

AGENDA
MONTHLY MEETING OF
THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD
OF THE CITY OF CHATTANOOGA, TENNESSEE

Monday, January 27, 2025 @ 12:30 PM

1. Call to Order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Approval of the Minutes for the November 1, 2024, monthly meeting.
4. Recognition of Persons Wishing to Address the Board.
5. **TEFRA Hearing - Eastwood Manor II, LP Preliminary Bond Inducement - \$18 million**

A resolution of the Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee relating to the issuance of multifamily housing revenue bonds for an amount not exceeding \$18 million to provide financing to Eastwood Manor II, LP for the acquisition, construction, and equipping of a multifamily housing facility for low and moderate-income citizens to be located at 3831 Wilcox Blvd., Chattanooga, Tennessee. **(HEB-2025-01)**

6. **TEFRA Hearing - Hamilton South, LP Preliminary Bond Inducement - \$48 million**

A resolution of the Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee relating to the issuance of multifamily housing revenue bonds for an amount not exceeding \$48 million to provide financing to Hamilton South, LP for the acquisition, construction, and equipping of a multifamily housing facility for low and moderate-income citizens to be located at 7610 Standifer Gap Road, Chattanooga, Tennessee. **(HEB-2025-02)**

7. **TEFRA Hearing - One Westside Phase 2B, LP Preliminary Bond Inducement - \$20 million**

A resolution of the Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee relating to the issuance of multifamily housing revenue bonds for an amount not exceeding \$20 million to provide financing to One Westside Phase 2B, LP for the acquisition, construction, and equipping of a multifamily housing facility for low and moderate-income citizens to be located at 1150 Boynton Drive, Chattanooga, Tennessee. **(HEB-2025-03)**

8. **SREIT 1400 Chestnut PILOT Agreement and Lease**

A resolution authorizing the Chair or Vice-Chair to execute Assignment and Assumption documents related to the 1400 Chestnut PILOT and purchase and sale which HZ Chestnut DST will acquire the 1400 Chestnut multi-family housing development on February 5, 2025. **(HEB-2025-04)**

9. Other Business-Discussion.

- (a) FYI – Report on Debt Obligation relating to the One Westside Phase 1B Series 2024 Multifamily Housing Revenue Bonds in the amount of \$35 million.

10. Adjournment.



HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD

City of Chattanooga, Tennessee

SPECIAL MONTHLY MEETING MINUTES

John P. Franklin, Sr. Council Building

J.B. Collins Conference Room

1000 Lindsay Street

Chattanooga, TN 37402

for

Friday, November 1, 2024

1:00 PM

Present were Board Members: Hicks Armor (Chair); Richard Johnson (Vice-Chair); Hank Wells (Secretary); Johnika Everhart; Andrea L. Smith; Brian Erwin; and Malcolm Harris. Absent was Dr. Patti Skates.

Also present were Phillip A. Noblett (Counsel to the Board); Richard Beeland (Economic Development); Jay Moneyhun (Bass Berry & Sims); Javid Majid (CFO); Jim Grauley (Columbia Residential Real Partners); and Steve Barrett (Husch Blackwell).



Chairman Hicks Armor called the meeting to order, confirmed the meeting advertisement, and established that a quorum was present to conduct business.



ELECTION OF VICE-CHAIR AND SECRETARY

Richard Johnson, Vice-Chair – nominated by Everhart/Smith.

Hank Wells, Secretary – nominated by Everhart/Johnson.



MINUTES APROVAL FOR THE SEPTEMBER 16, 2024, MONTHLY MEETING

On motion of Mr. Johnson, seconded by Ms. Smith, the September 16, 2024, minutes for the monthly meeting were unanimously approved as written.



PUBLIC COMMENTS

There was no one from the public wishing to make a comment.



RESOLUTIONS

On motion of Mr. Wells, seconded by Ms. Everhart,

A FINAL RESOLUTION AUTHORIZING ISSUANCE OF NOT TO EXCEED THIRTY-FIVE MILLION DOLLARS (\$35,000,000.00) THE HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE, MULTIFAMILY HOUSING REVENUE BONDS (ONE WESTSIDE PHASE 1B PROJECT) SERIES 2024. (HEB-2024-18)

Attorney Noblett said that this is the issue that we have been trying to get everybody together for because this project is a bond issuance that will provide a lot of multifamily housing. This has been an issue that has been discussed quite heavily in the City about a project development that is going to be completely redone. Mr. Jay Moneyhun is here from Knoxville to make sure this is accomplished so that they can issue the bonds for \$35 million and that is why we are having this meeting today.

Mr. Moneyhun is serving as bond counsel for this project. Mr. Grauley is present serving as the developer/sponsor for this project for the Housing Authority. This is a really great project and has been in the works for a long time and we are at the final stage. Hopefully, in the next week or two we will be able to close the bonds.

Initially, the bonds would be issued for \$35 million, cash collateralized, with the proceeds of a construction loan from Truist Bank. Because they are cash collateralized, they have a very high rating of AA plus because they are actually collateralized with those proceeds. Once construction is complete, the bond issuance will be converted to a tax exempt loan private placement with Grandbridge, who is a Freddie Mac lender. For the permanent phase it will be a tax exempt loan and the payments will be made to the lender.

Mr. Jim Grauley is with Columbia Residential Real Partners with the Chattanooga Housing Authority. We are actually required by the State of Tennessee to close the bonds. As we have been working on getting this meeting scheduled, we have asked for a couple of extensions. They want us to close the bonds and we are actually closing the bonds cash collateralizing hopefully the week of November 11th. They are planning after this meeting to do the marketing of the bonds next week with the hope it will not be too crazy with it being election week. We will close at that point and then we will close the rest of the financing, which is multiple sources Truist, Grandbridge permanent, Freddie Mac permanent, and a number of other sources in the project. We are anticipating in January or possibly early February to close.

Since we have spoken to you and gave inducement which we greatly appreciated that helped them to get the allocation of bonds and tax credits from the State of Tennessee, and we have made tremendous progress since then. We have all of our financing commitments lined up. That is why we feel comfortable closing the bonds now and then the remainder of the financing will be closed in February.

This bond issue will support 166 new homes and this is a unique structure that is the first time it is being done in Tennessee where there is also a separate 9% tax credit financing at 64 additional. The community will look and feel and be built as 230 new homes and 166 are financed with the bonds and 64 with a separate capital structure - 40% of the units will be reserved for residents moving from the existing College Hill into it. The remainder will be mixed income at various levels of affordability – 60% of AMI, 80% of AMI, and some of it is at unrestricted market. The goal is from the master plan. It is very important that we build this large phase to get a good start for providing new homes for the folks who live in College Hill.

Roughly, 60%-80% of AMI is the target for a considerable number of these. For a number of them, there are 40% of the College Hill residents at 40% AMI and below and then 60% and 80%. There are four different tiers of housing. The 40% with College Hill really gets to the most needy. The idea in the whole master plan is the Build First Plan which allows people to move once from College Hill. There is no demolition of existing housing related to this phase. They have the opportunity to move into that new housing and people will be given choices to live there or elsewhere. We plan to build a second phase before the first phase of housing is vacated and demolished for the old College Hill.

