HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD

City of Chattanooga, Tennessee

MONTHLY MEETING MINUTES

John P. Franklin, Sr. Council Building
Assembly Room
1000 Lindsay Street
Chattanooga, TN 37402
for
Monday, May 18, 2026
12:30 PM

Present Board Members: Hicks Armor (Chair); Richard Johnson (Vice-Chair); Hank Wells (Secretary); Andrea Smith; Brian Erwin; and Jonathan Mason. Absent were Malcolm Harris; Kanika Wellington-Jones; and Tom Hirsch.

Also present were Phillip A. Noblett (Counsel to the Board); Janice Gooden (Riverside Area Neighborhood); Sarah Ross and Dallas Joseph (Baylor School); Steve Barrett (Husch Blackwell); Richard Beeland (Economic Development); Hanneke van Deursen (Housing); and Zain Mahmood (Paths Development)

Chairman Armor confirmed that the meeting was properly advertised, and there is a quorum present to conduct business.

MINUTES APPROVAL FOR THE APRIL 20, 2026, MONTHLY MEETING

On motion of Mr. Jonathan Mason, seconded by Mr. Hank Wells, the April 20, 2026, minutes for the monthly meeting were unanimously approved as written and presented. The motion carried.

PUBLIC COMMENTS

There were no public comments.

RESOLUTION

The Baylor School Bond Issuance - $62 million

TEFRA Hearing

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

A 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 CITY OF CHATTANOOGA, TENNESSEE OF ITS EDUCATIONAL FACILITIES REVENUE BONDS (THE BAYLOR SCHOOL PROJECT) SERIES 2026, IN ONE OR MORE SERIES, IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED SIXTY-TWO MILLION DOLLARS ($62,000,000.00). (HEB-2026-06)

Chairman Armor said that The Baylor School was before the Board at the last meeting. Mr. Erwin wanted a reminder of what the term is. Mr. Russ Miller (Bass, Berry & Sims) are bond counsel to Pinnacle Bank. Pinnacle is buying these bonds. Mr. Miller said that Mr. Dallas Joseph is the CFO, Sarah Ross is the Controller, Chris Rutledge is with Pinnacle Bank, and John Lynch is the Financial Advisor for Baylor.

The max $61 million is based on two separate issues. One is a refinance of their existing 2017 bond which is through this board is around $18 million. That will mature in 2042 and has the same amortization that it has existing and same interest rate. The new deal 2026B is for financing new projects on the campus. That bond will be a 30-year bond. The initial issuance will be $47 million. They expect to pay down a lot of that in the next five years with pledges. They are going to amortize $30 million of that over the remaining period.

Attorney Noblett said that the refinancing says will mature in 16 years and the bulk beyond that is 30 years. Pinnacle has agreed to hold these bonds for that period.

The motion carried.

ADOPTED

RESOLUTION

The Overlook Project – PILOT and Lease Agreements

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

A RESOLUTION OF THE HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE, REGARDING A PAYMENT IN LIEU OF TAXES TRANSACTION WITH THE OVERLOOK APTS LP. (HEB-2026-07)

Mr. Zain Mahmood works at Paths Development, which is the affordable housing development with THDA. They do affordable housing tax credits around the country and one of them is Overlook Apartments, which is 162 units. They are working on the tax credits syndication on the 26th of June. Mr. Mahmood was previously here with more detail when they came in for the issuance of the bonds in the amount of $15 million which was approved in November. They have just put the final application to Freddie Mac and are on track.

Chairman Armor said this is for 162 units. Mr. Mahmood said it is 100% affordable LIHTC. Exhibit B has a description of the project and the project itself was an original structure built in 1978. They are updating the 1978, nine-story high rise residential building, four (4) two-story townhouse, sixteen (16) studios, 122 one-bedroom apartments, and twenty-four (24) two-bedroom apartments. The Housing Authority is vested. Mr. Mahmood met with Ms. Betsy McCright with the Housing Authority and was discussing other potential projects in Chattanooga.

