

**AGENDA
FOR MEETING OF THE BOARD OF COMMISSIONERS
OF THE METROPOLITAN DEVELOPMENT AND HOUSING AGENCY**

SEPTEMBER 12, 2019

1. Call to order.
2. Approval of the Minutes of the Meeting of August 13, 2019.
3. Introductions.
4. Public comments.
5. Update on Kay Bowers Board of Commissioners appointment.
6. Executive Director's Report.

COMMITTEE REPORT

7. Report from Joint Meeting of the Finance & Audit and Development Committees.
8. Report from Management Review Committee.

EXECUTIVE (HARBISON & THILTGEN)

9. Approval of Investment Policy Statement for Retirement Plan.

EXECUTIVE (HARBISON & DELLINGER)

10. Approval of "Driver Safety" Matching Grant Program through Public Entity Partners.
11. Approval of Change Order No. 3 for the Contract with Hardaway Construction for Boscoble II (CP II, L.P.)

COMMUNITY DEVELOPMENT (HARBISON & ALEXANDER)

12. Approval of Housing Opportunities for Persons with AIDS (HOPWA) funds for Housing Assistance and Supportive Services.

FINANCE (HARBISON & HATFIELD)

13. Approval of Agency's Operating Budgets for Fiscal Year Beginning October 1, 2019.

RECAPITALIZATION (HARBISON & WEGERSON)

14. Approval of Change Order No. 8 for the Contract with R.G. Anderson Company for Explore! Community School.

URBAN DEVELOPMENT (HARBISON & CAIN)

15. Approval of the Hillside Flats PILOT Agreement.
16. Additional business.
17. Report from Resident representative.
18. Adjourn.
19. Executive Session.

**SUMMARY REVIEW OF AGENDA ITEMS FOR
MEETING OF THE MDHA BOARD OF COMMISSIONERS**

SEPTEMBER 12, 2019

EXECUTIVE (HARBISON & THILTGEN)

9. Approval of Investment Policy Statement for Retirement Plan

As a follow-up to a recommendation made at the August meeting of the Audit and Finance Committee, an Investment Policy Statement for the Agency's Retirement Plan has been prepared for Board approval. This Statement covers the intent of investments in the Plan, the selection of investment options, the selection of a default investment option, and the periodic review of performance of the selected investment options.

EXECUTIVE (HARBISON & DELLINGER)

10. Approval of "Driver Safety" Matching Grant Program through Public Entity Partners.

It is requested and recommended that the Board of Commissioners approve MDHA to compete for the "Driver Safety" Matching Grant Program through Public Entity Partners and authorize the Executive Director to undertake all steps necessary to execute all documents. The "Driver Safety" Matching Grant Program can provide up to \$4,000 to offset the annual MDHA Driver Safety Training program. MDHA's Driver Safety training costs approximately \$8600 per year and is contracted with the Tennessee Regional Safety Council.

11. Approval of Change Order No. 3 for the Contract with Hardaway Construction for Boscobel II (CP II, L.P.)

Per the MDHA Procurement Policy: Change Orders to contracts that exceed \$10,000,000 will require board approval when the cumulative change order exceeds 2% of the original contract amount. Change Order No. Three (3) is the first to do so for Boscobel II (CP II, L.P.). Boscobel II (CP II, L.P.) is a 4-story, 101 unit mixed-income residential development on the Cayce (future Boscobel Heights) property. We are requesting Board approval of Change Order No. Three (3) for the new construction of Boscobel II (CP II, L.P.) in the amount of \$377,624.00 to the Contract with Hardaway Construction Corp. This will increase the Contract amount to \$28,696,985.00. Funding for this Change Order is available from Owner's contingency. Change Order No. Three (3) is an additional expense to accelerate the project to recover time lost redesigning and relocating new and existing utilities. Board approval is requested.

COMMUNITY DEVELOPMENT (HARBISON & ALEXANDER)

12. Approval of award of Housing Opportunities for Persons With Aids (HOPWA) funds for housing assistance and supportive services.

