

Board Members:

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



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

Regular Meeting
Tuesday, April 12, 2022, 4:00 p.m.
17 Market Square, #201
Knoxville, Tennessee 37902

AGENDA

- I. Call to Order
- II. Approval of Minutes from Previous Meeting
ACTION A) Annual Meeting – February 22, 2022
- III. Finance Report
ACTION
- IV. Consideration of Budget for FY 2022-2023.
ACTION
- V. Old Business
- VI. New Business
- VII. Adjourn

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

February 22, 2022, 4:00 p.m.

The regular meeting of the Board of Directors of the Health, Educational & Housing Facility Board of the County of Knox (the “Health, Ed Board” or “Board”) was held on Tuesday, February 22, 2022, at 4:15 p.m., pursuant to notice duly provided to the Directors and the public. The meeting was held at the offices of the Knoxville Chamber and The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee, 37902.

The following Directors were present at the meeting, Paul Fortunato (Vice Chair), Tiffany Gardner, Anthony Wise, Shannon Coleman Egle, Mike George, Terry Henley, Julie Wheeler, and Alvin Nance.

Also, in attendance were Mike Odom (The Development Corporation), Brenda Wilson Spence (The Development Corporation), Mac McWhorter (Knoxville Chamber), Karen Kakanis (Knoxville Chamber), R. Christopher Trump (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Susan L. Levine (Paralegal - Egerton, McAfee, Armistead & Davis, P.C.), and James Moneyhun (Bass, Berry & Sims).

I. Paul Fortunato, the Board’s Vice 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 then discussed the following matters and took the following actions as noted:

II. Review/ Approve Minutes from Previous Meeting. The Vice Chair of the meeting asked if there were any changes to the minutes of the regular meeting held on November 9, 2021. There were none.

Upon a motion by Alvin Nance and a second by Tiffany Gardner, the minutes of the November 9, 2021 meeting were unanimously approved.

III. Review and Approval of Finance Report as of December 31, 2021. The Vice Chair recognized Karen Kakanis who addressed the Board and presented the financial report as of December 31, 2021 (“Financial Report”), reviewing with the Board the Balance Sheet with Prior Year Comparison, Budget Variance Report, and Income Statement with Prior Year Comparison. Discussion was had.

Upon a motion by Julie Wheeler and a second by Tiffany Gardner, the Financial Report as of December 31, 2021 was unanimously accepted. A copy of the financial statements so presented during the report are attached hereto collectively as Exhibit B.

IV. Review and consideration of a Resolution relative to an amendment to the Farragut Pointe, LLC Payment-In-Lieu-of-Tax (PILOT) Lease Agreement for the 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. The Vice Chair recognized Chris Trump who stated that the proposed amendment reflects that the applicant choose to

pay the annual base rent upfront at closing, instead of yearly as required by the PILOT Lease Agreement previously provided and approved by the Board. Discussion was had by the Board.

Upon a motion by Tiffany Gardner, and a second by Shannon Coleman Egle, the resolution approving the amendment to the Farragut Pointe, L.P. PILOT Lease was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit C.

V. Review and Consideration of the Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox regarding the issuance of Revenue Bonds for Ridgebrook Housing I, LLC, Series 2022, in a Principal Amount not to exceed \$28,000,000. The Vice Chair recognized James Moneyhun, Applicant's bond counsel, who provided a brief history and overview of the project. Mr. Moneyhun then stated that the proceeds would be loaned to Ridgebrook Housing I, LLC to finance the acquisition, rehabilitation, and equipping of an approximately 144-unit housing facility for low and moderate-income citizens (the "Ridgebrook Project") located at 2121 Ridgebrook Lane in Knoxville, Tennessee. The expected initial principal user of the Ridgebrook Project is expected to be Ridgebrook Housing I, LLC. Mr. Trump stated that the TEFRA hearing was held on February 8, 2022 and no members of the public attended to voice opposition to the Ridgebrook Project. Discussion was had.

Upon a motion by Anthony Wise, and a second by Mike George, the preliminary bond resolution for Ridgebrook Housing I, LLC, Series 2022 was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit D.

VI. Review and Consideration of the Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox regarding the issuance of Revenue Bonds for Central Terrace, LP, Series 2022, in a Principal Amount not to exceed \$16,000,000. The Vice Chair recognized James Moneyhun, Applicant's bond counsel, who provided a brief history and overview of the project. Mr. Moneyhun then stated that the proceeds would be loaned to Central Terrace, LP for the purposes of financing the acquisition and construction of an approximately 112-unit housing facility for low and moderate-income citizens (the "Central Terrace Project") located at 4502 Fennel Road in Knoxville, Tennessee. The expected initial principal user of the Central Terrace Project is expected to be Central Terrace, LP. Mr. Trump stated that the TEFRA hearing was held on February 8, 2022 and no members of the public attended to voice opposition to the Central Terrace Project. Discussion was had.