Mr. Moneyhun said they will be totally non-recourse to the Board. The borrower will indemnify the Board of all obligations. There is no personal liability. Mr. Erwin had more of a development question but as individuals that may qualify for below AMI housing, how will they apply? They are planning to close at the latest in February and would plan to open in September of 2026. Before that, we would start to market the property. There is a specific set aside for the residents of College Hill but for the rest of it, it is open to the marketplace. People will apply and will need to qualify for income restricted units based on income levels and household size. That process started several months ahead. One of the things that is great here is that since we met, the overall development with the City of Chattanooga and Chattanooga Housing Authority in this development were awarded the Choice Neighborhoods Implementation Grant which is a really big deal for several reasons not the least of which is the funding to the grant itself but also leverages many other things. Part of that is there is a service provider who is already on board after the grant

which works with the families from College Hill on here is how you get ready for this. The goal is to lift people's lives and help them toward self-sufficiency and what their goals are. Part of that is the housing, and they work with them on their economic and self-sufficiency programs and things that they can improve their lives with and help with the relocation and counseling as to here is what this new housing is going to be and here is what your opportunity is and will be working side by side.

The 40% that is reserved to College Hill residents if a number of the College Hill residents choose to stay where they are, so the 40% that you have reserved after the marketing period of time to them, if you give them a six week window and some people choose not. Say the 40% is 60 units, what level do those 60 units go out? After further discussion, the 40% of the units throughout the development on the 230 it is 92 total, those are public housing units. The way residents pay for those is because they pay based on 30% of their income for rent and utilities. There is a utility allowance that is applied that reduces rent based on the projected utility cost and then the rent is based on 30% of income. That is permanently affordable through several mechanisms. One is the State of Tennessee we signed a Land Use Restriction Covenant that says those units will be for 30 years of the tax credit. Secondly, the Housing Authority owns the ground and is providing a rental subsidy to those residents. The intent is to be permanently affordable at that level. When the AMI goes up and the costs go up, those residents are not impacted by what their own income is. If there are families and help during the programming and their income goes up, the rent would go up still inside 30%.

After further discussion, the master plan replaces all 497 apartments at College Hill with similarly structured apartments that are public housing units at that 30% of the income with a rental subsidy that allows folks to stay there. The first phase does not build 497. There are seven phases in the master plan for the Choice Neighborhoods Grant. Yes, they can all move but it is staged. It will be a staged approach where everyone cannot move at one time. Everybody gets a chance to stay right where they are if they choose to.

The motion carried.

ADOPTED

On motion of Mr. Johnson, seconded by Mr. Wells,

A RESOLUTION RATIFYING ACTION TAKEN BY THE CHAIR AND SECRETARY TO EXECUTE THE FIRST AMENDMENT OF AGREEMENT FOR PAYMENT IN LIEU OF AD VALOREM TAXES RELATING TO THE CHATTANOOGA NEIGHBORHOOD ENTERPRISE MILL TOWN PROJECT. (HEB-2024-19)

Attorney Noblett said that this involves the CNE Mill Town Project, and there was an issue regarding the process for completion of a certain number of the units. We added one section at the end of Section 5(c)(i) in the original agreement saying that the parties agree that 12 of the 34 units will be completed within 24 months after the EPA concludes its work on the underlying real property that was a Brownfield situation in connection with the property and was holding up some of the process.

The motion carried.

ADOPTED

DISCUSSION

Attorney Noblet said we received a new lawsuit yesterday involving a dispute over the Maclellan Apartments, and based upon work that has been done but because of the water overflow in that area they said they had not been paid. We will engage in providing a defense if we need to. The reason they name the HEB is because we hold title to the property. It is between the contractor, developer, and lienholder. The person who did the work has not been paid, which should have happened.

The Green Team Restoration is a ServePro group that provided water displacement after the water went everywhere. Heritage Land and Development, Maclellan Apartments, and Arbor Multifamily Lending are sued. The amount is \$300,000 here plus another \$100,000 punitive damages against the folks who were the lenders not against the HEB, and \$100,000 added along. This body is not exposed nor any members of this Board.

The only way that the HEB could be held liable is if we do not act within the scope of what the Board was empowered by the statute.

After further discussion, Ms. Smith made a motion to adjourn the meeting, seconded by Ms. Everhart, and the meeting adjourned at 1:35 PM.

Respectfully submitted,

Hank Wells, *Secretary*

APPROVED:

Hicks Armor, *Chair*

NOTICE OF A PUBLIC MEETING AND PUBLIC HEARINGS OF THE HEALTH,
EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE RELATIVE TO REVENUE BOND ISSUES

NOTICE IS HEREBY GIVEN that The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the "Board") will hold a public meeting and public hearings on January 27, 2025 at 12:30 p.m. in the John P. Franklin, Sr. Council Building Assembly Room or J.B. Collins Conference Room of the City Council Building located at 1000 Lindsay Street in Chattanooga, Tennessee to consider and act upon all business which may properly come before the Board, said business to include, but not necessarily be limited to:

1. The issuance of the Board's exempt facility revenue bonds in the total principal amount not to exceed \$18,000,000 (the "Eastwood Bonds"), the proceeds of which, if issued, would be loaned to Eastwood Manor II, LP for the purposes of financing the acquisition and construction of a multifamily housing facility for low and moderate-income citizens (the "Eastwood Project") located at 3831 Wilcox Blvd. in Chattanooga, Tennessee. The expected initial principal user of the Eastwood Project is expected to be Eastwood Manor II, LP.
2. The issuance of the Board's exempt facility revenue bonds in the total principal amount not to exceed \$20,000,000 (the "Westside Bonds"), the proceeds of which, if issued, would be loaned to One Westside Phase 2B, LP for the purposes of financing the acquisition and construction of a multifamily housing facility for low and moderate-income citizens (the "Westside Project") located at 1150 Boynton Drive in Chattanooga, Tennessee. The expected initial principal user of the Westside Project is expected to be One Westside Phase 2B, LP
3. The issuance of the Board's exempt facility revenue bonds in the total principal amount not to exceed \$48,000,000 (the "Hamilton South Bonds" and together with the Eastwood Bonds and the Westside Bonds, the "Bonds"), the proceeds of which, if issued, would be loaned to Hamilton South, LP for the purposes of financing the acquisition and construction of a multifamily housing facility for low and moderate-income citizens (the "Hamilton South Project") located at 7610 Standifer Gap Road in Chattanooga, Tennessee. The expected initial principal user of the Hamilton South Project is expected to be Hamilton South, LP.

THE BONDS, IF ISSUED, WOULD NOT REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE BOARD, THE CITY OF CHATTANOOGA, THE STATE OF TENNESSEE, OR ANY POLITICAL SUBDIVISION THEREOF.

At the meeting referenced above, the Board will reserve a period for public comment, and any person wanting to provide public comment at the meeting shall express their desire to do so prior to the meeting.