In July 2019, MDHA issued a Request for Application (RFA) for nonprofit and public agencies to provide housing assistance and supportive services that benefit low-income persons medically diagnosed with HIV/AIDS. The Application Review Committee is recommending funding awards for Nashville Cares, Urban Housing Solutions and Street Works. The total funds awarded is \$1,332,531.00. Board approval is requested.

FINANCE (HARBISON & HATFIELD)

13. Approval of Agency's Operating Budgets for Fiscal Year Beginning October 1, 2019.

Board approval is requested for the FY 2019-2020 budgets for the Central Office Cost Center (COCC), MDHA Service Crews, the Freeman Webb managed properties, and the Project Based Rental Assistance (PBRA) properties. Administrative budgets have also been prepared for the Rental Assistance, Community Development and Urban Development Departments. A 3.5% across the board salary or a \$1 per hour increase for certain maintenance positions identified is included in the budgets. The budgets have been reviewed by the Finance & Audit Committee.

The COCC \$10,365,087 2020 budget will be funded by management and developer fees, 5th & Church parking garage cash flow and Rolling Mill Hill ground lease payments, with the remainder funded from surplus cash generated from the PBRA properties.

Separate from the COCC the Service Crews are projecting a break even budget with fee for service and management fee revenue estimated to cover \$1,676,473 in operational costs and \$125,000 capital cost for five new trucks. Expansion of the Service Crews will provide property management with contract work, decrease vacant unit turnover time and provide a more efficient alternative to outside contract labor.

Freeman Webb manages eight properties owned by MDHA, therefore the budgets are prepared by their management team. Collectively the positive cash flow from these properties totals \$944,889.

The Project Based Rental Assistance (PBRA) properties have been prepared using HUD approved contract rents for each HAP contract. The projected cash flow of \$6,230,277 assumes capital expenditures approved will be funded from the property replacement reserve escrows.

The administrative budget for the Rental Assistance Department reflects an 80% proration of administrative fees based upon the current funding level. The projected administrative funds for Rental Assistance, Community Development, and Urban Development are sufficient to cover budgeted expenses, resulting in breakeven budgets.

RECAPITALIZATION (HARBISON & WEGERSON)

14. Approval of Change Order No. 8 for the Contract with R.G. Anderson Company for Explore! Community School.

Per the MDHA Procurement Policy: Change Orders to contracts that exceed \$10,000,000 will require board approval when the cumulative change order exceeds 2% of the original contract amount. Change Order No. Eight (8) is the first to do so for Explore! Community School. Explore! Community School is located at MDHA's Cayce (future Boscobel Heights) property and is in partnership with Martha O'Bryan Center and Explore! to educate grades kindergarten through eighth. We are requesting Board approval of Change Order No. Eight (8) in the amount of \$43,638.32 to the Contract with RG Anderson Company Inc. for the new construction of Explore! Community School. This will increase the Contract amount to \$20,646,589.03. Funding for this Change Order is available from Owner's contingency. Change Order No. Eight (8) is an aggregate of several additive and deductive changes including added projection screen controls,

revised bio-pond details, revised lobby ceiling details, extruded post curb, and added drywall for exterior walls. Board approval is requested.

URBAN DEVELOPMENT (HARBISON & CAIN)

15. Approval of the Hillside Flats PILOT Agreement.

Elmington Capital through ECG Hillside, LP, plans to acquire property located at 1501 Hillside Avenue and develop a 290-unit affordable housing complex. ECG Hillside, LP, has received a conditional commitment from the Tennessee Housing Development Agency (THDA) for a 4% Low Income Housing Tax Credit (LIHTC) for the amount of \$28,434,300 to help finance the construction of this complex. The proposed development will have of 290 low income apartments consisting of 181 one-bedroom units, 85 two-bedroom units, and 24 three-bedroom units. In addition to this PILOT, ECG Hillside, LP has already received a conditional approval letter from MDHA for 138 Project Based Vouchers (PBVs).

Staff is recommending approval of a PILOT having an initial payment of \$45,000 in lieu of property taxes after the project is placed in service. The PILOT would increase by 3% annually over the 10-year life of the agreement. This PILOT payment was based on a review of the site's projected base year taxes as well as the project's development budget, operating pro forma, and debt obligations. MDHA estimates this to be a tax abatement of approximately \$519,020 for the first year the property is placed in service. The current uses of the site generate \$36,598 in annual property tax. If approved, this would leave MDHA's annual abatement capacity at \$670,201.

