

YOUNG HIGH GP CORPORATION

Date: April 22, 2019

To: Board of Directors

From: Tracee B. Pross, Secretary/Treasurer

Subject: **SPECIAL AGENDA**
Board Meeting of the Board of Directors
Thursday, April 25, 2019, 5:00 p.m.
KCDC Main Office, 901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested of minutes for the initial meeting held on January 22, 2019. [\(Attached\)](#)

REDEVELOPMENT/LEGAL MATTERS (Brad Peters)

3. Resolution regarding the development and financing of and the utilization of low-income housing tax credits related to Young High Flats and the execution of documents relating thereto. [\(Attached\)](#)
4. Adjourn

YOUNG HIGH GP CORPORATION

INITIAL MEETING MINUTES

The Board of of Young High GP Corporation met on **January 22, 2019**, at 901 N. Broadway, Knoxville, Tennessee.

Present: Chair John Winemiller
Vice Chair Bob Whetsel

Absent: Treasurer Gloria Garner

The Chair called the meeting to order and declared a quorum present at 5:49 p.m.

NEW BUSINESS

REDEVELOPMENT/LEGAL MATTERS (Brad Peters)

Resolution regarding formation and approval of organization matters. **Commissioner Whetsel moved to approve. Commissioner Winemiller seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2019-01 is attached.**

ADJOURNMENT

With no further business to come before the Board, the Chair declared the meeting adjourned at 5:51 p.m.

John T. Winemiller, Chair

Approved:

ATTEST:

Tracee B. Pross, Secretary

Approved:

BOARD ACTION FORM

MEETING DATE	April 25, 2019
AGENDA ITEM DESCRIPTION	Resolution regarding the development and financing of and utilization of LIHTC related to Young High Flats.
SUBMITTED BY	Name & Title: Brad Peters, VP of Redevelopment/Legal Services Department: Executive Management
MEETING TYPE	<input type="checkbox"/> Regular <input checked="" type="checkbox"/> Special
AGENDA CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Regular
BUDGET / FINANCIAL IMPACT	Budgeted: <u>N/A</u> Expenditure: <u>N/A</u> Source of Funds: <u>N/A</u>
APPROVAL/REVIEWS	<input checked="" type="checkbox"/> Department Head /Vice President <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Legal Counsel Name of Reviewer: <u>Mark Mamantov</u> <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Other - Name & Title: _____
STAFF RECOMMENDED ACTIONS	Approve: <input checked="" type="checkbox"/> Deny: <input type="checkbox"/> Defer: <input type="checkbox"/>
<u>BACKGROUND</u>	
<p>1. What's the objective of the requested action? To approve the entering of closing documents for the construction of 156 units of affordable housing, known as Young High Flats.</p> <p>2. Why is the action needed now? Closing of the transaction is anticipated to take place prior to the next meeting cycle.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? Young High GP corporation is an instrumentality of KCDC. Elmington Capital will be the party responsible for construction and management of the units. U.S. Bank is the construction lender and equity investor. Berkadia is the permanent lender.</p> <p>4. What are the long term and short term exposures to KCDC? Elmington Capital will insure the project and will broadly indemnify KCDC and Young High GP Corporation.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	The Board of the Corporation met and generally approved this transaction on January 22, 2019.
ATTACHMENTS	Resolution

RESOLUTION NO. 2019-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF YOUNG HIGH GP CORPORATION REGARDING THE DEVELOPMENT AND FINANCING OF AND THE UTILIZATION OF LOW-INCOME HOUSING TAX CREDITS RELATED TO YOUNG HIGH FLATS AND THE EXECUTION OF DOCUMENTS RELATING THERETO

WHEREAS, the Board of Directors of Young High GP Corporation (the "Corporation") has met pursuant to proper notice; and

WHEREAS, the Corporation has been organized pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated, as an instrumentality of Knoxville's Community Development Corporation (the "KCDC"); and

WHEREAS, KCDC is the housing, redevelopment and urban renewal authority of the City of Knoxville, Tennessee (the "City") and is duly incorporated pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated; and

