

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

Monday, February 17, 2025 @ 12:30 PM

1. Call to Order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Approval of the Minutes for the January 27, 2025, monthly meeting.
4. Recognition of Persons Wishing to Address the Board.
5. **TEFRA Hearing – Standard Runyan Venture LP Bond Issuance**

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 \$38 million to provide financing to Standard Runyan Venture LP for the acquisition, construction, and equipping of a multifamily housing facility for low and moderate-income citizens to be located at 819 Runyan Drive, Chattanooga, Tennessee. **(HEB-2025-05)**

6. Other Business-Discussion.
 - (a) FYI – Certified Letter re: Tivoli Theatre/Maclellan PILOT property.
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, January 27, 2025
12:30 PM

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

Also present were Phillip A. Noblett (Counsel to the Board); Jim Grauley (Columbia Residential); Javaid Majid and Matt Dale (Finance); Jay Moneyhun (Bass Berry & Sims); Deidra Burrows and Joe Engel; Betsy McCright (Chattanooga Housing Authority); Cameron Hill (Baker Donelson); Richard Curley; and Kathy Pepoy (Legal Assistant).



Vice-Chairman Richard Johnson called the meeting to order, confirmed the meeting advertisement, and established that a quorum was present to conduct business.



MINUTES APROVAL FOR THE NOVEMBER 1, 2024,
SPECIAL MONTHLY MEETING

On motion of Mr. Wells, seconded by Ms. Smith, the November 1, 2024, minutes for the special monthly meeting were unanimously approved as written.



PUBLIC COMMENTS

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



TEFRA Hearing - Eastwood Manor II, LP
Preliminary Bond Inducement - \$18 million

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

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. (HEB-2025-01)

Mr. Jay Moneyhun serves as bond counsel for this proposed bond issuance. This is an existing property which is planned on acquiring, rehabbing, and will be applying to THDA for tax exempt bonds and low income housing tax credits similar to the others on the agenda today. This is the initial step that is required in order to apply to THDA. We have to propose an inducement resolution in front of this board, we are aware of acceptance and approval, and we have to hold the TEFRA hearing. They are hoping to apply in the first round this year, which will likely open some time between February and March. Attorney Noblett said that since this is going to be a TEFRA hearing the public would have an opportunity to ask questions.

Mr. Joe Engel and Ms. Deidra Burrows spoke and said that this is an existing property built in 1977, 98 units, they are all studio, one, and two bedrooms. It has 100% project based Section 8. The eligibility is not only 50% or less of the AMI, but you also need to be a head of household or co-head that is either disabled or over 62. In the HUD world, it is considered an elderly property. We plan to do about \$7.5 million hard cost renovation, full complete interior rehab, exterior rehab, a common area, and adding serves such as a health clinic for the elderly and physicians who can come there and help them with their needs.

Attorney Noblett asked how quickly do you plan on trying to be open and available? It is already 100% occupied. Because of the scope of work, the residents will need to be relocated temporarily. They would typically use an extended stay hotel on their dime as part of the cost and put them up for probably a 30-40 day rehab while they are relocating and try to build a building at a time. They come home to a brand new home.

They will never be without a place at any time. They pay the movers to pack up their stuff, put it in a pod, help them to get to the hotel if they need to, and see if they have any special requirements while they are relocated. They check and see how they are doing. The biggest challenge is taking care of the residents. That is all on their dime.

The property is 3831 Wilcox Blvd. Looking at Chattanooga, the airport over to the right, it is northwest of the airport. Even though it is 98 units, there are 10-12 properties that are all one level. It does not look like a typical elderly mid-rise or high rise. It is guard style like patio homes. It is across from the old Red Food Store, Eastwood. Ms. Smith lives in this area. It is a single-family dominant neighborhood. It is a great place for elderly property.

Mr. Erwin asked of those 98 units, what is the breakdown of one bedroom, two bedroom, the form and size? The largest is one bedroom. We have less than that as far as studio. There are not a lot of twos. In the elderly, they are typically one family households, sometimes they have a live-in aide. There are 30 studios, 54 one bedroom, and 14 two bedrooms.

The back end before the application stage, they have already been drawing for the architect, and make sure that everything they touch is being 504 disability code, and it is a great chance to bring new lift to an older property that is obviously needed.