The public hearings referenced above will be held pursuant to the requirements of Section 147(f) of the U.S. Internal Revenue Code of 1986, as amended. Any person interested in the issuance of the Bonds or the location or purpose of the assets to be financed or refinanced with the proceeds of the Bonds is invited to attend the public hearing (which may be continued or adjourned to a later date), and they will be given an opportunity to express their views both orally and in written form concerning the proposed issuance of the Bonds and the financing and refinancing of the projects with the proceeds thereof. For further information, contact Phillip A. Noblett, Esq., City of Chattanooga Attorneys' Office, 100 East 11th Street, Suite 200, Chattanooga, Tennessee 37402, (423) 643-8250.

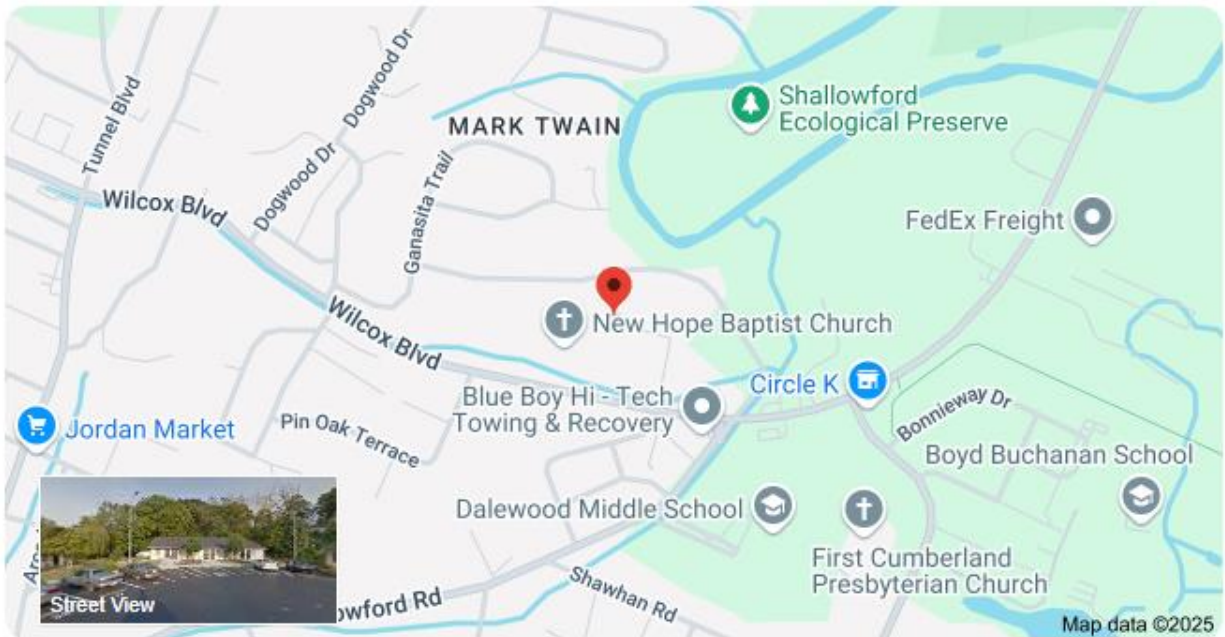
**The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Multifamily Housing Bonds
(Eastwood Manor Project) Series 2025**

Summary of Bonds and Project

Board: The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Borrower: Eastwood Manor II, LP
Bond Amount: Not to exceed \$18,000,000
Project: Rehabilitation of existing multifamily housing facility for low and moderate-income citizens to be located at 3831 Wilcox Boulevard, Chattanooga, Tennessee

Consistent with the bonds that the Board has issued in the past for housing projects, the bonds will be tax-exempt and issued under a conduit bond structure. The bonds will be limited obligations of the Board and will be solely payable from the limited revenues and collateral provided by the Borrower related to the project. Furthermore, the Borrower will be required to indemnify the Board for any liability related to the project or the bonds.

If the Board adopts the preliminary bond inducement resolution, the Borrower will apply to THDA for bond allocation and federal low-income housing tax credits (likely in March 2025). If approved by THDA, the Borrower will be notified by THDA around June-July 2025, will come back to the Board to request final bond approval in the fall of 2025 and will hope to close the issuance of the bonds by the end of 2025.



3831 Wilcox Blvd
Chattanooga, TN 37411

PRELIMINARY BOND RESOLUTION

A RESOLUTION OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE RELATING TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR AN AMOUNT NOT EXCEEDING EIGHTEEN MILLION DOLLARS (\$18,000,000.00) TO PROVIDE FINANCING TO EASTWOOD MANOR II, LP FOR THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF A MULTIFAMILY HOUSING FACILITY FOR LOW AND MODERATE-INCOME CITIZENS TO BE LOCATED AT 3831 WILCOX BLVD., CHATTANOOGA, TENNESSEE.

WHEREAS, Eastwood Manor II, LP or an affiliate thereof (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and moderate-income citizens to be located at 3831 Wilcox Blvd., Chattanooga, Tennessee, and wishes to have The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the "Board") indicate its willingness to issue revenue bonds to provide financing for such purposes; and

WHEREAS, the acquisition, construction and equipping of such facilities will constitute a "project" within the meaning of T.C.A. § 48-101-301; and

WHEREAS, a letter of intent has been presented to the Board under the terms of which the Board agrees, subject to the provisions of such letter, to issue its revenue bonds in an amount not exceeding \$18,000,000 to provide financing for such project.

NOW, THEREFORE, BE IT RESOLVED BY The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee as follows:

1. The Board hereby finds that the financing of such above-described project will improve the quality and availability of housing in the City of Chattanooga, Tennessee, and will contribute to the general welfare of the citizens of the City.
2. The Chairman or the Vice Chairman of the Board is hereby authorized to execute a letter of intent with the Applicant in substantially the form thereof as presented to this meeting or with such changes therein as shall be approved by the Chairman or the Vice Chairman. The officers of the Board are hereby authorized to take such further action as is necessary to carry out the intent and purposes of the letter of intent as executed.
3. The Chairman or the Vice Chairman of the Board is hereby authorized to conduct such public hearings on behalf of the Board as the Applicant may request with respect to the project.
4. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

I hereby certify that the foregoing resolution of The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee was duly and lawfully adopted by its Board of Directors on January 27, 2025, 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.

Executed as of this 27th day of January, 2025.

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____
Name: Hicks Armor
Title: Chair

ATTEST:

Hank Wells, Secretary

**THE HEALTH, EDUCATIONAL AND
HOUSING FACILITY BOARD
OF THE CITY OF CHATTANOOGA
100 E. 11th Street, Suite 200
Chattanooga, TN 37402
(423) 643-8250**

Hicks Armor, Chair
Richard Johnson, Vice-Chair
Johnika Everhart, Member
Andrea L. Smith, Member
Brian Erwin, Member
Hank Wells, Secretary
Malcolm Harris, Member

Phillip A. Noblett, Counsel

January 27, 2025

Eastwood Manor II, LP
Chattanooga, Tennessee

Ladies and Gentlemen:

The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the "Board") has been informed that Eastwood Manor II, LP or an affiliate thereof (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and moderate-income citizens to be located at 3831 Wilcox Blvd., Chattanooga, Tennessee. The above-described acquisition, construction and equipping with regard to such facility constitutes a "project" within the meaning of T.C.A. § 48-101-301.