Upon a motion by Tiffany Gardner, and a second by Alvin Nance, the preliminary bond resolution for Central Terrace, LP, Series 2022 was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit E.

VII. Election of Board officers and Committee Appointments. The Vice Chair stated that this item is tabled pursuant to the Board's approval during the November meeting to hold the election of officers in abeyance until July 2022 pending the completion of the transition from The Industrial Development Corporation to the Knoxville Chamber.

VIII. Consideration of Resolution regarding Signature Card Authorizations. The Vice 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 Vice Chair asked if there were any comments or questions. Discussion was had. Upon a motion made by Anthony Wise and seconded by Alvin Nance,

the signature card resolution was unanimously approved. A copy of the resolution as approved is attached hereto as Exhibit F.

IX. Old Business.

A) CT-0253 Farragut Pointe, L.P. – Series 2021. The Vice Chair recognized Chris Trump who addressed the Board, presenting the CT-0253 State Report on Debt Obligation for the \$18,000,000 Tax-Exempt Collateralized Multifamily Housing Bonds, Series 2021 issued by the Board to Farragut Pointe, L.P. Mr. Trump reported to the Board that the CT-0253 was being provided for informational purpose as required by law and that no action on their part was necessary.

B) CT-0253 Inskip Flats, L.P. – Series 2021. The Vice Chair recognized Chris Trump who addressed the Board, presenting the CT-0253 State Report on Debt Obligation for the \$9,000,000 Tax-Exempt Multifamily Housing Governmental Note, Series 2021 issued by the Board to Inskip Flats, L.P. Mr. Trump reported to the Board that the CT-0253 was being provided for informational purpose as required by law and that no action on their part was necessary.

X. New Business. The Vice Chair informed the members that the Board received a letter of resignation from Michael Wood, effective immediately. Therefore, his seat will remain vacant until the Knox County Commission approves his successor in July. Therefore, he reminded the Board members that their attendance in the future is imperative to meet the Board's meeting quorum requirements.

XI. Next Meeting. The next regular meeting of the Health, Ed Board of the County of Knox is scheduled for March 8, 2022, at 4:15 p.m. at the offices of the Knoxville Chamber and The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee, 37902.

XII. 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 4:35 p.m.

Dated

Tiffany E. Gardner, Secretary

EXHIBITS

- Exhibit A Agenda – February 22, 2022
- Exhibit B December 31, 2021 Financial Statements
- Exhibit C Resolution Approving Amendment to the Farragut Pointe, LLC
Payment-In-Lieu-of-Tax (PILOT) Lease Agreement.
- Exhibit D Preliminary Bond Resolution Approving the issuance of
Revenue Bonds for Ridgebrook Housing I, LLC, Series
2022, in a Principal Amount not to exceed \$28,000,000
- Exhibit E Preliminary Bond Resolution Approving the issuance of
Revenue Bonds for Central Terrace, LP, Series 2022, in a
Principal Amount not to exceed \$16,000,000
- Exhibit F Signature Card Resolution

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The Health, Educational and Housing Facility Board of the County of Knox
Balance Sheet with Prior Year Comparison
As of March 31, 2022

	As of March 31, 2022	As of March 31, 2021 (PY)
ASSETS		
Current Assets		
Bank Accounts		
100-000 Cash - Checking	194,907.28	79,868.49
104-000 Cash - Money Market	223,910.73	223,024.22
Total Bank Accounts	\$ 418,818.01	\$ 302,892.71
Accounts Receivable		
125-000 Accounts Receivable	2,000.00	0.00
Total Accounts Receivable	\$ 2,000.00	\$ 0.00
Other Current Assets		
127-000 Prepaid Insurance	6,645.83	5,820.83
Total Other Current Assets	\$ 6,645.83	\$ 5,820.83
Total Current Assets	\$ 427,463.84	\$ 308,713.54
TOTAL ASSETS	\$ 427,463.84	\$ 308,713.54
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
200-000 Accounts Payable	7,600.00	6,387.70
Total Accounts Payable	\$ 7,600.00	\$ 6,387.70
Total Current Liabilities	\$ 7,600.00	\$ 6,387.70
Long-Term Liabilities		
250-000 Deferred Revenue	39,953.22	-
Total Long-Term Liabilities	\$ 39,953.22	\$ -
Total Liabilities	\$ 47,553.22	\$ 6,387.70
Equity		
300-000 Opening Balance Equity	44,772.55	44,772.55
320-000 Retained Earnings	257,553.29	237,529.36
Net Income	77,584.78	20,023.93
Total Equity	\$ 379,910.62	\$ 302,325.84
TOTAL LIABILITIES AND EQUITY	\$ 427,463.84	\$ 308,713.54

The Health, Educational and Housing Facility Board of the County of Knox
Budget Variance Report
For the 12 Periods Ended March 31, 2022