Attorney Noblett said that there is a letter in the file that Ms. Hanneke van Deursen has given the Board in support of the apartments by Mayor Kelly which says that 100% of the units will be maintained as affordable housing to serve low to moderate income housing at 60% of the area median income and there has been a 4% modification on the THDA to help with these issues. See attached documents regarding this resolution. There is also some question as to whether the County needed to have notification of this event as well. Ms. van Deursen sent a letter to the County officials here on May 8th informing them of the information as to the date of this hearing and wondering whether there would be anybody else coming this a.m. in connection with that, but no one has shown up, and the HEB presentation date is today's date on that documentation. The Mayor has approved this in accordance with state law under T.C.A. 48-101-312 and because of that he has forwarded that on to the Board if you have any questions about the development.

Attorney Noblett said the County does not have to sign off. This is a municipality issue. We have been getting a lot of feedback from the County in recent times here where they have been concerned about anything that might be off of the market for other types of development. This is a LIHTC development for low to moderate folks and the Mayor is in support of this project and believe this complies with the Tennessee statute for this to occur.

Chairman Armor said the notification is purely an FYI. Attorney Noblett said that we got a sort of a weird e-mail from the County Clerk's office back in March and that is why we wanted to make sure we notified them so they would have an opportunity if they had any questions and no one is here today. Chairman Armor asked that on any PILOT that we do, do we always give them notification? Attorney Noblett said we should. At least clearly this is a LIHTC case which is a little bit different than some. Any type of PILOT we should give them notification. Chairman Armor asked Maria Manalla if she would give notification.

Mr. Erwin said that Attorney Noblett mentioned that the County Assessor's Office sent a letter. Was that in reference to the values or what was the purpose? Attorney Noblett said that he thinks that they were trying to make sure they knew about things coming up that they were supporting and gave us a copy of a resolution the County passed and believe we sent that along to you in March. They were wanting to make sure at least they knew when things were coming up in connection with the matter and wanted to have an opportunity to participate if they felt it was necessary.

Chairman Armor said the only reason he thinks it is important to notify them is because you are basically freezing the current tax base. From a communication standpoint it is important for the Board to notify on the front end that you pay a piece of your County property taxes too. That way they are notified and if they have an issue with it, then bring up the issue why a decision on something that is in front of us and getting it done, and they will say they had other plans for it. After further discussion, communication is important.

Attorney Noblett said on the agreement, the letter the Mayor has signed has the references for the total in lieu of payments that will occur during the time and the City's portion and the County's portion which protects all of their school taxes they are concerned about. Ms. van Deursen did not have any other issues to address.

Chairman Armor asked if that City portion included the schools? Attorney Noblett said it would include the schools.

Mr. Erwin had a question for the developer. Mr. Erwin recalled his presentation, which was extremely thorough a few months ago and it was mentioned that the Paths Development might even be doing some self-funding prior to obtaining the PILOT. Have you made agreements on the property? Mr. Mahmood said they have 64 of the 132 units at this point. They made sure they did the bond resolution before that. After further discussion, they have conservatively budgeted 12 months but because we are through 64 units already, it should be before that.

Attorney Noblett read the resolution caption again.

The motion carried.

ADOPTED

OTHER BUSINESS-DISCUSSION

Chairman Armor asked Hanneke van Deursen when she was leaving. Ms. van Deursen said June 12th is her last day. Ms. Hanneke is with the Housing part of the City and is moving to Chicago and we appreciate that she attends a lot and has been a great contributor to the Board and other things. Thank you for what you have done, and we will miss you. Attorney Noblett said he appreciates Ms. Hanneke calling this a.m. and getting him a copy of this letter.

The next meeting is scheduled for June 15th.

After further discussion, the meeting adjourned at 12:45 PM.

Respectfully submitted,

Hank Wells, *Secretary*

APPROVED:

Hicks Armor, *Chair*

May 15, 2026

The Health, Educational and Housing Facility Board
of the City of Chattanooga, Tennessee
100 E. 11th Street, Suite 200
Chattanooga, Tennessee 37402
Attention: Hicks Armor, Chairman

Re: Letter of Support for the Overlook Apartments

Dear Chairman Armor:

We understand that The Overlook Apts LP (the "Developer") desires to acquire and rehabilitate the Overlook Apartments, a multifamily residential housing facility located at 1201 Boynton Drive, (the "Project") in Chattanooga, Tennessee (the "City").

