

Board Members:

Charley Bible
Shannon Coleman Egle
Paul Fortunato
Tiffany Gardner
Mike George
Terry Henley
J. Ford Little
Lou Moran, III
Alvin Nance
Lisa Rottmann
Anthony Wise



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

Regular Meeting
Tuesday, May 9, 2023, 4:15 p.m.
17 Market Square, #201
Knoxville, Tennessee 37902

AGENDA

- I. Call to Order
- ACTION** II. Approval of Minutes from Previous Meeting
 - a) Regular Meeting – April 11, 2023
- ACTION** III. Review and consideration of a final 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 Multifamily Housing Bonds Series 2023 of not to exceed \$3,000,000 for Callahan Flats Housing Project located at 1511 and 1517 Callahan Drive, Knoxville, TN.
- IV. New Business
- V. Old Business
- VI. Adjourn

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

April 11, 2023, 4:15 p.m.

The regular meeting of the Board of Directors of Health, Educational & Housing Facility Board of the County of Knox (the “Health, Ed Board” or “Board”) was held on Tuesday, April 11, 2023, at 4:45 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 (Chair), Tiffany Gardner (Vice-Chair), Shannon Coleman Egle (Secretary), Alvin Nance, Dr. Anthony Wise, Jr., Terry Henley, Lisa Rottmann, and Lou Moran, III.

Also, in attendance were Mike Odom (Knoxville Chamber), Mac McWhorter (Knoxville Chamber), Karen Kakanis (Knoxville Chamber), R. Christopher Trump (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Katrina Vargas (Paralegal - Egerton, McAfee, Armistead & Davis, P.C.), and Blayne Chance (Public Observer).

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

II. Review/Approve Minutes from Previous Meeting. The Chair of the meeting asked if there were any changes to the minutes of the regular meeting held on March 21, 2023.

Upon a motion by Tiffany Gardner and a second by Alvin Nance, the minutes of the March 21, 2023, meeting were unanimously approved. A copy of the minutes is attached hereto as Exhibit B.

III. Finance Report. The Chair recognized Karen Kakanis who addressed the Board and presented the final fiscal year report, (“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 Dr. Anthony Wise and a second by Lou Moran, III, the Financial Report, as presented, was unanimously accepted. A copy of the financial statements so presented during the report is attached hereto collectively as Exhibit C.

IV. Old Business. None.

V. New Business. None.

VI. Next Meeting. The next regular meeting of The Health, Ed Board of the County of Knox is scheduled for May 9, 2023, at 4:00 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 4:50 p.m.

Dated

Shannon Coleman Egle, Secretary

DRAFT

EXHIBITS

- Exhibit A Agenda – April 11, 2023
- Exhibit B Minutes – March 21, 2023
- Exhibit C Finance Report

DRAFT

**FINAL RESOLUTION AUTHORIZING ISSUANCE OF NOT TO
EXCEED \$3,000,000 THE HEALTH, EDUCATIONAL AND
HOUSING FACILITY BOARD OF THE
COUNTY OF KNOX
COLLATERALIZED MULTIFAMILY HOUSING BONDS
(CALLAHAN FLATS PROJECT) SERIES 2023**

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 on May 9, 2023; and

WHEREAS, Callahan Flats, L.P., a Tennessee limited partnership (the “Borrower”), has requested the Issuer to finance the acquisition, construction and equipping of an approximately 88-unit housing facility for low and moderate-income citizens to be known as Callahan Flats located in Knoxville Tennessee (the “Project”), which project is of the character and will accomplish the purposes of Part 3 of Chapter 101 of Title 48 of the Tennessee Code Annotated, as amended (the “Act”); and

WHEREAS, on June 14, 2022, the Issuer adopted a Preliminary Bond Resolution (the “Preliminary Resolution”) approving on a preliminary basis the issuance of revenue bonds for the Project in the aggregate principal amount of not to exceed \$18,000,000 and held a public hearing with respect to the issuance of such bonds, as required under Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, on December 13, 2022, the Issuer issued its \$13,375,000 Collateralized Multifamily Housing Bonds (Callahan Flats Project) Series 2022 and loaned the proceeds thereof to the Borrower to finance a portion of the Project;

WHEREAS, the Issuer desires to ratify and confirm the Preliminary Bond Resolution and to issue additional bonds in an amount not to exceed \$3,000,000 to finance additional costs of the Project; and

WHEREAS, there have been submitted to the Issuer at the meeting on May 9, 2023, the forms of the following instruments which the Issuer proposes to execute to carry out the transactions described above, copies of which instruments shall be filed with the records of the Issuer:

(a) Bond Purchase Agreement (the “Purchase Agreement”) by and among the Issuer, the Borrower, and the purchaser thereof (the “Bond Purchaser”);

(b) Trust Indenture (the “Indenture”) between the Issuer and Regions Bank, as trustee (the “Trustee”);

(c) The form of the Issuer's Collateralized Multifamily Housing Bonds (Callahan Flats Project), Series 2023 (the “Bonds”);

(d) Loan Agreement (the “Loan Agreement”) between the Issuer and the Borrower, to provide for the loan of the proceeds of the Bonds to the Borrower and for the repayment of such loan.