MINUTES OF MEETING
OF
THE METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

The regular meeting of the Board of Commissioners of the Metropolitan Development and Housing Agency was held on Tuesday, August 13, 2019, at 11:30 a.m. in the Collaboration Room of the Gerald F. Nicely Building, 701 South Sixth Street, Nashville, Tennessee.

PRESENT: Charles Robert Bone, Chair
Emily Thaden, Vice Chair
Ralph Mosley
Antoinette Batts
Aole Ansari
Marcus Campbell

ALSO PRESENT: James Harbison, Executive Director
Saul Solomon, Legal Counsel
James Thiltgen, Deputy Executive Director
Will Choppin, General Counsel
Matt Wiltshire, Chief Strategy Officer
Melinda Hatfield, Director of Finance
Will Biggs, Director of Affordable Housing
Joe Cain, Director of Urban Development
Emel Alexander, Director of Community Development
Norman Deep, Director of Rental Assistance
Mike Wegerson, Director of Recapitalization
Jamie Berry, Director of Communications
Brent Grubb, Assistant Director for Construction
Pat Thicklin, Assistant Director of Human Resources
Curtis Thomas, Executive Program Manager - Recapitalization
Charlotte Weatherington, Communications Manger
LaTonya Ellis, Administrative Assistant to the Board of Commissioners
John Zirker, Sr., Cayce Place
Agnes Scott, Gernert Studio
Gloria Oliver, Cheatham Place
Rose Spencer, Carleen Batson Waller Manor
Bob Mendes, At-Large Councilman
Michael Green, Residential Association Coordinator, Affordable Housing
Janet King, MDHA –Recapitalization
Stephanie Harris, MDHA – Recapitalization
Juanita Beauregard, Resident Association President, Parthenon Towers
Brenda Morrow, Resident Association President, Edgehill
Ranetta Phillips, Resident Association President, Madison Towers
Mary Bond, Resident, Edgefield Manor

Jevon Wheeler, Resident Association President, Parkway Terrace
LaTonya Tovar, Princess and Queens
Zach Grunow, Metropolitan Nashville Police Department
Ashley King
Steve Reiter

Chair Bone called the meeting to order and requested approval of the Minutes of the Meeting of July 9, 2019. Commissioner Ansari moved adoption of the following resolution:

Resolution No. 26-19

"RESOLVED by the Board of Commissioners of the Metropolitan Development and Housing Agency, That it hereby approves the Minutes of the Meeting of July 9, 2019, as submitted."

The motion was seconded by Vice Chair Thaden, and upon vote all voted "aye". None voted "no".

Chairman Bone called on Steve Reiter who presented public comments. Mr. Reiter expressed concern with the Notice of Funding Availability (NOFA) in regards to the COC Homeless program. He asked who governed the COC and when NOFA funding would be available. He wants MDHA to focus more on the issue of re-housing the homeless.

Chairman Bone then called upon Ashley King for public comments. Mr. King requested MDHA and the Board put more effort and time into Section 8 Homeownership.

Mr. Harbison presented the Executive Director's Report. He thanked the Board for participating in the Strategic Planning meeting. Mr. Harbison advised the Board would discuss the completion of the Randee Rogers apartments project, which will provide 50 subsidized affordable units, and also vote on the request for a 4% LIHTC from THDA. He stated the Board would hear the TIF study committee recommendations and MDHA's plan of action today. He announced the Madison Tower loan would close this week; the Kirkpatrick Park ribbon cutting was held on July 16th; the ribbon cutting for the Explorer School was held on August 2nd; and the Boscobel III Groundbreaking would be August 20th. He stated Bordeaux Townhouses would be complete in the next 60 days. Mr. Harbison updated the Board on the Agency's efforts to recruit new employees and the installation of Yardi 7s -financial management software. He discussed plans to update the Metro Council on the Agency's community development block grants. Mr. Harbison proudly talk about the first installation of a voice activated thermostat for a visually impaired gentleman in July. Mr. Harbison then addressed the two guests who voiced concerns earlier during public comments. Mr. Harbison stated MDHA doesn't have authority over COC; MDHA only provides advice. And regarding Section 8 Home ownership, Mr. Harbison said the grants currently provided are not sufficient and that MDHA will continue researching solutions and seeking suitable partnerships.

