

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

Monday, July 22, 2024 @ 12:30 PM

1. Call to Order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Approval of the Minutes for the June 17, 2024, monthly meeting.
4. Recognition of Persons Wishing to Address the Board.
5. **Airport Landing Bond Inducement – TEFRA HEARING**

A resolution of the Health, Educational, and Housing Facility Board of the City of Chattanooga, Tennessee, declaring its intention to issue tax-exempt multifamily housing bonds in one or more series in an aggregate amount not to exceed \$10 million to finance the acquisition, adaptive rehabilitation and equipping of approximately 80 multifamily rental dwelling units in Chattanooga, Tennessee, to be known as Airport Landing, and for related purposes. **(HEB-2024-14)**

6. Other Business-Discussion.
7. Adjournment.



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, June 17, 2024
12:35 p.m.

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

Also, present were Phillip A. Noblett (Counsel to the Board); Janice Gooden (CALEB); Thomas Smith, Anna Protano-Biggs, and Dawn Oakes (AIM Center); Mike Pare (Times-Free Press); John Wilson (The Chattanooga); Vickie Haley (Finance); Jeff Woodard (Erlanger); Steve Barrett (Husch Blackwell); Sandra Gober (Community Development); and Nicole Heyman.



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



MINUTES APROVAL FOR THE MAY 20, 2024, MONTHLY MEETING

On motion of Mr. Wells, seconded by Mr. Erwin, and then another motion of Mr. Johnson, seconded by Ms. Smith, the minutes of the May 20, 2024, monthly meeting were unanimously approved as submitted.



PUBLIC COMMENTS

There was no one from the public with any comments at this point.

RESOLUTION

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

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 HEALTH SYSTEM REVENUE BONDS (ERLANGER HEALTH) IN ONE OR MORE SERIES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$370,000,000. (HEB-2024-12)

TEFRA HEARING

Mr. Hank Wells disclosed that he is a volunteer at Erlanger and has no personal financial interest in this matter. Chair Armor had a relationship with Erlanger 30 years ago.

Attorney Noblett said that every bond issuance that this Board issues an outside agency or non-profit agency may come before this body in an attempt to have sale of bonds to occur. The reason they come to this Board is because those bonds are at a specific municipal bond rate that might be better than what you get in the open market. We have a hearing that has been published in the paper, copy of your minutes in connection with this matter, and has to be published at least one time seven days prior to the TEFRA hearing for an opportunity for anyone that might have some questions about this bond issuance to be able to talk here today. We have provided that notice in the paper, properly notified, and the Board will be asked based upon the TEFRA hearing after it occurs to deal with a resolution authorizing the documents that would allow the issuance, sale, and delivery of these bonds in the aggregate principal amount not to exceed \$370 million. The amount has fluctuated as per Mr. Jeff Woodard (Chief Legal Officer for Erlanger Health). Attorney Noblett has seen the numbers down to \$350 million now. It is between \$350 and \$370 million. That is Mr. Woodard's understanding.

Ms. Janice Gooden (CALEB) is also a District 8 resident. Ms. Gooden did not read fine print but wondered if there was a term limit on the bonds. It said a couple of years. It also said refinancing existing projects and improvements. Is that just the hospitals or does not include local clinics? Ms. Gooden knows you are expanding beyond the State of Tennessee. Ms. Gooden did see a reference to a clinic in Hixson but with the transition to a non-profit status, are you still covering Dodson Avenue and some of the other clinics?

Attorney Noblett said that those issues will be – the notice that was in the paper concerning this matter was talking about refunding the existing hospital and revenue and refunding bonds that are out there from 2014 would be paid off in connection with these new issuances of bonds. There are references for things that are capital projects here that are done at Erlanger at 975 and 979 E. 3rd Street as well as Gunbarrel Road which are Erlanger projects. It also makes references to improvements that might be in areas outside of Hamilton County as well. There are some references to Hixson, Ooltewah, Cleveland, TN, and another in Murphy, NC. Those are the references in the notice of public hearing. The bonds would be issued to finance that for this non-profit that is within the power of this Board.

After further discussion, Mr. Woodard said that Southside and Dodson Avenue and Premiere Health they have three qualified health centers. They are still under the Hospital Authority and still part of the system. Chair Armor said the other pieces mentioned in Bradley County and Murphy, NC, there are hospitals or physicians' offices in both those locations that is part of the whole system as well.

The TEFRA hearing has closed.