Mr. Johnson asked a question on timeline. The application for the round one window and it is important that we get into round one because the preservation of an existing affordable housing takes precedence in all the applications that are submitted. That window is between the first week of February and middle of March, then they will probably find out in July or August if they have an award, and have 30 days to accept the award, and have to close within 90-120 days. We will close in 2025 and finish the rehab in 2026.

Mr. Erwin asked a question regarding the THDA application, with the finances and proposal, do you anticipate any interest rates continuing to rise or inability to move forward with the financing? They have a sensitivity. They are covered. It may fluctuate 50 bases points to 75. That is all you can do in this environment. If they were to go up higher, they would have to do something more creative with sources. That is why once you get the award in June or July, they give you 30 days, and that is the way we make sure our loan, credit, and construction costs are a moving target too.

Attorney Noblett asked if he considered the bond financing rate of this board to be an incentive to do that. That is correct. Since this is a TEFRA hearing, we need to make sure if there is anybody that has any questions about this from the audience, please speak now, and we will give you a chance. No one in the audience had any questions.

The motion carried.

ADOPTED

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

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 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. (HEB-2025-02)

Mr. Moneyhun said this is a similar term of bonds. This is a proposed new construction project and is in partnership with the Housing Authority and was the proposal that was sent out for request and the developer that was awarded the request bringing this proposal is on the tax credit side of the transaction and is what is a Faircloth-to-RAD transaction which helps with the rents and how the project operates. Mr. Leach was coming with the developer or the Housing Authority who could answer some questions about the proposal process. This one is scheduled probably to go for round two for application. They are still working out some of the details as to the mix of units and also because of the change in administration with the new President, some of the HUD vouchers that are available are a little bit in flux. The developer is working with the Housing Authority to determine what vouchers would be available and is looking at a holding pattern but wanted to go ahead and bring the initial request to the Board to get approval so that once they get those details worked out, they will be able to act quickly and apply with the THDA.

Attorney Noblett wanted more information as far as units. Ms. Betsy McCright is the Executive Director of the Chattanooga Housing Authority and can answer a little bit. We have an application using the Faircloth-to-RAD conversion process which creates vouchers for this particular developer. We have not been awarded those vouchers. We are in negotiations about the number of units, the timing, and last week we were told by HUD that we are not allowed to issue any new vouchers at this time. We are holding and looking carefully at the project to determine the scope, and how we can help if we can get the funding piece from HUD.

Mr. Moneyhun said that the \$48 million request was based on 198 of the 200 units. That is what they are planning to apply for now. Ms. McCright said that they would have to take a close look at that number because they have taken the position throughout the new developments that we do not want to create large pockets of local developments. They are talking to them about numbers and what would be acceptable for the Housing Authority to create a mixed income community which is really their preference, not just all low income housing on one site. It is all in flux right now.

Ms. McCright was unaware that it was brought here today. When she heard vouchers mentioned it raised a question in her mind. If we are able to reach a consensus for this developer, they are always willing to award the appropriate number of vouchers to expand on affordable housing because we need it here. Right now, the Housing Authority's position here is that we do not have enough to actually make that award and are in a moratorium on awarding vouchers right now through March.

Mr. Johnson asked if they could come back to the Board after they have all of the specifics, and Mr. Moneyhun said they can certainly do that. As a little bit more background, when they published the notice, this one was all going ahead, and they had been chatting with Mr. Kelly and the developer, and last week is when they found out that HUD was not able to commit to some of the vouchers. A few of the items are in flux, and Mr. Moneyhun thought Mr. Leach was going to be here. One option would be to postpone because they do have a little bit of time before round two opens up, this would authorize up to \$48 million, and for whatever reason they needed to draft that back some for whenever the Housing Authority does get more confirmation from HUD, then they can bring it down, they could not exceed that amount, but could decrease it. Mr. Johnson said that he thinks the Board should have as much information as possible in terms of the numbers, how they are going to be structured, approximate timeline, we have been very supportive, we would like to have more information beforehand.

Attorney Noblett asked if the deferral of a month would help or more. Mr. Moneyhun said that with the new administration and HUD trying to figure out where they are going to be in funding and how many vouchers they will have, it may be a month or longer. Ms. McCright said that HUD told them last week that it would go to mid-March because there is a moratorium on issuing vouchers, and we will see where we are from there.

