

**Board Members:**

Charley Bible  
Shannon Coleman Egle  
Tiffany Gardner  
Bill Fox  
Terry Henley  
J. Ford Little  
Lou Moran, III  
Alvin Nance  
Lisa Rottmann  
Janet Testerman  
L. Anthony Wise, Jr.



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

Regular Meeting  
Tuesday, December 9, 2025, 4:15 p.m.  
17 Market Square, #201  
Knoxville, Tennessee 37902

**AGENDA**

- I. Call to Order
- ACTION** II. Review and Approval of Minutes from Meeting on October 14, 2025
- ACTION** III. Presentation and Consideration of Audited Financial Statements for Year Ended 6/30/25
- IV. Old Business
- V. New Business
- VI. Adjourn



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

October 14, 2025, 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, October 14, 2025, at 4:30 p.m., pursuant to notice duly provided to the Directors and the public. The meeting was held at the offices of the Knoxville Chamber located at 17 Market Square, #201, Knoxville, Tennessee 37902.

The following Directors were present at the meeting: Tiffany Gardner (Chair), Lou Moran (Vice Chair), Anthony Wise (Secretary), Janet Testerman, Alvin J. Nance, Terry Henley, and Ford Little.

Also, in attendance were Mac McWhorter (Knoxville Chamber), Karen Kakanis (Knoxville Chamber), Samuel C. Louderback (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Jordan T. Newport (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), and Lauren Jensen (Paths Development).

I. Call to Order. Tiffany Gardner, 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 September 9, 2025.

Upon a motion by Mr. Little, and a second by Mr. Nance, the Minutes of the September 9, 2025 meeting of the Board were unanimously approved. A copy of the Minutes is attached hereto as Exhibit B.

III. Review and Consideration of a Resolution of the Board of Directors of the Health, Educational and Housing Facility Board of the County of Knox to approve the PILOT (Payment-In-Lieu-of-Taxes) Lease Agreement for Peaks of Knox, LP for the proposed new construction consisting of an approximately 78-unit housing facility for low- and moderate-income citizens, located at 6204 Roscoe Lane, Knoxville, TN 37914.

The Chair noted that the PILOT Application was approved at the Board meeting in July of this year.

The Chair recognized Mr. McWhorter who provided an overview of the project and the PILOT application. Discussion was had.

Upon a motion by Mr. Nance and a second by Ms. Testerman, the Board unanimously voted to adopt the Resolution approving the PILOT Lease for Peaks of Knox, LP for new construction of low and moderate-income housing unit located 6204 Roscoe Lane, Knoxville, TN. A copy of the resolution is attached hereto as Exhibit C.

IV. Review and Consideration of a Bond Resolution authorizing and approving all documents, instruments, actions, and matters necessary or appropriate for, or pertaining to, the issuance, sale, and delivery by The Health, Educational and Housing Facility Board of the County of Knox of its multifamily housing revenue bonds (Morningside Gardens Apartments) Series 2025A-1 and multifamily housing revenue bonds (Morningside Gardens Apartments) Series 2025A-2 in the aggregate principal amount of not to exceed twenty-seven million dollars (\$27,000,000) to finance the acquisition, rehabilitation, and equipping of an approximately 268-unit multi-family housing facility located at 1800 Linden Avenue, Knoxville, TN 37917.

The Chair recognized Mr. McWhorter, who provided an overview of the Bond Resolution for the 268-unit multi-family housing facility located at 1800 Linden Avenue. Discussion was had. Mr. Louderback addressed the Board regarding the proposed Resolution. Mr. Louderback detailed that the preliminary approvals for the revenue bonds were completed in March 2025. Mr. Louderback further detailed the types of revenue bonds to be issued and the respective maturity dates for said bonds. Discussion was had.

Upon a motion by Mr. Moran and a second by Mr. Henley, the Board unanimously voted to adopt the Bond Resolution authorizing and approving the sale of The Health, Educational and Housing Facility Board's multifamily housing revenue bonds (Morningside Gardens Apartments) for the acquisition, rehabilitation of a 268-unit housing facility located 1800 Linden Avenue, Knoxville, TN. A copy of the Resolution is attached hereto as Exhibit D.