Mr. Richard Johnson said that this will take the place of any outstanding debt and roll it into the new financing? Attorney Noblett said yes. There was reference of amounts that Morgan Stanley and some at First Horizon and are pulling all of that together.

The motion carried.

ADOPTED

RESOLUTION

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

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 ESPERO CHATTANOOGA, LP. (HEB-2024-13)

Attorney Noblett said that this will be a resolution that will be passed by this Board that has been requested within a Letter of Support of this Project by Mayor Kelly at this point in time. The AIM Center designs and constructs specific units for permanent supportive housing at 1815 E. Main Street, Chattanooga, TN, and is under contract to acquire that property. Based on this case, it will be 100% of the units that will be maintained as affordable housing to serve low to moderate income households at 30-60% of the AMI or below. This project would be a 4% allocation of low income housing tax credits from the Tennessee Housing Development Agency for the project. They also intend to use tax exempt bonds that are allocated by THDA in addition

to payments in lieu of taxes through the HEB. This resolution is regarding the payments in lieu of taxes transaction with Espero.

In the letter from the Mayor, he references his support for a term of up to 30 years with an initial payment of \$18,000 which will increase 2% annually thereafter. This is a 30 year PILOT versus a 20 year PILOT. It is setting the annual payment initial amount and over the 30 years will increase 2% thereafter. The \$18,000 will go up 2% per year after that occurs after 30 years and will guarantee those to the County school portion of taxes. Year 1 shall commence upon stabilization defined as 80% occupied or above. Their PILOT amount will begin at year 1 and cannot be more than three years from today. They will get money up front at three years and start paying after. The definition of stabilization is what they are going to achieve within the three years is 80% occupancy. It is 80% or three years, whichever is first.

These are not finalized documents at this point. No signatures are needed today. The final documents will be submitted by the lawyers with the terms that are in the letter from the Mayor.

After further discussion, Ms. Everhart asked about compliance. Ms. Sandra Gober obtains all of the information needed on all of the PILOTs and all of the terms and presents a report on an annual basis. If one is not performing, it is up to Ms. Gober's department to bring it up to the Board. Ms. Gober said they do compliance on testing on all of the projects along with the fact that they have funding from THDA. There is also a requirement that they meet compliance. There are a couple of gatekeepers in regard to ensuring that the occupants comply.

Chair Armor said to look in the agreement on page six it talks about the annual report. The City does keep up with that. The report is annually.

Ms. Nicole Heyman said the nature of supportive housing – this is the largest permanent supportive housing development in the City at this time. We do have the Airport Inn which is probably going to come before the Board in a few years with the same thing, but we are in critical need of this type of housing and support moving our homeless population into stable housing. The Administration felt that it was a priority. Because of the nature of the housing and how much it costs, did not just develop the housing but also provides the permanent supportive nature of this wrap around services to ensure that people are coming into the housing are getting the mental health, physical health, and the job training that they need to be successful. Permanent housing solutions are quite costly and in order for the financials to work out for us to be able to provide this housing, we came to an agreement that we have to provide that assistance and the term being longer than the standard term of the PILOT. That is how we got to 30 years so we can get this deal funded and built so we can start to address the needs of our lowest income and unhoused population here in the City.

After further discussion, the reason for the endorsement is because they are trying to take the existing program and tweak it to where it financially makes sense to provide the services that people need other than just housing. Attorney Noblett said that this has previously occurred with Patten Towers. Also a 30 year project.

After further discussion, the AIM Center will be overseeing the development. Not just the construction but also the limitation of the support services for the life of the PILOT for the housing project. After further discussion, because of the nature of how they receive funding, this program is successful to anyone the community needs and meets the criteria. It will not be specific for AIM Center. There are 19 units set aside specifically for the chronically homeless.

The motion carried.

ADOPTED

OTHER BUSINESS-DISCUSSION

After further discussion, the Board decided to send the Affordable Housing Initiative Letter to Mayor Kelly and the City Council.

Attorney Noblett thanked everyone who attended today's meeting.

[Redacted]

After further discussion, the meeting adjourned at 1:00 PM.

Respectfully submitted,

Richard A. Johnson, Secretary

APPROVED:

Hicks Armor, Chair

A RESOLUTION OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE, DECLARING ITS INTENTION TO ISSUE TAX-EXEMPT MULTIFAMILY HOUSING BONDS IN ONE OR MORE SERIES IN AN AGGREGATE AMOUNT NOT TO EXCEED \$10,000,000 TO FINANCE THE ACQUISITION, ADAPTIVE REHABILITATION, AND EQUIPPING OF APPROXIMATELY 80 MULTIFAMILY RENTAL DWELLING UNITS IN CHATTANOOGA, TENNESSEE, TO BE KNOWN AS AIRPORT LANDING, AND FOR RELATED PURPOSES.