Emily Thaden, Vice Chair, reported on the meeting of the Finance & Audit Committee. The committee reviewed and approved all items on the committee's agenda. She also reported findings from the Vanguard presentation. In synopsis, Vanguard recommends more employee education, as most employees are investing too conservatively and there's a need for an investment policy.

Will Choppin, General Council, presented first on the proposed bond issuance in the aggregate principal amount of \$20,000,000 or less and the Randee Rogers development to be financed with the proceeds of the bond. The Randee Rogers project includes 50 subsidized affordable units. He stated MDHA would seek a 4% Low-income Housing Tax Credit from THDA for the project. As required by federal law, Mr. Choppin recommended the Board open the floor for public comment. Chairman Bone opened the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) Hearing for public comment; no remarks were given. He closed the floor and proceeded with the Board meeting.

Will Choppin then requested approval of the Inducement Resolution and declared MDHA's official intent with respect to the reimbursement from proceeds of the bonds and project costs incurred or to be incurred by Randee Rogers, L.P. for the development. Vice Chair Thaden moved adoption of the following resolution:

Resolution No. 27-19

"RESOLUTION declaring the intent of the Metropolitan Development and Housing Agency to reimburse certain capital expenditures from the proceeds of revenue bonds and authorizing all actions and matters necessary or appropriate for, or pertaining to such declaration of intent.

Effective Date: August 13, 2019

WHEREAS, the Metropolitan Development and Housing Agency ("MDHA"), is a public body corporate and politic organized and existing under, and by virtue of, the provisions of Chapter 20, Title 13, Tennessee Code Annotated, as amended (the "Act"); and

WHEREAS, MDHA is authorized by the Act to, among other things, undertake "housing projects," as defined in the Act, and to borrow money upon its bonds, notes, debentures or other instruments evidencing indebtedness and to secure the same in accordance with the provisions of the Act; and

WHEREAS, in connection with the acquisition, construction, installation and equipping of a 100 unit "qualified residential rental project" within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), on approximately 1.76 acres bounded by Rosa L Parks Boulevard, Cheatham Place, Delta Avenue and Taylor Street, with a current mailing address of 1419 Rosa L Parks Boulevard, Nashville, Davidson County, Tennessee (the "Project"); by Randee Rogers, L.P. (the "Company"), a Tennessee limited partnership whose general partner is MDHA Randee Rogers, Inc., a Tennessee corporation which is wholly owned by MDHA Housing Trust Corporation, a Tennessee nonprofit corporation and instrumentality of MDHA, the Company expects to incur costs relating to the Project (the "Expenditures"); and

WHEREAS, MDHA reasonably expects (based upon information supplied by the Company upon which it is reasonable and prudent to rely) to reimburse the Company for the Expenditures with the proceeds of revenue bonds to be issued by MDHA pursuant to the Act (the "Bonds"); and

WHEREAS, the Code and applicable regulations (the "Treasury Regulations") require MDHA to declare its official intent in connection with the Expenditures prior to issuing the Bonds in order to allow the Company to be reimbursed for the Expenditures from a portion of the proceeds of the Bonds; and

WHEREAS, it is intended by MDHA that this Resolution constitute a declaration of official intent with respect to the reimbursement, from proceeds of the Bonds, of those certain Expenditures incurred or to be incurred by the Company for the Project prior to the issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of MDHA, and it is hereby resolved, as follows:

1. Findings. The recitals set forth above are adopted by the Board of Commissioners of MDHA as the findings of MDHA and are incorporated herein, and the Board of Commissioners of MDHA hereby further finds and determines that the adoption of this Resolution and the taking of the actions described herein will be necessary and advantageous to MDHA in furthering the purposes of the Act.
2. Declaration of Official Intent. MDHA hereby declares its official intent to reimburse the Company from the proceeds of the Bonds expected to be issued by MDHA for Expenditures incurred with respect to the Project within 60 days prior to the date of this Resolution and to be incurred subsequent to the date of this Resolution, subject to Treasury Regulation § 1.150-2. This Resolution is intended as a declaration of official intent under Treasury Regulation § 1.150-2. The Bonds to be issued to finance the Project are expected not to exceed a maximum aggregate principal amount of \$20,000,000. Expenditures will be reimbursed from proceeds of the Bonds only if such Expenditures are properly reimbursable under the Act and the Code. If for any reason the Bonds are not issued, all Expenditures shall be paid by the Company, and MDHA shall have no responsibility therefor. If the Bonds are issued and the proceeds thereof are not sufficient to pay all costs of the Project, any such shortfall shall be paid by the Company, and MDHA shall have no responsibility therefor.
3. Reimbursement Period. Treasury Regulation § 1.150-2 requires that the allocation of proceeds of the Bonds to reimburse an Expenditure must be made not later than eighteen (18) months after the later of: (i) the date the original Expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original Expenditure is paid.
4. Public Hearing. The Executive Director, the Deputy Executive Director and the Chairman of MDHA, or any one of them, acting alone, for and on behalf of MDHA, are hereby authorized, empowered and directed to hold a public hearing in accordance with the provisions of Section 14 7 of the Code with respect to the Bonds, which public hearing may be held during the meeting at which this Resolution is considered, either prior to, or following, the adoption of this Resolution, or at such other time and place as either such representative of MDHA may specify.
5. Miscellaneous Acts. The Executive Director, the Deputy Executive Director and the Chairman of MDHA, or any one of them, acting alone, for and on behalf of MDHA, are hereby authorized, empowered and directed to do any and all such acts and things, and to execute, acknowledge, deliver and, if applicable, file or record, or cause to be filed or recorded, in any appropriate public offices, all such documents, instruments, applications and certifications as may, in the discretion of such representative of MDHA, be necessary or desirable to implement or comply with the intent of this Resolution, including, without limitation and upon provision of the

necessary filing fees by the Company, the filing of all such documents, instruments, applications and certifications as may necessary or desirable to obtain an allocation of private activity bond volume cap for the Bonds from the Tennessee Housing Development Agency.

6. Limited Obligations. The Bonds, and the interest payable thereon, shall be limited obligations of MDHA and shall not be deemed to constitute a general debt or liability of MDHA, except insofar as the same is payable solely from such special sources and funds provided therefor in accordance with the provisions thereof and the provisions of the other documents evidencing and/or securing the indebtedness evidenced by the Bonds.

7. Ratification. Any and all acts previously taken by the Executive Director, the Deputy Executive Director and the Chairman of MDHA, or any one of them, acting alone, for and on behalf of MDHA, in connection with the foregoing are hereby ratified and affirmed.

8. Captions. The captions or headings in this Resolution are for convenience only and shall in no way define, limit or describe the scope or intent of any provision hereof.

9. Partial invalidity. If any one or more of the provisions of this Resolution shall be held invalid, illegal or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Resolution shall be construed the same as if such invalid, illegal or unenforceable provision had never been contained herein.

10. Repealing Clause. All resolutions or parts thereof of MDHA in conflict with the provisions herein contained are, to the extent of such conflict, hereby

11. Effective Date. This Resolution shall take effect immediately upon its adoption.”

The motion was seconded by Commissioner Mosley, and upon vote all voted “aye.” None voted “no.”

James Thiltgen, Deputy Executive Director, requested Board approval of the application fee for the Randee Rogers Bond Issuance. This item was reviewed and approved by the Finance & Audit Committee. Commissioner Mosley moved adoption of the following resolution:

Resolution No. 28-19

“RESOLVED by the Board of Commisioners of the Metropolitan Development and Housing Agency, That it hereby approves and authorizes the payment of \$361,500 in fees to THDA in support of the application for a bond authorization. These funds would be paid from the Metropolitan Government’s Capital Spending Plan funds which have been allocated to the Randee Rogers project.”

The motion was seconded by Commissioner Batts, and upon vote all voted “aye”. None voted “no”.