We further understand that 100% of the units will be maintained as affordable housing, principally to serve low to moderate income households at 60% of area median income (AMI) or below. To provide financing for the Project, the Developer has received a 4% allocation of low-income housing tax credits from the Tennessee Housing Development Agency ("THDA"). The Developer also intends to utilize tax-exempt bonds allocated by THDA in addition to payments in lieu of taxes through The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the "Board").

Pursuant to Tennessee Code Annotated Section 48-101-312, the Board is permitted to enter into an agreement for payments in lieu of taxes with respect to the Project, provided that the chief executive of the City of Chattanooga provides a letter in support of the Project. Please accept this letter as evidence of the support of the Project by the chief executive of the City of Chattanooga for payments in lieu of taxes for a term of 15 years plus the construction period with the payment amounts as set forth in Exhibit A attached hereto. The development of this quality affordable housing development for low to moderate income citizens is an important goal of the City, and this Project is consistent with those goals.

Please do not hesitate to contact our offices if you have any questions.

Sincerely,

Tim Kelly
Mayor, City of Chattanooga

EXHIBIT A

In Lieu Payments

The Tax Abatement Period shall be the fifteen (15) year period commencing on January 1 following the completion of the rehabilitation of the project (the "Tax Abatement Period"). Prior to the commencement of the Tax Abatement Period, the payments in lieu of taxes shall be equal to $89,814 per year (which amount shall be paid $42,443 to the City and $47,731 to the County). During the Tax Abatement Period, such payments shall be as set forth below:

Tax Abatement Period	Total In Lieu Payments	City Portion	County Portion
Year 1	**$89,814**	$42,443	$47,371
Year 2	**$90,236**	$42,443	$47,793
Year 3	**$90,669**	$42,443	$48,226
Year 4	**$91,116**	$42,443	$48,673
Year 5	**$91,576**	$42,443	$49,133
Year 6	**$92,050**	$42,443	$49,607
Year 7	**$92,539**	$42,443	$50,096
Year 8	**$93,042**	$42,443	$50,599
Year 9	**$93,560**	$42,443	$51,117
Year 10	**$94,093**	$42,443	$51,650
Year 11	**$94,643**	$42,443	$52,200
Year 12	**$95,209**	$42,443	$52,766
Year 13	**$95,792**	$42,443	$53,349
Year 14	**$96,392**	$42,443	$53,949
Year 15	**$97,011**	$42,443	$54,568

CHATTA NOOGA

Maria Manalla <mmanalla@chattanooga.gov>

Fwd: PILOT Notice: The Overlook

1 message

Phil Noblett <pnoblett@chattanooga.gov> Mon, May 18, 2026 at 10:41 AM
To: Maria Manalla <mmanalla@chattanooga.gov>

I also need copies of this email and the PILOT notice that Hanneke sent to the County officials and City officials.

PAN

---------- Forwarded message ---------
From: **Hanneke van Deursen** <hvandeursen@chattanooga.gov>
Date: Fri, May 8, 2026 at 4:31 PM
Subject: PILOT Notice: The Overlook
To: LeBoeuf, Alexa <ALeBoeuf@hamiltontn.gov>
Cc: Varnell, Janie <JanieV@hamiltontn.gov>, Haynes, Marty <MartyH@hamiltontn.gov>, Sanders, Laura <LauraS@hamiltontn.gov>, Bedwell, Susan <SusanB@hamiltontn.gov>, Bell, Donald <donaldb@hamiltontn.gov>, Tim Kelly <tkelly@chattanooga.gov>, Kevin Roig <kroig@chattanooga.gov>, Jeffrey Davis <jdavis1@chattanooga.gov>, Phil Noblett <pnoblett@chattanooga.gov>, Nicole Heyman <jheyman@chattanooga.gov>, Mark Mamantov <mmamantov@bassberry.com>, <ClaireM@hamiltontn.gov>, <KenSmith@hamiltontn.gov>, <westonw@hamiltontn.gov>

Dear Alexa,

Following our recent discussions regarding notice to the County for Affordable Housing PILOT applications, we have developed the attached notice form. Going forward, this form will be provided in advance of any PILOT application proceeding to the Health, Educational, and Housing Facility Board for approval, in order to support clarity and transparency in the process.

The attached notice pertains to The Overlook Apartments, which was referenced in our earlier discussions. The application was initially submitted on August 28, 2025, and an application conference was held with the Assessor's Office on October 8, 2025. The applicant subsequently paused the process. The project is now proceeding in advance of a scheduled financial closing.