WHEREAS, the officials of The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the “Issuer”), have been informed by representatives of Airport Landing, LP, a Tennessee limited partnership (the “Owner”), that the Owner intends to acquire, adaptively rehabilitate and equip an existing facility into a residential rental facility consisting of approximately 80 units located in the City of Chattanooga, Hamilton County, Tennessee and described as Lot One (1), Airport Inn Subdivision, as shown by plat of record in Plat Book 128, Page 74, in the Register’s Office of Hamilton County, Tennessee, and to be known as Airport Landing (collectively, the “Project”); and

WHEREAS, the Owner has estimated that the acquisition, adaptive rehabilitation and equipping of the Project will require tax-exempt bond financing in an amount not to exceed \$10,000,000 to finance a portion of the development costs of the Project; and

WHEREAS, the Issuer has determined that the Project is in the public interest and will further the purposes of Chapter 101, Part 3 of Title 48, Tennessee Code Annotated (T.C.A. §48-101-301, et seq.) as amended, (the “Act”); and

WHEREAS, the Issuer has further determined that it will be advantageous to the Owner and the Project for the Issuer to issue its tax-exempt revenue bonds (the “Bonds”) and to make the proceeds of the Bonds available to the Owner to enable the Owner to acquire, rehabilitate and equip the Project pursuant to one or more financing or loan agreements in which the Owner will agree to make payments in amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Issuer as follows:

1. The Issuer does hereby declare that it intends to authorize the issuance of the Bonds under and in accordance with the applicable laws of the United States of America and the State of Tennessee (the “State”) in one or more series in an aggregate principal amount not to exceed \$10,000,000, upon such terms and conditions as may be agreed upon by the Issuer, the Owner and the purchaser of the Bonds; provided, however, that the issuance of such Bonds shall not require the utilization of private activity volume cap pursuant to Section 146 of the Internal Revenue Code of 1986, as amended, in excess of \$10,000,000. The Bonds will not be general obligations of the

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Issuer, the State of Tennessee, or any political subdivision thereof, but will be special obligations, secured by and payable solely from sources identified in the trust indenture relating to the Bonds.

2. The Chairman or Vice Chairman of the Board of Directors of the Issuer (each, an “Authorized Officer”) are hereby authorized to enter into an Inducement Agreement with the Owner in substantially the form submitted to the Issuer, which is hereby approved, with such changes therein not inconsistent with this resolution and not substantially adverse to the Issuer as may be permitted by the Act and approved by an Authorized Officer executing the same on behalf of the Issuer. The approval of such changes by said Authorized Officer, and that such are not substantially adverse to the Issuer, shall be conclusively evidenced by the execution of such Inducement Agreement by such officer. Subsequent to the execution of the Inducement Agreement, an Authorized Officer is further authorized to enter into amendments or supplements to the Inducement Agreement from time to time without any further action of the Board of Directors of the Issuer.

3. The Authorized Officer is further hereby authorized to publish or cause to be published a notice of public hearing with respect to the issuance of the Bonds and to take any and all further action and execute and deliver any and all other documents as may be necessary or appropriate to authorize, issue and deliver the Bonds and to effect the undertaking for which the Bonds are to be issued.

4. The Issuer finds, intends and declares that this resolution shall constitute its official intent to issue the Bonds for the Project pursuant to the laws of the State in an amount not to exceed \$10,000,000 and to make such proceeds available to finance the costs of the Development and the expenses in connection with the issuance of the Bonds. The Issuer finds, considers and declares that the issuance and sale of the Bonds for the purpose set forth in this resolution will be appropriate and consistent with the objectives of the laws of the State, and that the adoption of this resolution is and constitutes the declaration of official intent by the Issuer towards the issuance of the Bonds within the meaning of Section 1.150-2 of the United States Treasury Regulations.

5. This resolution is not intended to be a binding commitment of the Issuer to issue the Bonds. The financing described herein is subject to (a) approval by the Issuer of a bond resolution authorizing the issuance of such Bonds, (b) approval by the Issuer of the financing terms and (c) receipt by the Issuer of an opinion of Dinsmore & Shohl LLP, Bond Counsel (or other tax counsel acceptable to the Issuer), that, subject to certain exceptions, interest on such Bonds is excludable from the gross income of the owners thereof for federal income tax purposes.