Joe Cain, Director of Urban Development, requested Board approval of the amendments to the Arts Center, Bordeaux, Cayce Place, Central State, Jefferson Street, Phillips Jackson, Rutledge Hill and Skyline Redevelopment Plans. Ordinance NO. BL2019-1645 provides the detailed language and is made a part of these minutes by reference and filed with other documents for this meeting. Vice Chair Thaden moved adoption of the following resolution:

Resolution No. 29-19

"RESOLVED by the Board of Commissioners of the Metropolitan Development and Housing Agency, That it hereby approves implementation of the Tax Increment Financing (TIF) Study Committee Recommendations:

Amendment 6 to the Arts Center Redevelopment Plan,
Amendment 1 to the Bordeaux Redevelopment Plan,
Amendment 1 to the Cayce Place Redevelopment Plan,
Amendment 1 to the Central State Redevelopment Plan
Amendment 2 to the Jefferson Street Redevelopment Plan
Amendment 6 to the Phillips Jackson Redevelopment Plan
Amendment 8 to the Rutledge Hill Redevelopment Plan, and
Amendment 1 to the Skyline Redevelopment Plan

WHEREAS, The first recommendation is to restrict the amount of incremental taxes that can be pledged to repay debt. The current TIF law allows MDHA to pledge all non-bonded incremental tax revenues for payment of a TIF loan, currently 85% of taxes. The amendments establish that the 75% should be the maximum amount allowable, with MDHA having the authority to increase or decrease that amount; and

WHEREAS, The Amendments require a periodic review of the uses of TIF under each plan in each district. The first assessment is due June 30, 2022, with subsequent assessments to take place no less than seven or more than ten years from the previous review. The review will include recommendations for the use of TIF for the next term. While the Development Committee has created TIF priorities for use each redevelopment district in the past, these priorities will now receive public feedback and be sent to the Metro Council for concurrence. Should the Council not agree to these uses by majority vote, MDHA's ability to make new TIGF loans will be prohibited; and

WHEREAS, The amendments permit either MDHA or Metro Council to initiate an amendment to any redevelopment plan, subject to the other board's approval, and

BE IT FURTHER RESOLVED, That the amendments, while impacting the operation of TIF and the daily management of the redevelopment districts, are consistent with the recommendation of the TIF Study Committee.

The motion was seconded by Commissioner Ansari, and upon vote all voted "aye." None voted "no."

Chair Bone recognized, At-large Councilman Bob Mendes. Councilman Mendes greeted the committee and guests. He commended MDHA for being active and obliging during the TIF Study.

The Chairman also recognized Patricia Smith, the President, Arlene Cummings, the Property Manager, and Mr. Roach, resident, of Vine Hill Studio apartments. They commented on the great turn out at their Night Out Against Crime Event.

Chair Bone extolled the team at MDHA for being committed to the mission of the organization. He stated the employees are doing a great job working with the family's MDHA serves.

There being no further business to come before the Board, the Chair declared the meeting adjourned.

Secretary

APPROVED:

This _____ day of _____, 2019.

Chair


METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

INTEROFFICE MEMORANDUM

September 6, 2019

TO: James Harbison, Executive Director
FROM: LaTonya Ellis, Administrative Assistant to the Executive Director
SUBJECT: Attendance for Board Meeting – September 12, 2019

Mr. John Zirker, President of Cayce Place Apartments Resident Association and Mr. Michael Evans, Property Manager of Cayce Place Apartments, will be present at the Board meeting.


LaTonya Ellis

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

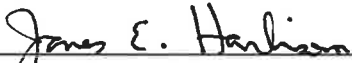
INTEROFFICE MEMORANDUM

September 4, 2019

TO: MDHA Board of Commissioners
FROM: James E. Harbison, Executive Director
SUBJECT: Investment Policy Statement for Retirement Plan

To help document the conduct of the Board's fiduciary responsibilities over the Agency's Retirement Plan, an Investment Policy Statement has been drafted which discusses the overall intent of investments in the Plan, the selection of investment options, the selection of a default investment option, and the periodic review of performance of the selected investment options. The Statement itself will be reviewed and amended as needed from time to time.

It is requested that the Board of Commissioners adopt the attached Investment Policy Statement.