Mr. Harris asked if Ms. McCright could speak about the criteria for the vouchers. Ms. McCright said that the developer has to send a Request for Proposal and after they assess those proposals and bring them to their board and they will award some vouchers. These are some Faircloth-to-RAD conversion which are a different flavor of voucher. In the typical voucher environment, the participants have to be at or below 50% of AMI, but in Faircloth-to-RAD, (inaudible) public housing, the incomes can go up to 80% of AMI, and this will be one of our first awards if we do this under Faircloth-to-RAD conversion. They have about 1,200 Faircloth-to-RAD units available. The reason they become available is when you take down a property such as Harriett Tubman or La Paz Homes, we are able to retain those public housing units in our community but until last November, fund those units, this is a great mechanism to try to replace what was lost over the years and to fund them adequately so that we can extend affordable housing.

Mr. Johnson said we could do this March 17th if they came back to this Board with more specifics and particulars. It is fair. Mr. Erwin asked a question about the location, is it currently raw land? It is raw land.

The motion carried for deferral to the March 17th, 2025, meeting.

DEFERRED TO 3/17/25

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

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

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. (HEB-2025-03)

Mr. Moneyhun said that this bond inducement is very far down the road. This board issued bonds for Phase 1 last year. That bond issuance has closed and moved forward. This is Phase 2 of the Westside Project that will be financed through tax exempt bonds. Mr. Jim Grauley spoke and said they are in partnership with the Chattanooga Housing Authority. This is the second phase which they are applying for. This is part of a Choice Neighborhoods Initiative and the City of Chattanooga was blessed to receive that. We have phases happening very quickly. The first phase the Board supported and closed the bonds in November. It is on the site at 12th Street and you can see the demolition of the existing structure happening. Planning to have construction to start in early March. The window they are applying for is the first round of the Tennessee Housing Development Authority which opens on the 21st of February and closes on the 19th of March. We need to be ready for that in requesting this inducement.

The development would be a new building of 144 units. We have a unique financing structure like we did with Phase 1 which is called twinning and incorporates 90 units in the phase of inducement of \$20 million. It will be a combined structure like Phase 1. This is the second phase which is built off-site from College Hill Courts so residents can move to off-site housing before there is demolition of existing housing. The Housing Authority and other partners of the Choice Neighborhoods Initiative with the City are working very closely with residents, surveying their interests, understanding what their interests are as far as where they want to live, and working with them on their family self-sufficiency. That is a tremendous asset families have.

A little over 40% of the residents in this new phase will be residents from College Hill Court relocation. They will also have units at 60% and 80% AMI, and units that are unrestricted to meet the goals that were planned which are for mixed income development. It is similar to Phase 1, not quite as large, and has different building characteristics. It is on Boynton Drive just to the south of the high rise towers on land that the Housing Authority currently owns and built on the hillside. It is a little bit complicated on construction but a great location.

Mr. Johnson asked of the 144 units what is the breakdown? The better mix on this one is 86 one bedrooms and 58 two bedrooms at 60-40. One is that we have three bedroom units in Phase 1 and plan to have a lot more in Phase 3, but this building is a donator served building with structured parking. It will have ones and twos and the majority of the residents relocating out of College Hill are part of one and two bedroom households.

Mr. Johnson asked what is the timeline for construction and completion? On the first phase they are closing in March which timeline runs through the third and fourth quarter of 2026 when the buildings will be delivered. This is the second phase which they plan to close in December. That is the outside date as others mentioned on THDA. We are in full blown design and in pre-development will be making applications. They applied to THDA on January 17th for economic development, that gives this project a much better chance of getting funded. The set aside chance of getting funded we are hoping to hear about that. They plan to close this phase in December of 2025 and would run into the summer of 2027 for new construction.

These are all new units and no one will be out of a place to live. This is on vacant land where this is being built. What it is going to do is facilitate and accelerate the opportunities for people moving out of College Hill housing, which is seen as obsolete and the plan calls for over a phased period of time to be demolished. Mr. Johnson said based on your credibility for Phase 1, thank you for bringing Phase 2. These applications could not go forward without the support of the City and without the support of the HEB.

The motion carried.

ADOPTED

SREIT 1400 Chestnut PILOT Agreement and Lease

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

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)

Mr. Cameron Hill represents SREIT 1400 Chestnut LLC, and they have representatives of both the Buyer and Transferee present if the Board has any questions. This is a simple process of transferring a PILOT Agreement to the new owner of the facility. The PILOT complies, is a well-maintained, and well-run operation. The acquiring entity is well-financed and is already present in the Chattanooga area with two locations.