WHEREAS, by Sections 13-20-101 et seq., Tennessee Code Annotated, housing and redevelopment authorities in Tennessee are authorized through their respective governing bodies to finance and/or refinance housing and redevelopment projects; and

WHEREAS, to further the development of a low-income housing development known as Young High Flats located on Young High Pike in the City (the "Property"), KCDC and Elmington Capital Group, LLC ("Elmington") entered into that certain Development Agreement for Young High Pike and Hollywood Road Projects dated as of February 7, 2019 (the "Master Development Agreement"); and

WHEREAS, pursuant to the Master Development Agreement, the Corporation was assigned the sole general partnership interest in ECG Young High, LP, a Tennessee limited partnership (the "Partnership"); and

WHEREAS, pursuant to the Master Development Agreement, the Corporation and ECG Young High Developer, LLC have formed Young High Developer, LLC, a Tennessee limited liability company (the "Developer") for the purpose of developing the Property; and

WHEREAS, The Health, Educational and Housing Facility Board of the County of Knox (the “Issuer”) proposes to assist the Partnership in the financing of the development of the Property by issuing its Multifamily Tax-Exempt Mortgage-backed Bonds (M-TEMS) (Young High Flats Apartments Project) Series 2019A(FN) in an aggregate principal amount not to exceed \$15,250,000 (the “Series A Bonds”) and its Multifamily Housing Revenue Bond (Young High Flats Apartments Project) Series 2019B in an aggregate amount not to exceed \$1,750,000 (the “Series B Bonds”; the Series A Bonds and the Series B Bonds may hereinafter be collectively referred to as the “Bonds”), and loaning the proceeds to the Partnership; and

WHEREAS, to proceed with the development and financing of the Property and to utilize low-income housing tax credits available pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, for said development, the Corporation, on its own behalf and as sole general partner acting on behalf of the Partnership, desires to:

(i) authorize the transactions contemplated by that certain Amended and Restated Agreement of Limited Partnership for the Partnership (the “Partnership Agreement”) among the Corporation, U.S. Bancorp Community Development Corporation, a Minnesota corporation (the “Limited Partner”), and ECG Young High GP, LLC (the “Special Limited Partner”), including, but not limited to that certain Development Services Agreement between the Partnership and the Developer (the “Development Agreement”);

(ii) authorize the transactions contemplated by a Lease from KCDC to the Partnership providing for certain payments in lieu of taxes (the “PILOT Lease”);

(iii) authorize a loan from U.S. Bank National Association (the “Bank”) to the Partnership in an amount not exceeding \$21,444,665.00 (the “Bank Loan”), the proceeds of which are to be used for the construction of an approximately 156-unit housing complex on the Property and the terms of which are substantially similar to those set forth in that draft Bond Purchase and Construction Loan Agreement provided by the Bank and available for review at this meeting, together with all documents, agreements, and security instruments referred to therein and/or required to be executed in connection therewith, with such modifications agreed to by the parties thereto (the “Bank Loan Documents”);

(iv) authorize the following documents in connection with the Bonds (collectively, the “Bond Documents”):

1. Financing Agreement by and among the Issuer, U.S. Bank National Association, as Trustee, and the Partnership relative to the Series A Bonds;
2. Financing Agreement by and among the Issuer, the Bank and the Partnership relative to the Series B Bonds;
3. Bond Purchase Agreement among the Issuer, the Partnership and Stifel, Nicolaus & Company, Incorporated, relating to the Series A Bonds;
4. Bond Purchase Agreement among the Issuer, the Partnership and the Bank relating to the Series B Bonds;
5. Land Use Restriction Agreement among the Issuer, the Partnership and U.S. Bank National Association, as Trustee; and
6. Preliminary Official Statement (the “Preliminary Official Statement”) describing the Series A Bonds;

(v) authorize the Partnership to enter into a Restrictive Covenant and Leasehold Deed of Trust in favor of the City and an Affordable Rental Development Program Agreement by and among the Partnership, the Developer and the City (the “City Loan Documents”), all in connection with a forgivable loan from the City to _____ in the amount of \$1,310,000, the proceeds of which shall be used to develop the Property; and

