



**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 APPROVAL 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. Ms. Smith worked for Erlanger Hospital for 28 years and wanted to make that noted and has since retired.

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. 3<sup>rd</sup> 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***