V. Review and Consideration of a Bond Resolution authorizing and approving all documents, instruments, actions, and matters necessary or appropriate for or pertaining to, the issuance, sale, and delivery by The Health, Educational and Housing Facility Board of the County of Knox of its multifamily housing revenue bonds (Summit Towers Apartments) Series 2025A-1 and multifamily housing revenue bonds (Summit Towers Apartments ) Series 2025A-2 in the aggregate principal amount of not to exceed thirty-one million dollars (\$31,000,000) to finance the acquisition, rehabilitation, and equipping of an approximately 277-unit multi-family housing facility located at 201 Locust Street, Knoxville, TN 37917.

The Chair recognized Mr. McWhorter, who provided an overview of the Bond Resolution for the 277-unit multi-family housing facility located at 201 Locust Street, Knoxville. Mr. Louderback addressed the Board regarding the proposed Resolution. Mr. Louderback detailed that the preliminary approvals for the revenue bonds were completed in March 2025. Mr. Louderback further detailed the types of revenue bonds to be issued and the respective maturity dates for said bonds. Discussion was had.

Upon a motion by Mr. Nance and a second by Mr. Henley, the Bond Resolution to authorize and approve the sale of The Health, Educational and Housing Facility Board's multifamily housing revenue bonds (Summit Towers Apartments) for the acquisition,

rehabilitation of a 277-unit housing facility located 201 Locust Street, Knoxville, TN. A copy of the resolution as approved is attached hereto as Exhibit E.

VI. Review and Consideration of a Resolution to approve updated Code of Ethics Policy and Attendance Policy.

The Chair recognized Mr. McWhorter who addressed the Board and provided a presentation which included specifics regarding the Code of Ethics Policy and Attendance Policy. Mr. Louderback informed the Board that the Code of Ethics Policy appears to be a revised version of a previous Policy already adopted by the Board, while the Attendance Policy would be a new Policy for the Board.

Upon a motion by Mr. Nance and a second by Dr. Wise, the Board unanimously voted to adopt the Resolution approving the updated Code of Ethics Policy and Attendance Policy. A copy of the Resolution is attached hereto as Exhibit F.

VII. Review and Consideration of the Proposed Board Meeting Dates for Calendar Year 2026.

The Chair recognized Mr. McWhorter who provided an overview of the proposed 2026 meeting dates.

Upon a motion by Mr. Little and a second by Mr. Moran, the Board unanimously voted to approve the 2026 Board meeting dates. A copy of the approved meeting dates is attached hereto as a collective Exhibit G.

VIII. Finance Report. The Chair recognized Ms. Kakanis who addressed the Board and provided a presentation which included specifics regarding the Board's financials and review of certain financial statements, including a balance sheet, a budget variance report, and an income statement.

Upon a motion by Ms. Testerman and a second by Mr. Henley, the Board unanimously voted to approve and adopt the Board's finance reports. A copy of the finance reports is attached hereto as a collective Exhibit H.

IX. Old Business.

(a) Report of the Nominating Committee for Board Member Nominations, Election of Officers, Committee Appointments.

The Chair addressed the Board and reported the actions taken by the Nominating Committee at its meeting that took place on October 14, 2025.

Upon a motion by Mr. Nance and a second by Dr. Wise, the Board unanimously voted to approve and adopt the Report of the Nominating Committee for the Heath, Educational & Housing

Facility Board of the County of Knox for Board Member Nominations, Election of Officers, and Committee Appointments. A copy of the executed Report is attached hereto as Exhibit I.

(b) Committee Report and Consideration of a Resolution on the Request for Proposals for the Board's Legal Services.

The Committee, consisting of Ms. Gardner, Mr. Little, and Mr. Nance presented its recommendations on the Request for Proposals for the Board's Legal Services, which were as follows: (1) to accept the proposal from Egerton, McAfee, Armistead & Davis, P.C. to serve as general legal counsel for all legal matters not specifically covered under real estate or public finance matters; (2) to accept the proposal from Long, Ragsdale & Waters PC to serve as legal counsel for real estate matters, including but not limited to property acquisitions, dispositions, easements, title examinations, zoning issues, and related real estate transactions; and (3) to accept the proposal from Bass, Berry & Sims PLC to serve as legal counsel for public finance matters, including but not limited to bond issuances, tax increment financing, PILOT transactions, loan agreements, and other financing instruments. Alvin Nance made a motion to accept the recommendations of the Committee as reported above, but the motion failed for lack of a second. After further discussion the Board proposed that Egerton, McAfee, Armistead & Davis, P.C. retain both general legal counsel and legal counsel for public finance matters.