This is a transfer of an existing PILOT Agreement. It is fairly straight-forward. Mr. Johnson said that some PILOTs are not assignable. The PILOT has been signed once and it is eligible for an assignment as well. It complies, and the Board should know that this is acceptable if we need a vote. Section 15 of the PILOT Agreement specifically entitles it to be transferred.

Attorney Noblett said that this particular PILOT has been ongoing for a number of years. At this point in time, it is 100%, no increases until 2026, and after that, there is a step-up in the valuation of the property for a four year term until 2031 at which time it will be 100%. That is the term of the original PILOT.

Mr. Richard Curley is in-house counsel for the prior entity. It is San Francisco based multifamily, investment company manager. They are already in Tennessee and have 11 assets. Two assets in Chattanooga which is Bluebird Row at 1348 Passenger Street which has 283 units, the other property is (inaudible), 328 Cherokee Blvd. They fully intend to comply with all the terms of the PILOT Agreement and include the affordability aspect. Being good stewards of the property. Mr. Wells said that the most important statement is that they fully intend to continue to comply with the terms of the original PILOT Agreement. We do not do a lot of those anymore. That is the key point he was concerned about.

Mr. Harris said those are awesome and spectacular communities. With the affordability aspect of course, have you seen this fit for all Chattanoogaans? Their commitment is to the community and the residents. They fully intend to be a strong part of the community by offering housing with affordable rates and working with the community to provide a path for affordable housing. The motion carried.

ADOPTED

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.

This report was given to our finance folks. We did have to send this to the Secretary of State and the Comptroller’s Office and have had no issues since we filed that report which was included in the packet. This is a form they have to file with the State for every bond issue and provides the Board for notice purposes. There is no action that has to be taken.

After further discussion, Ms. Smith made a motion to adjourn the meeting, seconded by Mr. Harris, and the meeting adjourned at 1:10 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 February 17, 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 \$38,000,000 (the “Runyan Bonds”), the proceeds of which, if issued, would be loaned to Standard Runyan Venture LP for the purposes of financing the construction and equipment of a multifamily housing facility for low and moderate-income citizens (the “Runyan Project”) located at 819 Runyan Drive in Chattanooga, Tennessee. The expected initial principal user of the Runyan Project is expected to be Standard Runyan Venture 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.

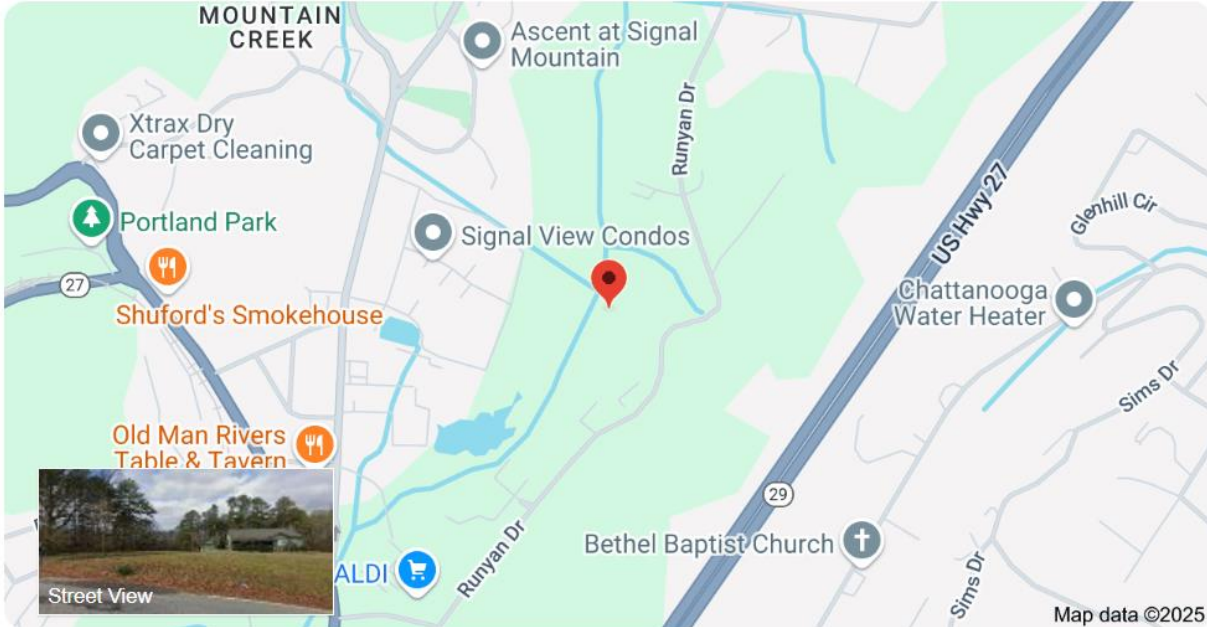
**The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Multifamily Housing Bonds
(Standard Runyan Project) Series 2025**