After investigation of the nature of the proposed project, the Board has determined that the financing of the project will improve the quality and availability of housing in the City of Chattanooga, Tennessee, and will contribute to the general welfare of the citizens of the City. Therefore, it is the belief of the Board that in assisting the financing of the project, the Board will be acting in furtherance of the public purposes for which it was created.

Accordingly, in order to assist the Applicant in the financing of the project and in order to carry out the purposes for which the Board was created, the Board hereby makes the following proposals:

1. The Board will issue, and sell to a purchaser to be designated by the Applicant prior to issuance, revenue bonds (the "Bonds") in the principal amount not to exceed \$18,000,000 to provide financing for the project. The Bonds shall be limited obligations of the Board payable solely out of the revenues and receipts derived from the project including loan payments from the Applicant obtained in connection with the financing of the project. In no event shall the Bonds be general obligations of the Board, its directors, or the City of Chattanooga, Tennessee.

2. The terms of the Bonds (maturity schedule, interest rate, denominations, redemption provisions, etc.) will be determined by agreement among the Board and the Applicant, subject to compliance with all applicable state and federal requirements, and all bylaws and policies of the Board.

HEB-2025-01

3. Prior to delivery of the Bonds, the Board and the Applicant will enter into a loan agreement pursuant to which the proceeds from the sale of the Bonds will be used for the purposes hereinabove indicated and the Applicant will be obligated to make payments sufficient to cover all debt service requirements on the Bonds.

4. The Board will enter into a trust indenture with a trustee to be nominated by the Applicant and subject to the approval of the Board and/or a purchase contract with the purchaser of the Bonds. Such indenture and/or purchase contract will assign the loan agreement and all collateral therefor and all revenues received thereunder for the benefit of the bondholders. The terms and provisions of such indenture and/or purchase contract shall be agreed upon by the Board, the Applicant and the purchaser of the Bonds.

5. The Board hereby authorizes the Applicant to commence the acquisition, construction and equipping of the project as soon as practicable so that the inhabitants of the State of Tennessee might benefit from the project without delay. The Applicant may advance any interim funds required and be reimbursed from the proceeds of the Bonds, to the extent allowed by applicable law.

6. Upon the issuance, sale and delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Applicant shall have no further effect and, in the event of any inconsistencies between the terms of this proposal and the terms of any loan agreement and/or indenture or purchase contract the provisions of such latter documents shall control.

7. If for any reason the Bonds have not been sold within eighteen (18) months from the date hereof, the provisions of this proposal and the agreement resulting from the acceptance by the Applicant shall, at the option of either party to be evidenced in writing, be canceled and neither party shall have any rights against the other and no third party shall have any rights against either party except:

- (a) The Applicant will pay the Board for all expenses incurred by the Board in connection with the financing of the project;
- (b) The Applicant will pay the out-of-pocket expenses for attorneys for the Board incurred in connection with the project and will pay attorneys for the Board reasonable fees for legal services related to the project; and
- (c) The Applicant will indemnify and hold the Board harmless against any liability which may be incurred by the Board with respect to the project.

8. The Board agrees to cooperate with the Applicant in executing, along with the Applicant, a Multi-Family Tax-Exempt Bond Authority Application (the "Application") to be prepared by the Applicant and submitted to the Tennessee Housing Development Agency ("THDA") with respect to the Project. The Applicant acknowledges that all information provided in the Application, other than the name and address of the Board, is to be provided by the Applicant and not by the Board and that the Board has no responsibility as to the accuracy of such information other than as to the name and address of the Board. The Applicant agrees to indemnify and hold harmless the Board and its directors, officers, employees and agents from any claims, liabilities, costs or expenses that may arise as a result of the inaccuracy of any information contained in the Application (other than the name and address of the Board) or the submission of the Application.

[Remainder of Page Intentionally Left Blank]

If the foregoing proposal is satisfactory to you, you may indicate by signing the following acceptance and returning a copy to the Board. This proposal and your acceptance will then constitute an agreement in principal with respect to the matters herein contained.

Yours very truly,

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____

Name: Hicks Armor

Title: Chair

ACCEPTANCE OF PROPOSAL
OF
THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF
THE CITY OF CHATTANOOGA

BY

EASTWOOD MANOR II, LP

The terms and conditions contained in the foregoing proposal by The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee are hereby accepted by Eastwood Manor II, LP as of the date first written above.

Eastwood Manor II, LP

By: _____
Title: _____
Its: _____

46418443.1

HEB-2025-01

**The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Multifamily Housing Bonds
(Hamilton South Project) Series 2025**

Summary of Bonds and Project

Board: The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Borrower: Hamilton South, LP
Bond Amount: Not to exceed \$48,000,000
Project: Construction of new multifamily housing facility for low and moderate-income citizens to be located at 7610 Standifer Gap Road, Chattanooga, Tennessee

Consistent with the bonds that the Board has issued in the past for housing projects, the bonds will be tax-exempt and issued under a conduit bond structure. The bonds will be limited obligations of the Board and will be solely payable from the limited revenues and collateral provided by the Borrower related to the project. Furthermore, the Borrower will be required to indemnify the Board for any liability related to the project or the bonds.

If the Board adopts the preliminary bond inducement resolution, the Borrower will apply to THDA for bond allocation and federal low-income housing tax credits (likely in March 2025). If approved by THDA, the Borrower will be notified by THDA around June-July 2025, will come back to the Board to request final bond approval in the fall of 2025 and will hope to close the issuance of the bonds by the end of 2025.



7610 Standifer Gap Rd
Chattanooga, TN 37421

PRELIMINARY BOND RESOLUTION

A RESOLUTION OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE RELATING TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR AN AMOUNT NOT EXCEEDING FORTY-EIGHT MILLION DOLLARS (\$48,000,000.00) TO PROVIDE FINANCING TO HAMILTON SOUTH, LP FOR THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF A MULTIFAMILY HOUSING FACILITY FOR LOW AND MODERATE-INCOME CITIZENS TO BE LOCATED AT 7610 STANDIFER GAP ROAD, CHATTANOOGA, TENNESSEE.

WHEREAS, Hamilton South, LP or an affiliate thereof (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and moderate-income citizens to be located at 7610 Standifer Gap Road, Chattanooga, Tennessee, and wishes to have The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the "Board") indicate its willingness to issue revenue bonds to provide financing for such purposes; and

WHEREAS, the acquisition, construction and equipping of such facilities will constitute a "project" within the meaning of T.C.A. § 48-101-301; and

WHEREAS, a letter of intent has been presented to the Board under the terms of which the Board agrees, subject to the provisions of such letter, to issue its revenue bonds in an amount not exceeding \$48,000,000 to provide financing for such project.