By majority vote, the Board elected to: (1) accept the proposal from Egerton, McAfee, Armistead & Davis, P.C. to serve as general legal counsel for all legal matters not specifically covered under real estate or public finance matters; (2) accept the proposal from Long, Ragsdale & Waters PC to serve as legal counsel for real estate matters, including but not limited to property acquisitions, dispositions, easements, title examinations, zoning issues, and related real estate transactions; and (3) accept the proposal from Egerton, McAfee, Armistead & Davis, P.C. to serve as legal counsel for public finance matters, including but not limited to bond issuances, tax increment financing, PILOT transactions, loan agreements, and other financing instruments.

X. New Business. None.

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 5:50 p.m.

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Secretary/Assistant Secretary

## EXHIBITS

- Exhibit A      Agenda – October 14, 2025
- Exhibit B      Minutes from September 9, 2025
- Exhibit C      Resolution (PILOT (Payment-In-Liew-of-Taxes) Lease Agreement for Peaks of Knox, LP)
- Exhibit D      Bond Resolution (Morningside Gardens Apartments)
- Exhibit E      Bond Resolution (Summit Towers Apartments)
- Exhibit F      Resolution (Code of Ethics Policy and Attendance Policy)
- Exhibit G      Proposed Board Meeting Dates for Calendar Year 2026.
- Exhibit H      Finance Report.
- Exhibit I      Report of the Nominating Committee for Board Member Nominations, Election of Officers, and Committee Appointments.



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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
YEAR ENDED JUNE 30, 2025

Table of Contents

	<u>Page</u>
BOARD MEMBERS.....	ii
INDEPENDENT AUDITOR’S REPORT.....	1 - 3
FINANCIAL STATEMENTS	
Statement of Net Position .....	4
Statement of Revenue, Expenses, and Changes in Net Position .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7 - 15
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	16 - 17
SCHEDULE OF PRIOR AUDIT FINDINGS .....	18

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
YEAR ENDED JUNE 30, 2025

BOARD MEMBERS

Board Members

Tiffany Gardner  
Lou Moran, III  
Anthony Wise  
Lisa Rottman

Chairman  
Vice Chairman  
Secretary/Treasurer  
Asst. Secretary/Treasurer

Other Board Members

Alvin J. Nance  
Janet Testerman  
Charley Bible  
J. Ford Little  
Terry Henley  
Shannon Coleman Egle  
Bill Fox

Legal Counsel

Samuel C. Louderback

Legal Counsel to the Board



## Independent Auditor's Report

To the Board of Directors of  
The Health, Educational and Housing Facility Board of the County of Knox  
Knoxville, Tennessee

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of The Health, Educational and Housing Facility Board of the County of Knox (the "Board"), which comprise the statement of net position as of June 30, 2025, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year ended June 30, 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Board as of June 30, 2025, and the respective changes in financial position and cash flows for the year ended June 30, 2025 in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Management has omitted the management’s discussion and analysis that the accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprise the schedule of board members but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025 on our consideration of the Board’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board’s internal control over financial reporting and compliance.

*Crosslin, PLLC*

Nashville, Tennessee  
November 10, 2025

**THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
STATEMENT OF NET POSITION  
JUNE 30, 2025**

ASSETS

Current Assets

Cash and cash equivalents	\$ 419,614
Accounts receivable	5,815
Prepaid expenses	<u>4,833</u>

Total assets \$ 430,262

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	\$ 119
Unearned revenue	<u>33,618</u>

Total liabilities 33,737

NET POSITION

Unrestricted 396,525

Total net position \$ 396,525

The accompanying notes are an integral part of the financial statements.

**THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2025**

Operating Revenue	
Base rent revenue	\$ 8,393
PILOT	61,844
Chamber contribution	<u>12,123</u>
Total operating revenues	<u>82,360</u>
Operating Expenses	
Insurance	7,250
PILOT	61,844
Professional	12,000
Advertising	1,246
Administrative	<u>20</u>
Total operating expenses	<u>82,360</u>
Operating income	<u>-</u>
Non-Operating Income	
Interest income	<u>10,504</u>
Total non-operating income	<u>10,504</u>
Change in net position	10,504
Net position - beginning of year	<u>386,021</u>
Net position - end of year	<u><u>\$ 396,525</u></u>

The accompanying notes are an integral part of the financial statements.

**THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2025**

<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 68,093
Cash received from contributions and support	20,193
Cash paid to vendors	<u>(85,296)</u>
Net cash flows provided by operating activities	<u>2,990</u>
 <b>Cash Flows from Investing Activities</b>	
Interest received	<u>10,504</u>
Net cash flows provided by investing activities	<u>10,504</u>
Net change in cash and cash equivalents	13,494
<b>Balances - beginning of the year</b>	<u>406,120</u>
<b>Balances - end of the year</b>	<u><u>\$ 419,614</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ -
Change in assets and liabilities	
Increase in accounts receivable	8,070
Increase in accounts payable and accrued expenses	<u>(2,936)</u>
Net cash provided by operating activities	<u><u>\$ 2,990</u></u>

The accompanying notes are an integral part of the financial statements.

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Activities

The Health, Educational and Housing Facility Board of the County of Knox (the “Board”) is a non-profit corporation formed pursuant to the specific authority granted at Tennessee Code Annotated Section 48-101-301 et. Seq. The Board performs public functions on behalf of Knox County (the “County”) and its purpose is to improve health and higher education. The Board was organized to finance, acquire, own, lease and/or dispose of properties to increase the commerce, welfare and prosperity and the improvement and maintenance of physical and mental health, higher education, and the housing and living conditions of the people of Knox County, Tennessee and surrounding areas. The Board serves as a non-recourse conduit lender for taxable and non-taxable bond issues for eligible projects. The Board is not considered to be a component unit of the County because the County does not exercise significant influence over operations or have accountability for the Board. However, the Board was created to carry out functions for the County government and the Knox County Commission appoints the Board members. Therefore, the entities are considered to be related parties.

Basis of Accounting and Presentation

The Board’s operations are accounted for as a proprietary fund. The financial statements are presented on the accrual basis of accounting, using the economic resources measurement focus. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Board include application revenue associated with the applications fee for bond financing through the Board. Operating expenses include contractual services costs, professional fees, and insurance. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Comparative financial statements for the prior year are not included because the prior year covered only a partial period of three months, from April 1, 2024 to June 30, 2024. Accordingly, the prior year’s financial information is not comparable to the current full-year results and has been omitted. Management believes that presenting only the current year’s financial statements provides the most meaningful and relevant financial information.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Board considers investments with original maturities of three months or less readily convertible into cash without significant loss due to penalties or interest, deposits in banks, and certificates of deposit to be cash and cash equivalents.

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Conduit Debt Obligations

From time to time, the Board has entered into conduit debt arrangements in accordance with the Board's enabling legislation to provide financial assistance to private-sector entities for acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The conduit debt obligations are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the debts, ownership of the acquired facilities transfers to the private-sector entity serviced by the conduit debt issuance. The Board is not obligated in any manner for repayment of the obligations. Accordingly, the obligations are not reported as liabilities in the accompanying financial statements. At June 30, 2025, the Board had the following conduit debt arrangements being tracked. Any such agreements entered into prior to the tracking implementation would have matured, or be close enough to maturity that management deems them to be immaterial.

- In December 2012, the Board approved a tax-exempt revenue bond for Covenant Health and affiliated entities in order to finance or refinance the acquisition, construction, and installation of certain renovations, expansions, buildings and equipment for healthcare facilities owned by Covenant and its affiliates. The bond will also cover financing to refund all the outstanding 2002A Bonds and to pay, in part, for the costs of such financing including fees, payments to financial advisors, fees and payments to investment bankers, and other legal, accounting and other necessary expenses in connection with such financing. The face amount of the debt obligation is \$145,430,000. The Board is not responsible for any of this amount.
- In August 2014, the Board approved a tax exempt revenue bonds for The Proton Therapy Center, LLC which will be used to fund therapy facilities. The face amount of the debt obligation is \$129,595,000. The Board is not responsible for any of this amount.
- In May 2015, the Board approved a tax-exempt revenue bond for Emerald Academy which will be used to fund education facilities. The face amount of the debt obligation is \$3,600,000. The Board is not responsible for any of this amount.
- In June 2015, the Board approved a tax-exempt revenue bond for Johnson University which will be used to fund education facilities. The face amount of the debt obligation is \$35,000,000. The Board is not responsible for any of this amount.
- In June 2015, the Board approved two tax exempt revenue bonds for UT Medical Center which will be used to fund capital expenditures. The face amount of the debt obligations is \$32,000,000 and \$58,000,000. The Board is not responsible for any of these amounts.