	March 2022			April 2021 - March 2022			April 2021 - March 2022	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	% Remaining
Income								
410-000 Interest Revenue	16	166	(151)	899	2,000	(1,101)	2,000	55%
420-000 Base Rent Revenue	-	166	(166)	4,050	2,000	2,050	2,000	-103%
435-000 Application Revenue	-	1,667	(1,667)	19,500	20,000	(500)	20,000	3%
444-000 Closing Revenue	-	-	-	76,800	-	76,800	-	-
445-000 Agenda Revenue	-	166	(166)	1,500	2,000	(500)	2,000	25%
447-000 Appropriation - Retained Earnings	-	363	(363)	-	4,350	(4,350)	4,350	100%
Total Income	\$ 16	\$ 2,529	\$ (2,514)	\$ 102,749	\$ 30,350	\$ 72,399	\$ 30,350	13%
Expenses								
502-001 Operating Expenses	29	58	(29)	430	700	(270)	700	39%
503-001 Advertising Expenses	100	83	17	1,009	1,000	9	1,000	-1%
504-001 Administrative Expenses (TDC)	750	750	-	9,000	9,000	-	9,000	0%
507-001 Insurance Expense	604	529	75	6,425	6,350	75	6,350	-1%
511-001 Accounting Expense	-	442	(442)	5,300	5,300	-	5,300	0%
512-001 Legal Expense	250	667	(417)	3,000	8,000	(5,000)	8,000	63%
Total Expenses	\$ 1,733	\$ 2,529	\$ (796)	\$ 25,164	\$ 30,350	\$ (5,186)	\$ 30,350	17%
Net Operating Income	\$ (1,717)	\$ -	\$ (1,717)	\$ 77,585	\$ -	\$ 77,585		

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, 2022

	<u>April 2021 - March 2022</u>	<u>April 2020 - March 2021 (PY)</u>
Income		
410-000 Interest Revenue	899.24	2,195.28
420-000 Base Rent Revenue	4,050.00	2,000.00
435-000 Application Revenue	19,500.00	35,000.00
444-000 Closing Revenue	76,800.00	12,850.00
445-000 Agenda Revenue	1,500.00	2,000.00
Total Income	\$ 102,749.24	\$ 54,045.28
Gross Profit	\$ 102,749.24	\$ 54,045.28
Expenses		
502-001 Operating Expenses	430.10	716.51
503-001 Advertising Expenses	1,009.36	1,851.54
504-001 Administrative Expenses (TDC)	9,000.00	9,000.00
507-001 Insurance Expense	6,425.00	5,653.30
511-001 Accounting Expense	5,300.00	5,300.00
512-001 Legal Expense	3,000.00	11,500.00
Total Expenses	\$ 25,164.46	\$ 34,021.35
Net Operating Income	\$ 77,584.78	\$ 20,023.93
Other Income		
430-000 PILOT Revenue	5,000.00	2,095.89
Total Other Income	\$ 5,000.00	\$ 2,095.89
Other Expenses		
587-001 PILOT Payment Expense	5,000.00	2,095.89
Total Other Expenses	\$ 5,000.00	\$ 2,095.89
Net Other Income	\$ -	\$ -
Net Income	\$ 77,584.78	\$ 20,023.93

The Health, Educational, and Housing Facility Board of the County of Knox
Proposed Budget
Fiscal Year April 1, 2022 - March 31, 2023

	<u>Prior FY Budget</u> <u>Apr 2021 - Mar 2022</u>	<u>Prior FY Actual</u> <u>Apr 2021 - Mar 2022</u>	<u>Proposed Budget¹</u> <u>Apr 2022 - Mar 2023</u>
REVENUE:			
Interest Revenue ²	2,000	899	1,500
Base Rent Revenue	2,000	4,050	4,130
Application/Project Revenue (Bond Issues) ³	20,000	19,500	20,000
Closing Revenue	-	76,800	-
Agenda Revenue ⁴	2,000	1,500	2,000
Appropriation from Retained Earnings/Fund Balance ⁵	4,350	-	4,220
Total Revenue	\$ 30,350	\$ 102,749	\$ 31,850
EXPENSE:			
Operating Expense ⁶	700	430	700
Advertising Expense (Public Notices) ⁷	1,000	1,009	1,000
Administrative Expense (TDC)	9,000	9,000	9,000
Insurance Expense (D & O)	6,350	6,425	7,250
Accounting Expense ⁸	5,300	5,300	5,900
Legal Expense	8,000	3,000	8,000
Total Expense	\$ 30,350	\$ 25,164	\$ 31,850
Total Revenue less Expense	\$ -	\$ 77,585	\$ -

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

²Proposed Budget for Interest Revenue estimated on average balance of \$224,000

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

⁴Based on estimate of 4 agenda fees per year.

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

⁶Operating Expense is expense incurred for copies, postage, fedex, etc.

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

⁸Accounting Expense is for the annual audit fee.