(vi) authorize a loan from Berkadia Commercial Mortgage LLC, a Delaware limited liability company (the “Permanent Lender”) to the Partnership in an amount not exceeding \$15,250,000.00 (the “Permanent Loan”), the proceeds of which are to be used to refinance the Bank Loan and the terms of which are substantially similar to those set forth in that certain draft Multifamily Loan and Security Agreement (Non-Recourse) provided by the Bank and available for review at this meeting, together with all documents, agreements, and security instruments referred to therein and/or required to be executed in connection therewith, with such modifications agreed to by the parties thereto (the “Permanent Loan Documents”).

Copies of the Partnership Agreement, the Development Agreement and the agreements related thereto, the PILOT Lease, the Bank Loan Documents, the Bond Documents, the City Loan Documents and the Permanent Loan Documents shall be filed with the records of the Corporation; and

WHEREAS, the Board of Directors of the Corporation desires to authorize the officers of the Corporation, for and on behalf of the Corporation on its own behalf and, as the sole general partner, on behalf of the Partnership, as applicable, to execute such documents as they, individually or collectively, determine is necessary, desirable or appropriate to carry out the transactions contemplated in and to ratify such officers' prior actions related to the Partnership Agreement, the Development Agreement and the agreements related thereto, the PILOT Lease, the Bank Loan Documents, the Bond Documents, the City Loan Documents and the Permanent Loan Documents.

NOW, THEREFORE, BE, AND IT IS HEREBY, RESOLVED, that the Corporation, acting on its own behalf or as the sole general partner of the Partnership, as applicable, be and hereby is authorized to approve and to close those certain transactions contemplated in the Partnership Agreement, the PILOT Lease, the Bank Loan Documents, the Bond Documents, the City Loan Documents and the Permanent Loan Documents; and, further

RESOLVED, that each of the President, the Vice President and any other officer of the Corporation (each, an "Authorized Officer"), or any one of them acting alone, be and hereby is authorized and directed, on behalf of the Corporation, acting on its own behalf or as sole general partner of the Partnership, as applicable, without the necessity of the joinder by any other officer of the Corporation, to (i) execute and deliver (a) the Partnership Agreement, the agreements related to the Partnership Agreement, including, but not limited to, the Development Agreement, (b) the PILOT Lease, (c) any and all instruments, documents and agreements deemed necessary or desirable by the Bank or the Authorized Officer to evidence and secure the Bank Loan, including, but not limited to the Bank Loan Documents, (d) any and all instruments, documents and agreements deemed necessary or desirable by the Permanent Lender or the Authorized Officer to evidence and secure the Permanent Loan, including, but not limited to the Permanent Loan Documents, (e) any and all instruments, documents and agreements deemed necessary or desirable by the City or the Authorized Officer to evidence and secure the City Loan, including, but not limited to the City Loan Documents, (f) any and all instruments, documents and agreements deemed necessary or desirable by the Authorized Officer to evidence and secure the Bonds, including, but

not limited to the Bond Documents, and (g) any and all other instruments, documents and agreements deemed necessary or desirable by an Authorized Officer to carry out the transactions described herein; all in the form approved by the Authorized Officer executing same, the execution of same by such Authorized Officer to constitute conclusive evidence of the approval of same; and further (ii) take all such further action as they may consider necessary or desirable in connection with the transactions described herein and to take from time to time any actions deemed necessary or desirable by such officer to effectuate and comply with the terms of such agreements as are executed on behalf of the Corporation (on its own behalf and/or in its capacity as the sole general partner of the Partnership, as applicable) pursuant to the authorization contained herein; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of the Corporation (on its own behalf and on behalf of the Partnership, in its capacity as the sole general partner of the Partnership) by the officers of the Corporation to execute and deliver any of the agreements, documents or instruments authorized by the foregoing resolutions, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the officers of the Corporation that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved at a meeting of the Board of Directors held this 25th day of April, 2019.

YOUNG HIGH GP CORPORATION

By: _____
President