Summary of Bonds and Project

Board: The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Borrower: Standard Runyan Venture LP
Bond Amount: Not to exceed \$38,000,000
Project: Construction of new multifamily housing facility for low and moderate-income citizens to be located at 819 Runyan 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.



819 Runyan Dr
Chattanooga, TN 37405

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 THIRTY-EIGHT MILLION DOLLARS (\$38,000,000.00) TO PROVIDE FINANCING TO STANDARD RUNYAN VENTURE LP FOR THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF A MULTIFAMILY HOUSING FACILITY FOR LOW AND MODERATE-INCOME CITIZENS TO BE LOCATED AT 819 RUNYAN DRIVE, CHATTANOOGA, TENNESSEE.

WHEREAS, Standard Runyan Venture 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 819 Runyan 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 \$38,000,000 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-2025-05

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 February 17, 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 17th day of February, 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-2025-05

**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

February 17, 2025

Standard Runyan Venture 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 Standard Runyan Venture 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 819 Runyan 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 \$38,000,000 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-2025-05

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-2025-05

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-2025-05

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

BY

STANDARD RUNYAN VENTURE 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 Standard Runyan Venture LP as of the date first written above.

Standard Runyan Venture LP

By: _____
Name: _____
Title: _____

46418443.1

HEB-2025-05

BAKER DONELSON

BEARMAN, CALDWELL & BERKOWITZ, PC

J. WAYNE CROPP
Direct Dial: 423.209.4158
E-Mail Address: jwcropp@bakerdonelson.com

633 CHESTNUT STREET
SUITE 1900
CHATTANOOGA, TENNESSEE 37450
PHONE: 423.756.2010
FAX: 423.756.3447
www.bakerdonelson.com

January 29, 2025

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED
TRACKING #9589 0710 5270 1606 0336 97

Phillip A. Noblett, City Attorney
City of Chattanooga
100 E. 11th St., Ste. 200
Chattanooga, TN 37402-4288

Re: Site 33-827, The Tivoli Theatre Foundation, Inc., the City of Chattanooga, Tivoli Sub Two, LLC, Tivoli Prime Tenant, LLC, and Tivoli Sub One Blocker, Inc.

The Site known as the Tivoli Theatre Site located at 701 and 709 Broad Street, Chattanooga, Hamilton County, Tennessee, 37402.

Dear Sir or Madam:

We are writing to you because our records reflect that you own property adjacent to the Tivoli Theatre Site, which consists of property: (1) owned by Tivoli Sub Two, LLC, the same being more particularly described as the 701 Broad Street parcel as Lot One (1) as shown on Final Plat of Lots 1 and 2, Tivoli Subdivision, recorded in Plat Book 125, Page 167, in the Register's Office of Hamilton County, Tennessee and is identified as Map & Parcel No. (145CB-A-003), in the Hamilton County Assessor of Property Office. Reference is made to prior source of title found in deeds recorded in Deed Book 13693, Page 190, and Book 13693, Page 194 in the Register's Office of Hamilton County, Tennessee; and (2) owned by the City of Chattanooga and more particularly described as the 709 Broad Street parcel, as more particularly described as Lot Two (2) and 10' Alley as shown on Final Plat of Lots 1 and 2, Tivoli Subdivision, recorded in Plat Book 125, Page 167, in the Register's Office of Hamilton County, Tennessee, and is identified as Map & Parcel No. (145CB-A-004), in the Hamilton County Assessor of Property Office.