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- In February 2016, the Board approved a tax-exempt revenue bond for The Episcopal School of Knoxville which will be used to fund education facilities. The face amount of the debt obligation is \$10,500,000. The Board is not responsible for any of this amount.
- In September 2016, the Board approved two tax exempt revenue bonds for University Health Systems which will be used to fund capital expenditures. The face amount of the debt obligations are \$110,960,000 and \$124,490,000. The Board is not responsible for any of these amounts.
- In October 2016, the Board approved two tax exempt revenue bonds for Covenant Health which will be used to fund capital expenditures. The face amount of the debt obligations are \$185,515,000 and \$74,000,000. The Board is not responsible for any of these amounts.
- In January 2017, the Board approved a tax-exempt revenue bond for The Trousdale Foundation which will be used to fund health facilities. The face amount of the debt obligations is \$2,850,000. The Board is not responsible for any of this amount.
- In December 2017, the Board approved a tax-exempt revenue bond for Grace Christian Academy of Knoxville which will be used to fund education facilities. The face amount of the debt obligation is \$6,000,000. The Board is not responsible for any of this amount.
- In December 2017, the Board approved two tax-exempt revenue bonds for Crown College Project which will be used to fund education facilities. The face amount of the debt obligations are \$9,250,000 and \$2,750,000. The Board is not responsible for any of these amounts.
- In February 2018, the Board approved a tax-exempt revenue bond for Broadway Towers Preservation, which will be used to fund capital expenditures. The face amount of the debt obligation is \$21,425,000. The Board is not responsible for any of this amount.
- In March 2019, the Board approved a tax-exempt revenue bond for East Tennessee Children's Hospital which will be used to fund health facilities. The face amount of this debt obligation is \$117,260,000. The Board is not responsible for any of this amount.
- In May 2019, the Board approved a tax-exempt revenue bond for Concord Christian School which will be used to fund capital expenditures. The face amount of this debt obligation is \$11,500,000. The Board is not responsible for any of this amount.

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- In June 2019, the Board approved two tax-exempt revenue bonds for Young High LP Young High Flats Apartments Project, which will be used to fund capital expenditures. The face amount of the debt obligation is \$15,750,000. The Board is not responsible for any of this amounts.
- In June 2019, the Board approved a tax-exempt revenue bond for EGC Pond Gap Pond Gap Flats Young High Flats Apartments Project, which will be used to fund capital expenditures. The face amount of this debt obligation is \$11,000,000. The Board is not responsible for any of this amounts.
- In November 2019, the Board approved a tax-exempt revenue bond for Webb School of Knoxville in order to refund existing bonds, as well as fund certain capital projects at the school. The face amount of the debt obligation is \$51,800,000. The Board is not responsible for any of this amount.
- In December 2019, the Board approved five tax exempt revenue bonds for Covenant Health which will be used to refund existing bonds, as well as fund health facilities. The face amount of the debt obligations are \$105,140,000, \$117,711,750, \$101,920,000, \$131,400,000 and \$78,000,000. The Board is not responsible for any of these amounts.
- In March 2020, the Board approved tax-exempt revenue bonds, which are remarketing of Series 2019A and 2019B, for ECG Moss Grove. The bonds will be used to fund capital expenditures. The face amount of the debt obligations is \$25,000,000. The Board is not responsible for any of this amount.
- In May 2020, the Board approved a tax-exempt revenue bond for University Health Systems, Inc. which will be used to fund capital expenditures. The face amount of the debt obligation is \$72,805,000. The Board is not responsible for any of this amount.
- In June 2020, the Board approved a tax-exempt revenue bond for Burlington Commons Apartment Project which will be used to fund capital expenditures. The face amount of the debt obligation is \$5,400,000. The Board is not responsible for any of this amount.
- In July 2020, the Board approved a tax-exempt revenue bond for Grace Christian Academy which will be used to fund capital expenditures. The face amount of the debt obligation is \$4,824,639. The Board is not responsible for any of this amount.