NOW, THEREFORE, BE IT RESOLVED BY The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee as follows:

1. The Board hereby finds that the financing of such above-described project will improve the quality and availability of housing in the City of Chattanooga, Tennessee, and will contribute to the general welfare of the citizens of the City.
2. The Chairman or the Vice Chairman of the Board is hereby authorized to execute a letter of intent with the Applicant in substantially the form thereof as presented to this meeting or with such changes therein as shall be approved by the Chairman or the Vice Chairman. The officers of the Board are hereby authorized to take such further action as is necessary to carry out the intent and purposes of the letter of intent as executed.
3. The Chairman or the Vice Chairman of the Board is hereby authorized to conduct such public hearings on behalf of the Board as the Applicant may request with respect to the project.
4. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

HEB-2025-02

I hereby certify that the foregoing resolution of The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee was duly and lawfully adopted by its Board of Directors on January 27, 2025, 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.

Executed as of this 27th day of January, 2025.

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____
Name: Hicks Armor
Title: Chair

ATTEST:

Hank Wells, Secretary

HEB-2025-02

**THE HEALTH, EDUCATIONAL AND
HOUSING FACILITY BOARD
OF THE CITY OF CHATTANOOGA
100 E. 11th Street, Suite 200
Chattanooga, TN 37402
(423) 643-8250**

Hicks Armor, Chair
Richard Johnson, Vice-Chair
Johnika Everhart, Member
Andrea L. Smith, Member
Brian Erwin, Member
Hank Wells, Secretary
Malcolm Harris, Member

Phillip A. Noblett, Counsel

January 27, 2025

Hamilton South, LP
Chattanooga, Tennessee

Ladies and Gentlemen:

The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the "Board") has been informed that Hamilton South, LP or an affiliate thereof (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and moderate-income citizens to be located at 7610 Standifer Gap Road, Chattanooga, Tennessee. The above-described acquisition, construction and equipping with regard to such facility constitutes a "project" within the meaning of T.C.A. § 48-101-301.

After investigation of the nature of the proposed project, the Board has determined that the financing of the project will improve the quality and availability of housing in the City of Chattanooga, Tennessee, and will contribute to the general welfare of the citizens of the City. Therefore, it is the belief of the Board that in assisting the financing of the project, the Board will be acting in furtherance of the public purposes for which it was created.

Accordingly, in order to assist the Applicant in the financing of the project and in order to carry out the purposes for which the Board was created, the Board hereby makes the following proposals:

1. The Board will issue, and sell to a purchaser to be designated by the Applicant prior to issuance, revenue bonds (the "Bonds") in the principal amount not to exceed \$48,000,000 to provide financing for the project. The Bonds shall be limited obligations of the Board payable solely out of the revenues and receipts derived from the project including loan payments from the Applicant obtained in connection with the financing of the project. In no event shall the Bonds be general obligations of the Board, its directors, or the City of Chattanooga, Tennessee.

2. The terms of the Bonds (maturity schedule, interest rate, denominations, redemption provisions, etc.) will be determined by agreement among the Board and the Applicant, subject to compliance with all applicable state and federal requirements, and all bylaws and policies of the Board.

HEB-2025-02

3. Prior to delivery of the Bonds, the Board and the Applicant will enter into a loan agreement pursuant to which the proceeds from the sale of the Bonds will be used for the purposes hereinabove indicated and the Applicant will be obligated to make payments sufficient to cover all debt service requirements on the Bonds.

4. The Board will enter into a trust indenture with a trustee to be nominated by the Applicant and subject to the approval of the Board and/or a purchase contract with the purchaser of the Bonds. Such indenture and/or purchase contract will assign the loan agreement and all collateral therefor and all revenues received thereunder for the benefit of the bondholders. The terms and provisions of such indenture and/or purchase contract shall be agreed upon by the Board, the Applicant and the purchaser of the Bonds.

5. The Board hereby authorizes the Applicant to commence the acquisition, construction and equipping of the project as soon as practicable so that the inhabitants of the State of Tennessee might benefit from the project without delay. The Applicant may advance any interim funds required and be reimbursed from the proceeds of the Bonds, to the extent allowed by applicable law.

6. Upon the issuance, sale and delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Applicant shall have no further effect and, in the event of any inconsistencies between the terms of this proposal and the terms of any loan agreement and/or indenture or purchase contract the provisions of such latter documents shall control.

7. If for any reason the Bonds have not been sold within eighteen (18) months from the date hereof, the provisions of this proposal and the agreement resulting from the acceptance by the Applicant shall, at the option of either party to be evidenced in writing, be canceled and neither party shall have any rights against the other and no third party shall have any rights against either party except:

- (a) The Applicant will pay the Board for all expenses incurred by the Board in connection with the financing of the project;
- (b) The Applicant will pay the out-of-pocket expenses for attorneys for the Board incurred in connection with the project and will pay attorneys for the Board reasonable fees for legal services related to the project; and
- (c) The Applicant will indemnify and hold the Board harmless against any liability which may be incurred by the Board with respect to the project.

8. The Board agrees to cooperate with the Applicant in executing, along with the Applicant, a Multi-Family Tax-Exempt Bond Authority Application (the "Application") to be prepared by the Applicant and submitted to the Tennessee Housing Development Agency ("THDA") with respect to the Project. The Applicant acknowledges that all information provided in the Application, other than the name and address of the Board, is to be provided by the Applicant and not by the Board and that the Board has no responsibility as to the accuracy of such information other than as to the name and address of the Board. The Applicant agrees to indemnify and hold harmless the Board and its directors, officers, employees and agents from any claims, liabilities, costs or expenses that may arise as a result of the inaccuracy of any information contained in the Application (other than the name and address of the Board) or the submission of the Application.

[Remainder of Page Intentionally Left Blank]

If the foregoing proposal is satisfactory to you, you may indicate by signing the following acceptance and returning a copy to the Board. This proposal and your acceptance will then constitute an agreement in principal with respect to the matters herein contained.

Yours very truly,

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____

Name: Hicks Armor

Title: Chair

HEB-2025-02

ACCEPTANCE OF PROPOSAL
OF
THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF
THE CITY OF CHATTANOOGA

BY

HAMILTON SOUTH, LP

The terms and conditions contained in the foregoing proposal by The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee are hereby accepted by Hamilton South, LP as of the date first written above.

