolution and letter of approval also provides assurances to the potential bond purchaser, to move forward with the Project.

Mr. Trump then introduced Buzz Gross, with Hillwood Villas, LLC, the Applicant, who provided the Board additional background and overview of the proposed housing Project. Mr. Gross then introduced Kent Leach, who represents the prospective bond purchaser, and Mark Bunch, the Developer, should any Board member have additional questions. Discussion was had.

Upon a motion by Alvin Nance, and a second by Rick Gentry, the proposed preliminary resolution for Hillwood Villas, LLC was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit C.

VI. Review and Consideration of a Preliminary Bond Resolution and Letter of Intent of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for Lansden Landmarks, LLC in a Principal Amount Not to Exceed \$13,000,000. The Chair recognized Christopher Trump, who provided an overview of the proposed preliminary resolution by Lansden Landmarks, LLC (“Lansden”) for the issuance of revenue bonds to finance the acquisition, construction, and equipping of an approximately 110-unit housing facility for low and moderate-income citizens to be known as The Ammons at Asheville Highway (the “Ammons Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 0711C025 and 0711C027) with an address of 4625 Ashville Hwy, Knoxville, TN. Mr. Trump stated that the preliminary resolution would allow counsel to the Board to hold the required TEFRA hearing at a later date. Mr. Trump further stated that the preliminary resolution is needed in connection with the developer’s application to the THDA for low-income housing tax credits and that the preliminary resolution and letter of approval also provides assurances to the potential bond purchaser, to move forward with the Project.

Mr. Trump then introduced Carl Lansden, with Lansden Landmarks, LLC, the Applicant, who provided the Board additional background and overview of the proposed housing Project. Mr. Lansden then introduced Mark Bunch, the Developer, should any Board member have additional questions. Discussion was had.

Upon a motion by Michael Wood, and a second by Rick Gentry, the proposed preliminary resolution for Lansden Landmarks, LLC was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit D.

Review and consideration of a Preliminary Bond Resolution and Letter of Intent 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 DGA Lakeview LP in a principal amount not to exceed \$13,000,000. The Chair recognized James P. Moneyhun, who provided an overview of the proposed preliminary resolution by DGA Lakeview LP (“Lakeview”) for the issuance of revenue bonds to finance the acquisition, construction and equipping of a 96-Unit housing facility for low and moderate-income citizens to be known as Lakeview at Westland (the “Lakeview Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 144 02016 and 144 02009), which property is bounded on the east by Emory Church Road, bounded on the south by certain property with an address of 9649 Westland Drive believed to be owned by Westland Medical Investors LLC, bounded on the west by Pellissippi Parkway – Interstate 140 and bounded on the north by a portion of the Tennessee River commonly known as Sinking Creek. Mr. Moneyhun stated that the preliminary resolution would allow counsel to the Board to hold the required TEFRA hearing at a later date. Mr. Moneyhun stated that the preliminary resolution is needed in connection with the developer’s application to the THDA for low-income housing tax credits and the preliminary resolution and letter of approval also provides assurances to the potential bond purchaser, to move forward with the Project. Mr. Moneyhun introduced Craig Cobb, with DGA Lakeview, LP, the Applicant, should any Board member have any additional questions. Discussion was had.

Upon a motion by Alvin Nance, and a second by Michael George, the proposed preliminary resolution for DGA Lakeview, LP was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit E.

VII. Old Business:

A) CT-0253 S2020 Covenant Village Project. The Chair recognized Chris Trump who addressed the Board, presenting the CT-0253 S2020 State Report on Debt Obligation for the \$7,490,000 Collateralized Multifamily Housing bonds issued by the Board to Covenant Village.

B) Discussion Concerning Payment-in-Lieu-of-Tax Policies and Procedures for Health Care Facilities. The Chair recognized Todd Napier who informed the Board that he has nothing new to report.

VIII. New Business:

A) 2021 Meeting Schedule. The Chair recognized Todd Napier who addressed the Board regarding the proposed dates for the HEB board meetings in 2021. He stated that they are still scheduled to occur the second Tuesday of every month unless a specially called meeting needs to be scheduled.

IX. Next Meeting. The next regular meeting of The Health, Educational and Housing Facility Board of the County of Knox is scheduled for January 12, 2021, at 4:15 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

X. 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 4:41 p.m.

Date

Secretary

EXHIBITS

- Exhibit A Agenda – December 8, 2020
- Exhibit B Nominating Committee Report
- Exhibit C Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for Hillwood Villas, LLC in a Principal Amount Not to Exceed \$14,000,000 for the Purpose of rehabilitation construction, and equipping of an approximately 124-unit housing facility for low and moderate-income citizens to be known as Hillwood Villas Apartments (the “Hillwood Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 095NA024 and 095NA02401) with an address of 1642 Hillwood Dr., Knoxville, TN
- Exhibit D Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for Lansden Landmarks, LLC and its Affiliate The Ammons at Asheville Highway, LP in a Principal Amount Not to Exceed \$13,000,000 for the Purpose of acquisition, construction, and equipping of an approximately 110-unit housing facility for low and moderate-income citizens to be known as The Ammons at Asheville Highway (the “Ammons Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 071IC025 and 071IC027) with an address of 4625 Ashville Hwy, Knoxville, TN
- Exhibit E Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for DGA Lakeview, LP in a Principal Amount Not to Exceed \$13,000,000 for the Purpose of acquisition, construction, and equipping of an approximately 96-unit housing facility for low and moderate-income citizens to be known as Lakeview at Westland (the “Lakeview Project”) to be located on certain property in Knox County, Tennessee (Tax Parcel IDs: 144 02016 and 144 02009)