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- In January 2021, the Board approved a tax-exempt revenue bond for University Health Systems, Inc. which will be used to fund capital expenditures. The face amount of the debt obligation is \$52,000,000. The Board is not responsible for any of this amount.
- In May 2021, the Board approved a tax-exempt revenue bond for Farragut Pointe which will be used to fund capital expenditures. The face amount of the debt obligation is \$18,000,000. The Board is not responsible for any of this amount.
- In June 2021, the Board approved two tax-exempt revenue bonds for Lakeview at Westland (2021A and 2021B) which will be used to finance the acquisition, construction, and equipping of a multifamily housing facility. The face amount of the debt obligations are \$11,100,000 and \$4,086,000. The Board is not responsible for either of these amounts.
- In August 2021, the Board approved a tax-exempt revenue bond for Knoxville Christian School which will be used to finance the renovations and construction of educational facilities. The face amount of the debt obligation is \$2,300,000. The Board is not responsible for any of this amount.
- In August 2021, the Board approved a tax-exempt revenue bond for The Ammons at Asheville Highway Apartments which will be used to fund capital expenditures. The face amount of the debt obligation is \$10,500,000. The Board is not responsible for any of this amount.
- In November 2021, the Board approved a tax-exempt revenue bond for Inskip Flats L.P. which will be used to finance the acquisition, construction, and equipping of a multifamily housing facility. The face amount of the debt obligation is \$9,000,000. The Board is not responsible for any of this amount.
- In October 2022, the Board approved a tax-exempt revenue bond for Webb School of Knoxville (Series 2022) which will be used to fund facility improvements. The face amount of the debt obligation is \$13,500,000. The Board is not responsible for any of this amount.
- In November 2022, the Board approved a tax-exempt revenue bond for Westview Towers Project (Series 2022) which will be used to finance the acquisition, construction, and equipping of a multifamily housing facility. The face amount of the debt obligation is \$32,735,000. The Board is not responsible for any of this amount.

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- In December 2022, the Board approved a tax-exempt revenue bond for Lakeview at Westland (2022) which will be used to finance the acquisition, construction, and equipping of a multifamily housing facility. The face amount of the debt obligation is \$1,500,000. The Board is not responsible for any of this amount.
- In December 2022, the Board approved a tax-exempt revenue bond for Callahan Flats Project (2022) which will be used to finance the acquisition, construction, and equipping of a multifamily housing facility. The face amount of the debt obligation is \$13,375,000. The Board is not responsible for any of this amount.
- In December 2022, the Board approved a tax-exempt revenue bond for Central Terrace Project which will be used to finance the acquisition, construction, and equipping of a multifamily housing facility. The face amount of the debt obligation is \$16,000,000. The Board is not responsible for any of this amount.
- In May 2023, the Board approved a tax-exempt revenue bond for Callahan Flats Project (Series 2023) which will be used to finance the acquisition, construction, and equipping of a multifamily housing facility. The face amount of the debt obligation is \$2,913,000. The Board is not responsible for any of this amount.
- In August 2023, the Board approved a tax-exempt revenue bond for Sutherland 1 Apartments (Series 2023) which will be used to finance the acquisition, construction, and equipping of a multifamily housing facility. The face amount of the debt obligation is \$24,362,000. The Board is not responsible for any of this amount.
- In August 2023, the Board approved a tax-exempt revenue bond for Sutherland 2 Apartments (Series 2023) which will be used to finance the acquisition, construction, and equipping of a multifamily housing facility. The face amount of the debt obligation is \$18,721,000. The Board is not responsible for any of this amount.
- In September 2023, the Board approved two tax-exempt revenue bonds for Ridgebrook Housing I, LLC which will be used to finance improvements and renovations to the buildings and other facilities at Ridgebrook Apartments. The face amount of the debt obligations are \$27,996,000 and \$10,000,000. The Board is not responsible for either of these amounts.
- In November 2023, the Board approved tax-exempt revenue bonds for The Village at Inskip, which will be used to finance the acquisition, construction, and equipping of a multifamily housing facility. The face amount of the debt obligations are \$12,138,000 and \$5,422,000. The Board is not responsible for any of these amounts.

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- In December 2023, the Board approved tax-exempt revenue bonds for Group-UTK Properties LLC-University of Tennessee, which will be used to finance the acquisition, construction and equipping of student housing. The face amount of the debt obligations are \$217,835,000 and \$2,510,000. The Board is not responsible for any of these amounts.
- In June 2024, the Board approved tax-exempt revenue bonds for Group-UTK Properties LLC-University of Tennessee, which will be used to finance the acquisition, construction and equipping of student housing. The face amount of the debt obligations are \$126,350,000 and \$1,125,000. The Board is not responsible for any of these amounts.
- In June 2024, the Board approved tax-exempt revenue bonds for Group-UTK Properties LLC-University of Tennessee, which will be used to finance the acquisition, construction and equipping of student housing. The face amount of the debt obligation is \$2,035,000. The Board is not responsible for any of these amounts.

