



HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD
City of Chattanooga, Tennessee
SPECIAL MONTHLY MEETING MINUTES
John P. Franklin, Sr. Council Building
Assembly Room
1000 Lindsay Street
Chattanooga, TN 37402
for
November 1, 2023
12:30 p.m.

Present were Board Members: Hicks Armor (Chair), Richard Johnson (Secretary), Andrea L. Smith, and Brian Erwin. Absent was Gregg T. Gentry (Vice-Chair).

Also present were Phillip A. Noblett (Counsel to the Board); Anna Protano-Biggs, Dawn Oakes, and Donna Maddox (AIM Center); Dave Flessner (Times-Free Press); Sandra Gober (Community Development); Harolda Bryson (OCA); and Steve Barrett (Husch, Blackwell).



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



MINUTES APPROVAL FOR THE AUGUST 21, 2023, MEETING

On motion of Mr. Johnson, seconded by Ms. Smith, the minutes of the August 21, 2023, monthly meeting were unanimously approved as submitted.

Attorney Noblett made a comment wherein at the last meeting we would have an educational session before this meeting at the lunch session. We did not have one today because we still need to have three people appointed to the Board. We would like to do that when we have all of the new people together. As soon as we have that, we will have an educational session.

Chair Armor stated that one thing he would like to encourage the members is when you have a question, that the member not be afraid to ask, and we will get an explanation. We want you to be comfortable with what you are doing.

Attorney Noblett stated that ratification is simply a resolution giving the Chair authority to be able to sign documents that come before the Board and when process may go over a period of time. We were asking for the ratification of the authority for the Chair to sign those documents which he was authorized to do.



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



RESOLUTION

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

A RESOLUTION RATIFYING THE CHAIR'S EXECUTION ON A 2023 SUPPLEMENTAL MULTIFAMILY TAX-EXEMPT BOND AUTHORITY FIRM COMMITMENT LETTER DATED SEPTEMBER 27, 2023, WITH THE TENNESSEE HOUSING DEVELOPMENT AGENCY REGARDING DGA SHALLOWFORD POINTE DEVELOPMENT LOCATED AT 6402 SHALLOWFORD ROAD, CHATTANOOGA, TN 37421. (HEB2023-08)

Attorney Noblett stated that this document needed to be completed on September 27, 2023, and signed by the Chair. It specifically is saying that they are trying to get a bond commitment for a development that will be at 6402 Shallowford Road and will come before the Board before any bond issuance occurs. This is the initial commitment letter signed by the Chair. This is a matter that will come up on the future agenda.

Chair Armor was telling Mr. Erwin that anything he ratifies is on approval, and he is not doing it on Hicks' approval, but on legal counsel so he can fall back and say he did what you told me to do.

Attorney Noblett asked Ms. Sandra Gober if she had any information on this project. Ms. Gober stated that this is a proposed development of affordable housing units at the address indicated and the project will be available for low income families. The entity intends to request at some point a PILOT agreement and will come back before the Board for the PILOT. It was confirmed that this is for 96 units as referenced on page four of the minutes attached to the agenda.

The motion carried.

ADOPTED-November 1, 2023

RESOLUTION

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

**A RESOLUTION RATIFYING THE CHAIR'S EXECUTION
ON A 2023 MULTIFAMILY TAX-EXEMPT BOND
AUTHORITY FIRM COMMITMENT LETTER DATED
SEPTEMBER 26, 2023, WITH THE TENNESSEE HOUSING
DEVELOPMENT AGENCY REGARDING ESPERO
CHATTANOOGA, LP DEVELOPMENT LOCATED AT 1815
EAST MAIN STREET, CHATTANOOGA, TN 37404.
(HEB2023-09)**

Ms. Anna Protano from the AIM Center was present to speak about this item. Espero is in partnership with the City of Chattanooga, Chattanooga Housing Authority, and the AIM Center a non-profit. They are building 60 units of safe and affordable housing on Main Street where the land is being donated by the City at 1815 East Main Street. They will be dedicating 19 of those units to the justice involvement of the chronically homeless in our community.

Attorney Noblett stated that this item will also involve the issuance of bonds.

The motion carried.

ADOPTED-November 1, 2023

RESOLUTION

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

**A RESOLUTION RATIFYING THE CHAIR'S EXECUTION
OF AN ENGAGEMENT OF DISCLOSURES BY
UNDERWRITER RAYMOND JAMES REGARDING THE
ESPERO CHATTANOOGA PROJECT SERIES 2023.
(HEB2023-10)**

Attorney Noblett stated that this is an execution of an Engagement of Disclosures by the underwriter Raymond James regarding a specific set of bonds involved. Mr. Steve Barrett is also helping with the bond issuance on behalf of the Board. The Engagement of Disclosures is something that is an initial document that they have to file in order to issue the bonds and was confirmed with Mr. Barrett. We want to try to make sure what the Board's bond rating is like.