Hamilton South, LP

By: _____
Title: _____
Its: _____

46418609.1

HEB-2025-02

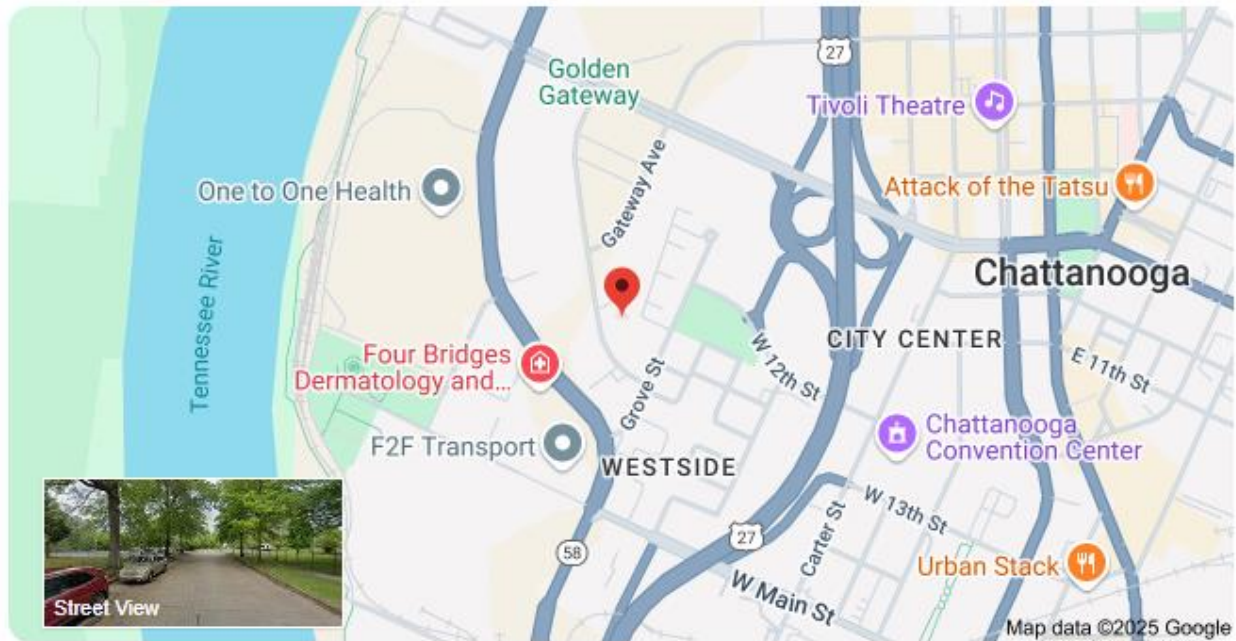
**The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Multifamily Housing Bonds
(One Westside Phase 2B Project) Series 2025**

Summary of Bonds and Project

Board: The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Borrower: One Westside Phase 2B, LP
Bond Amount: Not to exceed \$20,000,000
Project: Construction of new multifamily housing facility for low and moderate-income citizens to be located at 1150 Boynton Drive, Chattanooga, Tennessee

Consistent with the bonds that the Board has issued in the past for housing projects, the bonds will be tax-exempt and issued under a conduit bond structure. The bonds will be limited obligations of the Board and will be solely payable from the limited revenues and collateral provided by the Borrower related to the project. Furthermore, the Borrower will be required to indemnify the Board for any liability related to the project or the bonds.

If the Board adopts the preliminary bond inducement resolution, the Borrower will apply to THDA for bond allocation and federal low-income housing tax credits (likely in March 2025). If approved by THDA, the Borrower will be notified by THDA around June-July 2025, will come back to the Board to request final bond approval in the fall of 2025 and will hope to close the issuance of the bonds by the end of 2025.



1150 Boynton Dr
Chattanooga, TN 37402

PRELIMINARY BOND RESOLUTION

A RESOLUTION OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE RELATING TO THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR AN AMOUNT NOT EXCEEDING TWENTY MILLION DOLLARS (\$20,000,000.00) TO PROVIDE FINANCING TO ONE WESTSIDE PHASE 2B, LP FOR THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF A MULTIFAMILY HOUSING FACILITY FOR LOW AND MODERATE-INCOME CITIZENS TO BE LOCATED AT 1150 BOYNTON DRIVE, CHATTANOOGA, TENNESSEE.

WHEREAS, One Westside Phase 2B, LP or an affiliate thereof (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and moderate-income citizens to be located at 1150 Boynton Drive, Chattanooga, Tennessee, and wishes to have The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the "Board") indicate its willingness to issue revenue bonds to provide financing for such purposes; and

WHEREAS, the acquisition, construction and equipping of such facilities will constitute a "project" within the meaning of T.C.A. § 48-101-301; and

WHEREAS, a letter of intent has been presented to the Board under the terms of which the Board agrees, subject to the provisions of such letter, to issue its revenue bonds in an amount not exceeding \$20,000,000 to provide financing for such project.

NOW, THEREFORE, BE IT RESOLVED BY The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee as follows:

1. The Board hereby finds that the financing of such above-described project will improve the quality and availability of housing in the City of Chattanooga, Tennessee, and will contribute to the general welfare of the citizens of the City.
2. The Chairman or the Vice Chairman of the Board is hereby authorized to execute a letter of intent with the Applicant in substantially the form thereof as presented to this meeting or with such changes therein as shall be approved by the Chairman or the Vice Chairman. The officers of the Board are hereby authorized to take such further action as is necessary to carry out the intent and purposes of the letter of intent as executed.
3. The Chairman or the Vice Chairman of the Board is hereby authorized to conduct such public hearings on behalf of the Board as the Applicant may request with respect to the project.
4. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

HEB-2025-03

I hereby certify that the foregoing resolution of The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee was duly and lawfully adopted by its Board of Directors on January 27, 2025, 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.

Executed as of this 27th day of January, 2025.

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____
Name: Hicks Armor
Title: Chair

ATTEST:

Hank Wells, Secretary

HEB-2025-03

**THE HEALTH, EDUCATIONAL AND
HOUSING FACILITY BOARD
OF THE CITY OF CHATTANOOGA
100 E. 11th Street, Suite 200
Chattanooga, TN 37402
(423) 643-8250**

Hicks Armor, Chair
Richard Johnson, Vice-Chair
Johnika Everhart, Member
Andrea L. Smith, Member
Brian Erwin, Member
Hank Wells, Secretary
Malcolm Harris, Member

Phillip A. Noblett, Counsel

January 27, 2025

One Westside Phase 2B, LP
Chattanooga, Tennessee

Ladies and Gentlemen:

The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the "Board") has been informed that One Westside Phase 2B, LP or an affiliate thereof (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and moderate-income citizens to be located at 1150 Boynton Drive, Chattanooga, Tennessee. The above-described acquisition, construction and equipping with regard to such facility constitutes a "project" within the meaning of T.C.A. § 48-101-301.

After investigation of the nature of the proposed project, the Board has determined that the financing of the project will improve the quality and availability of housing in the City of Chattanooga, Tennessee, and will contribute to the general welfare of the citizens of the City. Therefore, it is the belief of the Board that in assisting the financing of the project, the Board will be acting in furtherance of the public purposes for which it was created.

Accordingly, in order to assist the Applicant in the financing of the project and in order to carry out the purposes for which the Board was created, the Board hereby makes the following proposals:

1. The Board will issue, and sell to a purchaser to be designated by the Applicant prior to issuance, revenue bonds (the "Bonds") in the principal amount not to exceed \$20,000,000 to provide financing for the project. The Bonds shall be limited obligations of the Board payable solely out of the revenues and receipts derived from the project including loan payments from the Applicant obtained in connection with the financing of the project. In no event shall the Bonds be general obligations of the Board, its directors, or the City of Chattanooga, Tennessee.