We represent the owners and lessees of the referenced site. The Division of Remediation ("DoR") of the Tennessee Department of Environment and Conservation ("TDEC") has accepted this Site into the Tennessee Brownfield Program. The Brownfield Program allows willing and able parties to redevelop formerly contaminated commercial or industrial properties. You are being provided this notice as an adjoining landowner. The Brownfield Voluntary Agreement recognizes that subject to the notice requirements provided therein, the Brownfield Voluntary Agreement constitutes an administrative settlement for purposes of Section 113(f) of CERCLA, 42 U.S.C. §9613(f) for inactive hazardous substance sites, including protection against third-party contribution claims for The Tivoli Theatre Foundation, Inc., the City of Chattanooga, Tivoli Sub

January 29, 2025

Page 2

Two, LLC, Tivoli Prime Tenant, LLC, and Tivoli Sub One Blocker, Inc. and related parties regarding matters addressed in the Brownfield Voluntary Agreement. This correspondence also serves the purpose of providing notice of the terms of the Brownfield Voluntary Agreement.

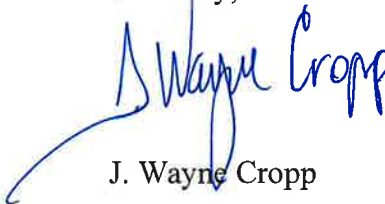
The Tivoli Theatre Site is approximately 1-acre in size and is zoned for commercial purposes. Historical uses associated with the Site include many occupants and uses since the late 1880's including as a church, a machine shop, a feed store, a coffee roaster, a yeast powder mixing store, a wholesale shoe shop, a wholesale paper store, a hardware warehouse, a parking lot, a taxi cab office, a vulcanizing store, and various other industrial, retail, commercial, and office operations as well as housing the historic Tivoli Theatre which opened in 1921. The site properties have been the subject of an environmental investigation the results of which have been reviewed by the DoR.

The site investigation concluded that the site has been impacted by past commercial and/or industrial activities. The following environmental conditions in soil, soil gas, groundwater and water quality samples addressed at the site under the Brownfield Voluntary Agreement include without limitation volatile organic compounds, Resource Conservation and Recovery Act (RCRA) metals, foundry sand, and Extractable Petroleum Hydrocarbons (EPH).

The Voluntary Party is not related in any manner to the previous property owners during the time of contamination and did not cause or contribute to the releases on the Site.

You may contact Troy Keith, TDEC, Division of Remediation, Chattanooga Regional Field Office, Suite 201, 1301 Riverfront Parkway, Chattanooga, TN., 37402, or by phone at 423.260.3011, or at Troy.Keith@tn.gov to obtain a copy of the Agreement or for more information. DoR is accepting written comments on the Agreement from the public and those who may have contribution claims for thirty (30) days after the date of publication of this notice, and these comments should be mailed to Troy Keith, with reference to DoR Site 33-827, at the above address.

Sincerely,

A handwritten signature in blue ink that reads "J. Wayne Cropp". The signature is written in a cursive style with a long horizontal stroke extending to the left.

J. Wayne Cropp

JWC/ash

cc: Troy Keith, Division of Remediation (DoR), TDEC, Chattanooga Field Office (via email)

BAKER DONELSON
BEARMAN, CALDWELL & BERKOWITZ, PC

J. WAYNE CROPP
Direct Dial: 423.209.4158
E-Mail Address: jwcropp@bakerdonelson.com

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January 29, 2025

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TRACKING #9589 0710 5270 1606 0336 80

The Health, Educational and Housing Facility Board
Of the City of Chattanooga, Tennessee
A Tennessee Public Corporation
100 E 11th St., Ste. 200
Chattanooga, TN 37402

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January 29, 2025

Page 2

42 U.S.C. §9613(f) for inactive hazardous substance sites, including protection against third-party contribution claims for The Tivoli Theatre Foundation, Inc., the City of Chattanooga, Tivoli Sub Two, LLC, Tivoli Prime Tenant, LLC, and Tivoli Sub One Blocker, Inc. and related parties regarding matters addressed in the Brownfield Voluntary Agreement. This correspondence also serves the purpose of providing notice of the terms of the Brownfield Voluntary Agreement.

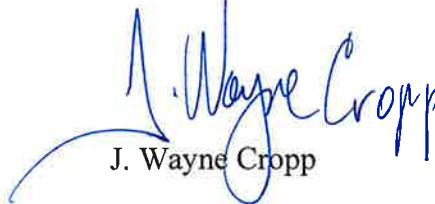
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Sincerely,



J. Wayne Cropp

JWC/ash

cc: Troy Keith, Division of Remediation (DoR), TDEC, Chattanooga Field Office (via email)