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

1. It is hereby found and determined that the financing of the Project will assist the Borrower in connection with its mission of providing safe, affordable housing to the citizens of the State of Tennessee, thereby improving their health and wellbeing and promoting the purposes of the Act. The Issuer hereby ratifies and confirms the Preliminary Resolution, the Preliminary Resolution remains in full force and effect, and the term originally authorized by the Preliminary Resolution is hereby extended through December 31, 2023.

2. It is hereby found to be most advantageous to sell the Bonds, upon the terms and conditions set forth in the Purchase Agreement.

3. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute and either is authorized to deliver the Purchase Agreement to the other parties thereto.

4. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute, and the Secretary or Assistant Secretary of the Issuer is authorized to attest, and either is authorized and directed to deliver the Indenture to the Trustee.

5. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute, and the Secretary or Assistant Secretary of the Issuer is authorized to attest, and either is authorized to deliver the Loan Agreement to the Borrower, the Trustee and the Lender.

6. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute by facsimile or manual signature, attested by the facsimile or manual signature of its Secretary or Assistant

Secretary, and either is authorized and directed to deliver the Bonds to the Trustee for authentication and delivery to the Bond Purchaser thereof upon payment of the purchase price therefor.

7. The Purchase Agreement, the Indenture, the Loan Agreement and the Bonds shall be in substantially the forms submitted, which are hereby approved, with such completions, omissions, insertions and changes as may be approved by the officers executing them, their execution to constitute conclusive evidence of their approval of any such omissions, insertions and changes; provided, however, that the Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by law and the Bonds shall mature on or before ten (10) years after the issuance thereof.

8. The Issuer hereby authorizes and approves the preparation, use and circulation of a Preliminary Official Statement and a Final Official Statement, which describes the Bonds and the financing documents related to the Bonds and which will be used to market and sell the Bonds. The Issuer hereby authorizes and approves the preparation, use and circulation of a Remarketing Circular or similar offering document, which describes the Bonds and the financing documents related to the Bonds and which will be used in connection with any remarketing of the Bonds, as provided for in the Indenture.

9. The officers of the Issuer are hereby authorized and directed to execute, deliver and file all certificates and instruments, including Internal Revenue Service Form 8038, financing statements to evidence security interests created under the Indenture, a Tax Exemption Certificate and Agreement, a land use restriction agreement and an informational statement to be filed with the State of Tennessee, and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds and the financing of the Project.

10. Any authorization herein to execute any document shall include authorization to record such document where appropriate.

11. All other acts of the officers of the Issuer which are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bonds and the financing of the Project are hereby approved and confirmed.

I hereby certify that attached hereto is a resolution of The Health, Educational and Housing Facility Board of the County of Knox, duly and lawfully adopted by its Board of Directors on May 9, 2023, at a 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

By: _____
Name: _____
Title: _____

35522831.1

DATE: April 18, 2023

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: Callahan Flats

LOCATION: 1511 and 1517 Callahan Drive, Knoxville, TN

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

Limited Partnership to be formed is Callahan Flats, LP; General Partner to be Callahan Flats GP, LLC. Both the Limited Partner and the General Partner will be affiliates of Knoxville Leadership Foundation. Address of each is 318 N Gay St #210, Knoxville, TN 37917

AUTHORIZATION – AMOUNT ASKING FOR: An additional \$3,000,000 in supplemental bonds are being requested due to increased project costs in order to meet the 50% LIHTC test

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

\$ 650,000	Land
\$ 20,350,000	Construction Costs
\$ 4,000,000	Professional & Soft Costs
\$ 1,500,000	Financing
<u>\$ 500,000</u>	Reserves
\$ 27,000,000	Total Dev. Costs*

*Based on current estimates.

PROCEDURE FOR SALE OF BONDS (Private vs. Public Placement, etc. See also Paragraphs 5 (3) (4) and (5) Very likely public placement – bonds will be cash collateralized and redeemed upon completion of the proposed project

PURCHASER: likely Stifel, Nicolaus & Company, Incorporated (underwriter and remarketing agent)

GUARANTOR: Not Applicable

FISCAL AGENT (if selected): Not Applicable

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

TRUSTEE (if selected): Likely Regions Bank

BRIEF DESCRIPTION OF PROJECT: (including the purpose, employment created, economic impact, size of buildings, land, etc., and other appropriate comments to fully explain.) The property is located at 1511 and 1517 Callahan Drive in Knoxville, Tennessee. The applicant plans to construct an approximately 88-unit low income housing apartment

facility on the property. The three expected main sources of funding required to complete this transaction will be: (i) proceeds from the sale of private activity multifamily tax exempt bonds allocated by Tennessee Housing Development Agency (THDA) and issued by the Health, Education & Housing Facilities Board, (ii) proceeds from a mortgage loan and (iii) equity proceeds from the investment in limited partnership interests pursuant to an allocation of 4% Low Income Housing Tax Credits from THDA to the partnership. Full time staffing positions related to the management and maintenance of the facility will be created as part of this development and a number of temporary construction jobs will be created for the duration of the construction period.

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 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 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.