



HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD
City of Chattanooga, Tennessee
MONTHLY MEETING MINUTES
Virtual Electronic Zoom Meeting
for
September 23, 2020
12:05 p.m.

Present were Board Members: Hicks Armor (Chair), Gregg T. Gentry (Vice-Chair), Lloyd Longnion, Richard Johnson, Nicole Watson, Amanda Jelks (Secretary), and Stephanie Sinkfield.

Also present were Phillip A. Noblett (City Attorney); Donna Williams (ECD Administrator); Gail Hart (Real Property); and Alfred Smith (Miller & Martin).

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

1. Mr. Johnson made a motion to approve the June 24, 2020, minutes, seconded by Ms. Jelks, and the minutes were unanimously approved by roll call vote 7-0. Mr. Longnion voiced his comment that he was surprised and delighted that Mr. Armor's personal contact with our legislators obviously freed us up to have this Zoom meeting as opposed to the announcement that we were not going to be able to do the meetings this way anymore. Mr. Longnion also mentioned that for smooth operation purposes of the meeting to have roll call votes so as to not be confused. Mr. Noblett stated that this is required according to the statute and there is currently a new Executive Order No. 60 by Governor Lee establishing the continuation of some type of electronic meeting through October 28, 2020. The recording of this meeting is retained in compliance with the meeting requirements.

2. There was no person present wishing to address the Board.

3. Mr. Armor presented the next order of business: **“A RESOLUTION AUTHORIZING THE CHAIR OR VICE-CHAIR TO EXECUTE AN AUTHORIZATION FOR RIDGEWAY HOUSING PARTNERS, L.P. TO RECEIVE COMPENSATION FROM THE STATE OF TENNESSEE DEPARTMENT OF TRANSPORTATION IN EXCHANGE FOR A TEMPORARY CONSTRUCTION EASEMENT, IN THE AMOUNT OF FIFTEEN THOUSAND TWO HUNDRED DOLLARS (\$15,200.00).” (HEB2020-05)**

Mr. Noblett stated that Ridgeway Housing Partners, L.P. is one of the PILOT properties. There is a request by the State of Tennessee Department of Transportation to do construction improvements in connection with a portion of this property. The reason for the Temporary Construction Easement is to alleviate some of the parking concerns or problems the Ridgeway Apartment people may have and to have an alternate location for parking. The State of Tennessee is offering a condemnation provision of \$15,200.00 for a temporary construction time that it will

take up their parking lot. Real Property is recommending that it be accepted, but the issue is does the money go to Ridgeway Housing Partners, L.P. or to this body because it is in the middle of a PILOT?

Ms. Williams explained that it is her understanding from Charles Smith TDOT that the State had a similar arrangement with the previous owner prior to Vitus. Vitus is the owner who has the PILOT. Vitus bought the property from a previous owner and when Vitus applied for a PILOT, the HEB owns the property. The State needs a continuation of the use of that easement and is obligated to compensate the owner. By virtue of the PILOT, the HEB is the owner.

Mr. Armor wanted to clarify that the \$15,200.00 is coming for the use of the space in the easement: (1) Do we accept it? (2) If we accept it, who it goes to?

There was discussion on who would write the check since the HEB is the owner. Mr. Noblett stated that the State pays the deed holder of the property. The City is the paper title owner of the property. This is not a City account. The HEB is a separate corporation under Tennessee law. This is not payment in lieu of tax money. Mr. Noblett stated that the Board can accept and transfer to the party. There were clarifications made for Mr. Gentry and Mr. Johnson by Ms. Williams and Mr. Noblett. Ms. Williams stated both parties are in agreement with the amount. The amount is consistent with the formula that was used when the agreement was with the previous owner for the same activity.

After further discussion, Mr. Gentry made a motion that this resolution would be approved as submitted, seconded by Ms. Watson, and the resolution was unanimously approved by roll call vote 7-0.

Mr. Longnion asked if we would attend to assessing that the project is on schedule as it is now, that this activity would make sure that it continues on schedule as it is intended, proposed and funded. Mr. Armor stated that this would not be an impediment to the completion of the project as scheduled. Ms. Williams said that the owners had no knowledge that the work was being done. The State was being proactive in extending what they already extended. Their project otherwise is on schedule. Ms. Williams will confirm this information. Mr. Noblett stated that the term of this PILOT is through 2032 and would not excuse any payments of their PILOT amounts and would continue with PILOT payments.

4. Mr. Armor presented the next order of business: **“A RESOLUTION AUTHORIZING THE CHAIRMAN AND SECRETARY OF THE BOARD TO EXECUTE AN AMENDMENT TO THE DEED OF TRUST AND CROSS-COLLATERALIZATION AND CROSS-DEFAULT AGREEMENT REGARDING ADAMS, LLC F/K/A MK, LLC.” (HEB2020-06)**

Mr. Alfred Smith spoke on this resolution which involves a 2005 PILOT Agreement with MK, LLC. The company’s name changed to Adams, LLC which is owned by attorney, Morgan Adams. This project is located across from the Choo Choo. The PILOT is at 60% of tax payments and in 2021, the payments will be 80%, and then will be over. This amendment does not extend the term of the housing abatement. This is a refinancing of the debt with First Bank. The Amendment to Deed of Trust and Cross-Collateralization and Cross-Default Agreement are the two documents for approval which were sent by Chuck Fisher from First Bank. This does not

affect the interest the Board has on the property. Mr. Smith said this item can be approved by either resolution or motion as long as it is reflected in the minutes, and Ms. Williams requested a resolution for a historical transaction.

Mr. Longnion asked for clarification regarding this item. Mr. Armor clarified that this item is a refinance and does not extend the term of the PILOT at all. Mr. Noblett stated these documents are from First Bank so that they can have access to the property later on. This item will go back to 100% beginning 2022.

After further discussion, Mr. Johnson made a motion to approve this resolution, seconded by Mr. Gentry, and the resolution was approved unanimously by roll call vote 7-0. **(Note: See discussion in the October 28, 2020, minutes regarding Mr. Longnion’s concerns for a Motion to Reconsider his vote).**

DISCUSSION

Mr. Armor questioned Mr. Noblett about the Governor’s Executive Order expiring October 28, 2020. Mr. Noblett stated we are good for the next meeting through 11:59 p.m. Central Daylight Time on October 28, 2020. Mr. Armor asked the Board to keep the 28th meeting on schedule unless otherwise notified.

Mr. Armor thanked everyone for their time. Mr. Smith thanked Mr. Armor for getting this item on the agenda in short order and approving is appreciated. Mr. Armor appreciates Mr. Smith’s time for his clients and appreciates his professionalism, accommodation as needed, and knowledge of this process, and the fact that he is before the Board in an honorable way often. Thank you for your service to your clients and to the City as well.

After further discussion, the meeting adjourned at 12:36 p.m.

Respectfully submitted,

Amanda Jelks

Amanda Jelks (Nov 3, 2020 10:11 EST)

Amanda Jelks, Secretary

APPROVED:

Hicks

Hicks Armor (Nov 3, 2020 17:16 EST)

Hicks Armor, Chair

**The electronic Zoom presentation is kept on record by the Health, Educational, and Housing Facility Board.*









09-23-2020 Minutes

Final Audit Report

2020-11-03

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