[SIGNATURE PAGE FOLLOWS]

(HEB-2024-14)

Adopted this 22nd day of July, 2024.

Hicks Armor, Chairman

ATTEST:

Richard Johnson, Secretary

(HEB-2024-14)

Airport Landing

Project Description

Airport Landing is located at 7725 Lee Highway on the east side of Chattanooga, Tennessee. Through a complete renovation of the building and site, the project will provide approximately 75 units of permanent supportive housing, onsite amenities space, and space for community partners and service providers.

100% of the units are intended to be supported by Project Based Vouchers and leased through Chattanooga's Coordinated Entry System. Woodbine Community Organization and our property management partner, Emerald Housing Management, will collaborate with local service providers to bring wrap-around supportive services to the site.

The project will be primarily funded through up to \$10,000,000 of tax-exempt bonds and Low Income Housing Tax Credits, and additionally supported through available affordable housing grant funds.

The project will incorporate many of the best practices in trauma-informed design (TID), guided by industry-leading experts at Shopworks Architecture. TID centers dignity, hope, and self-esteem; empowerment and personal control; safety, security, and privacy; peace of mind; community and connection; and joy, beauty, and meaning. This will include reorienting the ground floor unit entrances to a central corridor and main lobby for better access control and safety, incorporating natural finishes and daylighting, and ensuring resident control over their environment including light, temperature, and sound. The project will also pursue sustainability and energy-efficiency measures including low-flow plumbing fixtures, LED lighting, EnergyStar windows, and rooftop solar panels. Additionally, we will create outdoor amenity spaces for residents and support better stormwater management. Ultimately, the project will transform a blighted, abandoned property into a community asset and permanent home for approximately 75 households in need of deeply affordable and supportive housing.

The Development Team consists of a partnership between Woodbine Community Organization and Nelson Community Partners. Woodbine Community Organization has decades of experience in developing, owning, managing, and providing services for affordable housing developments. For this reason, WCO will own the General Partner in the project. Nelson Community Partners will act as lead developer in project as well as asset manager. In addition to its extensive community development and affordable housing experience, NCP has partnered with the leading providers of permanent supportive housing across Tennessee to develop over 150 units across three projects since 2020.

NOTICE OF PUBLIC HEARING

Notice is hereby given that a public hearing will be held on behalf of The Health, Educational and Housing Facility Board of the City of Chattanooga (the “Issuer”) on Monday, July 22, 2024 at 12:30 P.M. at the John P. Franklin, Sr. Council Building, 1000 Lindsay Street, Chattanooga, Tennessee 37402.

This hearing is for the purpose of considering the approval of the issuance in one or more series of tax-exempt revenue obligations, which may be issued in the form of bonds, notes or other evidences of indebtedness (the “Bonds”), in an aggregate principal amount not to exceed \$10,000,000, pursuant to Chapter 101, Part 3 of Title 48, Tennessee Code Annotated (T.C.A. §48-101-301, et seq.) as amended, (the “Act”). If the Bonds are approved, the proceeds will be loaned to Airport Landing, LP, a Tennessee limited partnership, or its successors and assigns (the “Borrower”) for the purpose of (a) financing a portion of the acquisition, adaptive rehabilitation and equipping of an existing facility into a multifamily residential rental facility containing an aggregate of approximately eighty (80) units, located in Chattanooga, Hamilton County, as shown on plat of record in Plat Book 128, Page 74, in the Register’s Office of Hamilton County, Tennessee, to be known as Airport Landing (the “Project”), (b) funding reserves and (c) paying certain costs of issuance of the Bonds. The initial owner, operator or manager of the Project is expected to be the Borrower.

THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE STATE OF TENNESSEE, HAMILTON COUNTY, THE CITY OF CHATTANOOGA OR ANY OTHER POLITICAL SUBDIVISION THEREOF AND ARE PAYABLE SOLELY FROM FUNDS PAID BY THE BORROWER AND SHALL BE SECURED BY COLLATERAL FURNISHED BY THE BORROWER.

Persons wishing to express their views regarding the Project and the issuance of the Bonds may appear at the hearing or may submit comments in writing. Written comments should be submitted to the Issuer via U.S. Mail, at 100 E. 11th Street, Suite 200, Chattanooga, Tennessee 37402, attention Board Chair, and should be mailed in sufficient time to be received before the date of the hearing. Any person requiring reasonable, special accommodation to participate in this meeting because of a disability or physical impairment should contact Phillip A. Noblett, Counsel to the Board, 423-643-8250, at least five business days prior to the meeting.

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