Please let me know if you have any questions.

Sincerely,

Hanneke van Deursen
Director of Housing Finance

City of Chattanooga
Economic Development
E: hvandeursen@chattanooga.gov
M: 507-990-3019
W: https://chattanooga.gov

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Phillip A. Noblett

Chattanooga City Attorney
100 East 11th Street, Suite 200
Chattanooga, TN 37402
P: (423) 643-8250 or (423) 643-8233
E: pnoblett@chattanooga.gov
W: www.chattanooga.gov/attorney-office

CONFIDENTIAL: SUBJECT TO ATTORNEY-CLIENT PRIVILEGE

260508 PILOT Notice - The Overlook.pdf
467K

PILOT Application Notice (LIHTC)

To Hamilton County c/o Alexa LeBoeuf, Executive Director (OECD)

CC Weston Wamp, Claire McVay, Ken Smith, Marty Haynes, Janie Varnell, Laura Sanders, Susan Bedwell, Donald Bell, Tim Kelly, Kevin Roig, Jeff Davis, Phil Noblett, Nicole Heyman, Mark Mamantov

From City of Chattanooga c/o Hanneke van Deursen, Director of Housing Finance

Date May 8, 2026

This document provides formal notice of an upcoming Affordable Housing PILOT application for a project to be presented to the Health, Educational, and Housing Facility Board. Pursuant to applicable Tennessee law, this project will proceed upon authorization by letter from the City Mayor, as it includes Low-Income Housing Tax Credit financing. In accordance with the PILOT Lease and Agreement, copies of all required notices shall be transmitted to the Hamilton County Assessor of Property and the Hamilton County Trustee.

Project Overview	
Project Name	The Overlook Apartments
Project Address	1201 Boynton Drive
Parcel(s)	145C A 003
Project Type	Rehabilitation
Low-Income Housing Tax Credit	Yes
Housing Units	162
Affordability	100% of units restricted to 60% AMI.
PILOT Timeline	
Initial Application	August 28, 2025

Assessor Conference	October 8, 2025
HEB Presentation Date	May 18, 2026
Construction Start Deadline	May 18, 2027
Completion Deadline	May 18, 2029
PILOT Term	15 years commencing January 1 following Completion Date
PILOT Payment	
Base Taxes	Frozen at current levels (City and County)
County School Taxes	Paid on improvement value ($5,366,700) with 3% annual escalation

LIHTC PILOT Payment Schedule

Project: The Overlook

Property Assessment	
Current Appraised Value	**$5,497,800**
Post-Development Value	$10,864,500
Improvement Value	**$5,366,700**

2025 Tax Rates	
City Tax	1.9300%
County Tax (minus School)	0.8617%
County School Tax	0.6540%

Tax Abatement Period	Base City Taxes	Base County Taxes	Improvements School Taxes	Total In Lieu Payments	City Portion	County Portion
Year 1	$42,443	$33,332	$14,039	**$89,814**	$42,443	$47,371
Year 2	$42,443	$33,332	$14,460	**$90,236**	$42,443	$47,793
Year 3	$42,443	$33,332	$14,894	**$90,669**	$42,443	$48,226
Year 4	$42,443	$33,332	$15,341	**$91,116**	$42,443	$48,673
Year 5	$42,443	$33,332	$15,801	**$91,576**	$42,443	$49,133
Year 6	$42,443	$33,332	$16,275	**$92,050**	$42,443	$49,607
Year 7	$42,443	$33,332	$16,764	**$92,539**	$42,443	$50,096
Year 8	$42,443	$33,332	$17,267	**$93,042**	$42,443	$50,599
Year 9	$42,443	$33,332	$17,785	**$93,560**	$42,443	$51,117
Year 10	$42,443	$33,332	$18,318	**$94,093**	$42,443	$51,650
Year 11	$42,443	$33,332	$18,868	**$94,643**	$42,443	$52,200
Year 12	$42,443	$33,332	$19,434	**$95,209**	$42,443	$52,766
Year 13	$42,443	$33,332	$20,017	**$95,792**	$42,443	$53,349
Year 14	$42,443	$33,332	$20,617	**$96,392**	$42,443	$53,949
Year 15	$42,443	$33,332	$21,236	**$97,011**	$42,443	$54,568