2. The terms of the Bonds (maturity schedule, interest rate, denominations, redemption provisions, etc.) will be determined by agreement among the Board and the Applicant, subject to compliance with all applicable state and federal requirements, and all bylaws and policies of the Board.

HEB-2025-03

3. Prior to delivery of the Bonds, the Board and the Applicant will enter into a loan agreement pursuant to which the proceeds from the sale of the Bonds will be used for the purposes hereinabove indicated and the Applicant will be obligated to make payments sufficient to cover all debt service requirements on the Bonds.

4. The Board will enter into a trust indenture with a trustee to be nominated by the Applicant and subject to the approval of the Board and/or a purchase contract with the purchaser of the Bonds. Such indenture and/or purchase contract will assign the loan agreement and all collateral therefor and all revenues received thereunder for the benefit of the bondholders. The terms and provisions of such indenture and/or purchase contract shall be agreed upon by the Board, the Applicant and the purchaser of the Bonds.

5. The Board hereby authorizes the Applicant to commence the acquisition, construction and equipping of the project as soon as practicable so that the inhabitants of the State of Tennessee might benefit from the project without delay. The Applicant may advance any interim funds required and be reimbursed from the proceeds of the Bonds, to the extent allowed by applicable law.

6. Upon the issuance, sale and delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Applicant shall have no further effect and, in the event of any inconsistencies between the terms of this proposal and the terms of any loan agreement and/or indenture or purchase contract the provisions of such latter documents shall control.

7. If for any reason the Bonds have not been sold within eighteen (18) months from the date hereof, the provisions of this proposal and the agreement resulting from the acceptance by the Applicant shall, at the option of either party to be evidenced in writing, be canceled and neither party shall have any rights against the other and no third party shall have any rights against either party except:

- (a) The Applicant will pay the Board for all expenses incurred by the Board in connection with the financing of the project;
- (b) The Applicant will pay the out-of-pocket expenses for attorneys for the Board incurred in connection with the project and will pay attorneys for the Board reasonable fees for legal services related to the project; and
- (c) The Applicant will indemnify and hold the Board harmless against any liability which may be incurred by the Board with respect to the project.

8. The Board agrees to cooperate with the Applicant in executing, along with the Applicant, a Multi-Family Tax-Exempt Bond Authority Application (the "Application") to be prepared by the Applicant and submitted to the Tennessee Housing Development Agency ("THDA") with respect to the Project. The Applicant acknowledges that all information provided in the Application, other than the name and address of the Board, is to be provided by the Applicant and not by the Board and that the Board has no responsibility as to the accuracy of such information other than as to the name and address of the Board. The Applicant agrees to indemnify and hold harmless the Board and its directors, officers, employees and agents from any claims, liabilities, costs or expenses that may arise as a result of the inaccuracy of any information contained in the Application (other than the name and address of the Board) or the submission of the Application.

[Remainder of Page Intentionally Left Blank]

HEB-2025-03

If the foregoing proposal is satisfactory to you, you may indicate by signing the following acceptance and returning a copy to the Board. This proposal and your acceptance will then constitute an agreement in principal with respect to the matters herein contained.

Yours very truly,

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____

Name: Hicks Armor

Title: Chair

HEB-2025-03

ACCEPTANCE OF PROPOSAL
OF
THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF
THE CITY OF CHATTANOOGA

BY

ONE WESTSIDE PHASE 2B, LP

The terms and conditions contained in the foregoing proposal by The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee are hereby accepted by One Westside Phase 2B, LP as of the date first written above.

One Westside Phase 2B, LP

By: One Westside 2B GP Corporation,
a Tennessee nonprofit corporation,
its general partner

By: _____
Title: _____
Its: _____

RESOLUTION

A RESOLUTION AUTHORIZING THE CHAIR OR VICE-CHAIR TO EXECUTE ASSIGNMENT AND ASSUMPTION DOCUMENTS RELATED TO THE 1400 CHESTNUT PILOT AND PURCHASE AND SALE WHICH HZ CHESTNUT DST WILL ACQUIRE THE 1400 CHESTNUT MULTI-FAMILY HOUSING DEVELOPMENT ON FEBRUARY 5, 2025.

NOW THEREFORE, BE IT RESOLVED BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, That it is hereby authorizing the Chair or Vice-Chair to execute Assignment and Assumption documents related to the 1400 Chestnut PILOT and purchase and sale which HZ Chestnut DST will acquire the 1400 Chestnut multi-family housing development on February 5, 2025.

ADOPTED: January 27, 2025

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD FOR THE CITY OF
CHATTANOOGA, TENNESSEE

Hicks Armor, *Chair*

ATTEST:

Hank Wells, *Secretary*

HEB-2025-04

SREIT 1400 CHESTNUT, L.L.C.

c/o Starwood Asset Management
1400 Galleria Parkway, Suite 1450
Atlanta, Georgia 30326

January 7, 2025

The Honorable Tim Kelly
Mayor
City of Chattanooga, Tennessee
100 City Hall
100 East Eleventh Street
Chattanooga, TN 37402

The Honorable Weston Wamp
Mayor
Hamilton County, Tennessee
208 Hamilton County Courthouse
625 Georgia Avenue
Chattanooga TN 37402

The Health, Educational and Housing Facility
Board of the City of Chattanooga, Tennessee
c/o Hicks Armor, Chairman
100 East 11th Street, Suite 200
Chattanooga, TN 37402

Re: Assignment of PILOT Agreement and Lease

Dear Mayor Kelly, Mayor Wamp, and Mr. Armor:

I am pleased to inform you that SREIT 1400 Chestnut, L.L.C., a Delaware limited liability company (“SREIT Chestnut”), and HZ II, LLC, a Delaware limited liability company (“HZ”), have agreed to the terms of a Purchase and Sale Agreement pursuant to which HZ Chestnut DST, a Delaware statutory trust that is managed and controlled by HZ (the “Transferee”), will acquire the 1400 Chestnut multi-family housing development on or about February 5, 2025. HZ and its parent company, Hamilton Zanze, currently own and operate 22,579 units across 124 properties in 16 states, including 2,997 units across 14 properties in the State of Tennessee and 473 units across 2 properties in the City of Chattanooga.

Pursuant to Section 15 of the Agreement for Payment In Lieu of Taxes dated April 27, 2016 (the “PILOT Agreement”), SREIT Chestnut and HZ are requesting your respective consents to the assignment of the Pilot Agreement and of the associated Lease Agreement dated April 27, 2016.