The City was issuing bonds lately, and everybody is concerned about the rates and what are the rates going to be like. The City yesterday got a 4.2% rating on bonds that it would be issuing, and we are trying to see what the next level of bonds would be issued for the HEB and depends on people bidding for those rates and that is the reason folks come to this Board for the issuance of bonds.

The motion carried.

ADOPTED-November 1, 2023

RESOLUTION

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

FINAL RESOLUTION AUTHORIZING ISSUANCE OF NOT TO EXCEED \$10,700,000 THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE COLLATERALIZED MULTIFAMILY HOUSING BONDS (ESPERO CHATTANOOGA PROJECT) SERIES 2023. (HEB2023-11)

Attorney Noblett stated the summary gives a little information of what is involved. Chair Armor stated they are using part of the bonds to collateralize for a purchase. This explains how that works and this apparently is a very common way of doing this.

Attorney Noblett stated that this is going to be a project where they have a short-term cash collateralized bond structure. It is going to be at a 4% LIHTC rate based upon the federal tax credits for this project. That is the reason these folks are coming to this body to look about the issuance of bonds through the HEB because of the Board's bond rating and based upon the higher the bond rating the lower the interest rate.

In this case, the bonds would be paid off shortly after the construction is complete, and this project will be placed in service and give a flow chart showing how the bonds will be used. It is similar to another bond issuance previously done for the Battery Heights project. It shows that the borrower is required to indemnify this Board for any liability related to the project. There is no personal liability of any board member on this bond issuance. This bond issuance will help this project get going. The bondholders will receive their payments from a Trustee in this case and bond proceeds will go over to the borrower based on the summary diagram.

Chair Armor stated the last part talks about the limited obligations of the Board, and the Board is indemnified for any liability related to the project for the bonds. Mr. Johnson stated that also this is not a precedent. We have done this in the past, and this is not the first time the Board has done something like this. It is very appropriate as the Chair indicated. Chair Armor stated that the liability resides in that they are using some of the bond amounts to collateralize for cash to get it going and using the cash up front to get it going which means that if they did not finish it,

there could be an issue, but they are insuring any liability the Board has. The Board has no exposure.

Mr. Barrett stated that it appears from what he has looked at so far this is a similar structure. Mr. Moneyhun was not present at the meeting who was bond counsel. The Board is indemnified and protected.

Ms. Everhart thought it would be great to hear from their bond counsel because the Board is making a decision without their counsel present. Ms. Protano stated that Mr. Moneyhun could not be present and was unable to attend today's meeting.

Mr. Barrett stated those documents typically include the language that there is no resort to the City taxpayers and the payments would be made solely from the proceeds received from the underlying borrower the developer. Chair Armor is comfortable that there is no liability on the part of the City or the Board. After further discussion, Attorney Noblett stated that this is a 60 unit multifamily unit. The finalization of the bonds is the resolution authorizing the issuance of bonds not to exceed \$10.7 million. This has already had a public hearing with respect to these bonds. Mr. Moneyhun was here at that point in time for the public hearing. These Bond Purchase Agreement, Trust Indenture Collateralized Multifamily Housing Bonds, and Loan Agreement documents will be reviewed by legal counsel in connection with this before it is finalized. This resolution gets that started.

Ms. Everhart stated that contingent upon that she is comfortable. Mr. Erwin seconded the contingent upon approval of counsel review. After further discussion, the City is indemnifying themselves and the Board. We are doing what they have asked us to do. Chair Armor's comfort as a Chair or as a member is that the City department has approved it, and the City Attorney's Office has been through it.

The motion carried.

Attorney Noblett stated as an educational session that this resolution allows the officers of the issuer, this body, to sign documents. If the officer signs the document, it is Attorney Noblett's process to always make sure it is brought back before the Board and ratify those documents.

Mr. Barrett also noted that the resolution approves the documents in the general form submitted at the meeting, but subject to final modifications approved by the officers which allows for consultation with bond counsel, Bassberry, but any additional changes to finalize the documents in proper form are still allowed pursuant to these resolutions for proper form and proper limitations of liability. Attorney Noblett stated that hopefully is your belt and suspenders.

ADOPTED-November 1, 2023

OTHER BUSINESS

The next meeting is on November 20th. If we do not have any business, we will cancel the meeting rather than double up this month.



After further discussion, appreciation for the Board from Chair Armor, and there being no further business to come before the Board, a motion was made by Mr. Johnson to adjourn the meeting, seconded by Ms. Everhart, and the meeting adjourned at 1:00 p.m.

Respectfully submitted,

Richard A. Johnson, Secretary

APPROVED:

Hicks Armor, Chair