Revenue Recognition and Accounts Receivable

Project fees are recorded at the time the fee is earned. Any fees earned but not received as of year end are recorded as accounts receivable.

Net Position Classification

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is classified into three components as defined below:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations or other governments or restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This amount is the net position that does not meet the definition “restricted” or “net investment in capital assets.”

When both restricted and unrestricted net position balances are available for use, it is the Board’s policy to use restricted net position balance first, then use unrestricted net position.

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**NOTE 2 - CONCENTRATIONS OF CREDIT RISKS**

As of June 30, 2025, the Board maintained two deposit accounts with First Horizon Bank with a bank balance of \$187,054, and one deposit account with Pinnacle with a bank balance of \$232,560.

At June 30, 2025, all of the Board's bank accounts were fully insured either by the FDIC or by the Board's participation in the State of Tennessee's collateral pool.

**NOTE 3 - KNOX COUNTY PROPERTY TAX INCENTIVE PROGRAM**

Pursuant to Tenn. Code Ann. §48-101-312 et seq.(the "Act"), The Health, Educational, and Housing Facility Board of the County of Knox (the "Board") is authorized to enter into payment-in-lieu-of-tax transactions for projects which are in furtherance of the public purposes of the Board provided in the Act, including, without limitation, those which will have the effect of promoting, maintaining and increasing affordable housing available to the citizens of Knox County, Tennessee. In April of 2020, the Board approved a set of interim policies and procedures respecting the approval and administration of payment-in-lieu-of-tax transactions related to affordable housing (the "Program"). The Program is an economic development incentive that can be provided to affordable housing projects to promote the creation of affordable housing within Knox County (the "County"). The primary role the Board serves for the County is to determine whether a project is in the public interest and, relying upon the recommendation of the County Mayor's Administration, the level of public assistance to be provided to the project. Under the Program, City and County property values are normally frozen at a level no less than the pre-development level for a period of time (up to 15 years). During the freeze period, "payments in lieu of property taxes" ("PILOT") are made to the Board, which then transfers the payments to the City of Knoxville (the "City") and the County, as applicable. The Board serves as a pass-through agent for these payments, which are due on or before the last day of February immediately following the tax year with respect to which the payments relate. Title to the property is transferred to the Board for the period of the tax freeze, and is then returned to the business at the end of the period for a nominal fee. The Board does not record the property as an asset on its balance sheet, since there would be an offsetting liability back to the business in a like amount.

The property is leased to the business under a triple net lease during the freeze period for a base rent of a nominal amount, plus additional payments consisting of expenses paid and/or obligations incurred by the Board related to the premises or requirements of the lease.

The Board receives fees from the Program's applicants for the various stages of the administration. During the year ended June 30, 2025, there were 2 closings and six current projects.

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**NOTE 4 – RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2025, the Board received contributions of \$12,123, from the Knoxville Chamber to support its operating activities. The Knoxville Chamber also provides various management and economic development services to the Board.

**NOTE 5 - RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board's risks of loss are covered by a commercial package directors and officers' insurance policy. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 6 - SUBSEQUENT EVENTS**

The Board has evaluated subsequent events through November 10, 2025, the date at which the financial statements were available for issuance, and has determined that there were no subsequent events requiring disclosure.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards*

To the Board of Directors of  
The Health, Educational and Housing Facility Board of the County of Knox  
Knoxville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Health, Educational and Housing Facility Board of the County of Knox (the "Board"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 10, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crosslin, PLLC*

Nashville, Tennessee  
November 10, 2025

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX  
SCHEDULE OF PRIOR AUDIT FINDINGS

The Board had no prior year audit findings.



## **Report on Authorized Signatures/Project Updates**

### **IDB & HEB**

- **Updated Public Record Policy**
  - **Amended TDC to Knoxville Chamber with Mac McWhorter as the contact**
  - **No other substantive changes.**

### **IDB**

- **Purchase Agreement with Mollenhour Gross for Eastbridge Business Park, Site 8**
  - **Approved final survey**
  - **Will be used for subdividing/recording the plat and calculating final purchase price**
  - **25.086 acres X \$25,000 per acre = \$627,150**
- **Letters signed and sent to unselected RFP for legal services proposers.**