Pursuant to Section 15 of the PILOT Agreement, HZ has provided the following attached documents:

1. Officer’s Certificate of SREIT Chestnut certifying that, as of the date SREIT Chestnut assigns the PILOT Agreement and associated Lease Agreement, there will be no default under the PILOT Agreement and that all requirements of SREIT Chestnut under the PILOT Agreement will be satisfied as of the date of closing;
2. Informational materials regarding HZ and its affiliated property management company, which includes an inventory of HZ’s real estate portfolio as well as

liquidity info displaying ability to fund the business plan and SREIT Chestnut's FYE 2024 financial statements for 1400 Chestnut; and

3. A copy of an Assignment and Assumption Agreement pursuant to which the Transferee will agree to be bound by the terms of the PILOT Agreement on and after the date of closing under the Purchase and Sale Agreement.

Since the project is operating profitably and in compliance with the PILOT Agreement with 97% occupancy and given the strength and management expertise of HZ, the parties submit that the managerial and financial information provided in response to item 2, above, is sufficient to satisfy the requirements under Section 15 of the PILOT Agreement relating to the financial ability of the acquiring party to fund the business plan for 1400 Chestnut.

In anticipation of the needs of the Board, the City, the County, the Transferee and its lender, also enclosed are the following for your consideration:

4. PILOT Agreement Estoppel Certificate;
5. PILOT Lender Recognition Agreement; and,
6. Estoppel Certificate.

These are based on the same forms as were used in the 2020 transaction. The parties are hoping to close the purchase and sale transaction prior to the expiration of the 45-day period included in Section 15 of the PILOT Agreement.¹ Accordingly, we would appreciate each of you providing your respective consents to assignment at your earliest convenience and the related estoppels and lender recognition agreement.

Representatives of SREIT Chestnut and HZ will be available to discuss the transaction further, and we will be pleased to provide any additional questions or information that you may need to evaluate this request.

¹ In the event that the City, County and HEB do not provide the requested consents prior to the expiration of the 45-day period set forth in Section 15 of the PILOT Agreement, SREIT Chestnut and the Transferee may thereafter, as permitted by Section 15 of the PILOT Agreement, deem the assignment to be approved and document the assignment using an assignment and assumption agreement in substantially the form attached to this letter but without Section 3 of the attached agreement and without the signature pages for the City of Chattanooga, Hamilton County, and the HEB.

Sincerely yours,

SREIT 1400 CHESTNUT, L.L.C., a Delaware
limited liability company

By: 
Name: Paul Ahls
Its: Authorized Signatory

Enclosures

cc: Charita Allen, Department of Economic Development (callen@chattanooga.gov)
Phillip A. Noblett, City and HEB Attorney (pnoblett@chattanooga.gov)
Rheubin M. Taylor, County Attorney (rmtaylor@hamiltontn.gov)
N. Courtney Hollins, local counsel for SREIT 1400 Chestnut, L.L.C.
(chollins@bakerdonelson.com)
Anthony Burney, counsel for HZ II, LLC (aburney@allenmatkins.com)



Jason E. Mumpower
Comptroller

Report On Debt Obligation

Entity and Debt Information

Entity Name

The Health, Educational and Housing Facility Board of the City of Chattanooga

Entity Address

100 East 11th Street, Suite 200 c/o Chattanooga City Attorney's Office Chattanooga, Tennessee 37402

Debt Issue Name

Multifamily Housing Revenue Bonds (One Westside Phase 1B Project) Series 2024

Series Year

2024

Debt Issue Face Amount

\$35,000,000.00

Face Amount Premium or Discount?

N/A

Tax Status

Tax - Exempt

Interest Type

Variable: Remarketing Agent

Variable: Remarketing Agent

Raymond James & Associates, Inc.

Debt Obligation

Bond

Moody's Rating

Unrated

Standard & Poor's Rating

Unrated

Fitch Rating

Unrated

Other Rating Agency Name

N/A

Other Rating Agency Rating

N/A

Security

Revenue

Type of Sale Per Authorizing Document

Negotiated Sale

Dated Date

11/12/2024

Issue/Closing Date

11/12/2024

Final Maturity Date

6/1/2048

Debt Purpose

Purpose	Percentage	Description
Other	100%	Housing
Education	0%	N/A
General Government	0%	N/A
Refunding	0%	N/A
Utilities	0%	N/A

Cost of Issuance and Professionals

Does your Debt Issue have costs or professionals?

Yes

Description	Amount	Recurring Portion	Firm Name
Legal Fees - Bond Counsel	\$75,000.00	N/A	Bass, Berry & Sims, PLC
Legal Fees - Issuer's Counsel	\$7,500.00	N/A	Husch Blackwell
Legal Fees - Trustee's Counsel	\$5,000.00	N/A	Adams & Reese LLP
Rating Agency Fees	\$5,500.00	N/A	Moody's
Underwriter's Counsel	\$65,000.00	N/A	Tiber Hudson LLC
Trustee Fees	\$6,750.00	N/A	U.S. Bank Trust Company, National Association
Printing and Advertising Fees	\$1,500.00	N/A	ImageMaster
Borrower Counsel Legal Fees	\$25,000.00	N/A	Reno & Cavanaugh PLLC
Underwriter Fee	\$214,623.72	N/A	Raymond James & Associates, Inc.
TOTAL COSTS	\$405,873.72		

Maturity Dates, Amounts, and Interest Rates

Comments

Year	Amount	Interest Rate
2048	\$35,000,000.00	VR
TOTAL AMOUNT	\$35,000,000.00	

See final page for Submission Details and Signatures

Submission Details and Signatures

Is there an official statement or disclosure document, as applicable, that will be posted to EMMA: <https://emma.msrb.org/>?

Yes

Name and title of individual responsible for posting continuing disclosure information to EMMA

U.S. Bank Trust Company, National Association - Wallace Duke

Signature - Chief Executive or Finance Officer of the Public Entity

Name

Hicks Armor

Title/Position

Chair

Email

pnoblett@chattanooga.gov

Alternate Email

N/A

Signature - Preparer (Submitter) of This Form

Name

James P. Moneyhun

Title/Position

Attorney

Email

JMoneyhun@bassberry.com

Alternate Email

Jesi.Harrell@bassberry.com

Relationship to Public Entity

Bond Counsel

Organization

Bass, Berry & Sims PLC

Verification of Form Accuracy

By checking the box below as the signing of this form, I attest the following:

1. I certify that to the best of my knowledge the information in this form is accurate.
2. The debt herein complies with the approved Debt Management Policy of the public entity.
3. If the form has been prepared by someone other than the CEO or CFO, the CEO or CFO has authorized the submission of this document.

Verify Form Accuracy

Date to be Presented at Public Meeting

| Public Meeting Date to be determined |

Date to be emailed/mailed to members of the governing body

11/12/2024

Final Confirmation:

I hereby submit this report to the Division of Local Government Finance of the Tennessee Comptroller of the Treasury and understand my legal responsibility to: File this report with the members of the governing body no later than 45 days after the issuance or execution of the debt disclosed on this form. The Report is to be delivered to each member of the Governing Body and presented at a public meeting of the body. If there is not a scheduled public meeting of the governing body within forty-five (45) days, the report will be delivered by email or regular US mail to meet the 45-day requirement and also presented at the next scheduled meeting.