James E. Harbison

Attachment

Investment Policy Statement for the MDHA Retirement Plan

The purpose of this Investment Policy Statement is to provide the Audit and Finance Committee (the "Committee") of the MDHA Board of Commissioners guidance in discharging its fiduciary responsibilities of overseeing the investment guidelines described in this Policy. Any departure from these guidelines will be documented in writing, including an explanation of the reasons for the departure. It is anticipated that the Committee will review this Policy at least every three years and will make any modifications that it determines to be necessary.

Section A: Purpose and Objectives of the Retirement Plan

The Metropolitan Development and Housing Agency (the "Agency") has previously established and currently maintains the Metropolitan Development and Housing Agency Retirement Plan (the "Plan"). The Plan is a defined-contribution plan which allows eligible employees to receive tax-deferred contributions from the Agency for use upon their retirement. The Plan is qualified under section 403(b) of the Internal Revenue Code. The Plan also allows for after-tax voluntary contributions from employees.

The Agency also provides its employees a deferred compensation plan, in which employees may make pre-tax voluntary contributions. This plan is qualified under Section 457 of the Internal Revenue Code and is administered by Nationwide Retirement Services. That plan is not covered by this Investment Policy Statement.

The function of the Plan is to provide participants with a source of retirement income which, in concert with Social Security and any Individual Retirement Accounts, deferred compensation, retirement plan assets from other employers, and/or individual savings or investments, will be sufficient to provide a sound and secure quality of life throughout their retirement years. In order to accomplish this, the Plan intends to provide competitive, diversified investment options among which participants may elect depending on their individual preferences for potential gain and tolerance for risk.

The Plan is a participant-directed individual account plan that is intended to constitute a plan described in section 404(c) of ERISA and Department of Labor Regulations section 2550.404c-1, which means that the Plan's fiduciaries (this Committee and the Agency) may be relieved of liability for any losses that are the result of investment instructions given by a participant or beneficiary.

Given the Plan's intent to comply with section 404(c) of ERISA, the Plan will provide a broad range of investment choices to reflect the different investment preferences and risk tolerances common among participants in retirement savings plans. Additionally, participants will be given the flexibility to alter their investment choices and the direction of existing and future contributions.

The Plan will also provide participants with access to current investment information along with education materials and/or programs designed to compare investment options by risk-and-return characteristics in order to make informed investment decisions. These education materials and/or programs may be provided by the Plan administrator as well as directly by the Agency and may be provided "on-line", through "webinars" or through any other reasonable medium.

Section B: Investment Strategy and Policy

Part B-1: Investment Strategy

Considering the varied attitudes, goals, expectations, investment time horizons, and risk tolerance levels of the Plan's participants, the Plan will offer a broad array of investment options that allow participants to build portfolios consistent with their individual preferences and objectives.

Thus, the well-diversified investment options the Plan will offer include choices among the three primary asset classes: cash (or cash equivalent), bonds, and stocks.

Plan sponsors are normally required by federal ERISA regulations to offer a minimum of three diversified options with materially different risk-and-return characteristics. This Plan intends to offer an appropriate range of life-cycle options (geared to the prospective retirement age of the participant) as well as a reasonably limited range of equity, bond, balanced, and stable value options. It is an assumption of this Policy that too many investment options might result in decision-making paralysis, adversely affecting the Plan's objective of encouraging informed participant choice

Part B-2: Investment Categories and Options

The Plan intends to offer the participants the (non-exclusive) options of (1) a single-fund solution (funds designed to target a projected retirement date) or (2) a building block solution (where participants may select from a broadly diversified range of different funds (both index and managed funds).

Within stocks, the Plan may offer opportunities to diversify by style (growth and value), size (large capitalization and small capitalization), and region (U.S. and international). It will also offer bond funds and balanced funds. For those participants who are risk-averse, it will also offer a stable-value type of option

Part B-3: Default Investments

Although the Committee intends that each participant make informed decisions among the investment options, the Committee has established a default fund to allocate contributions to the Plan should a participant fail to make an investment selection.

In selecting the default fund, the Committee intends that such selection will comply with Department of Labor section 2550.404c-5 as a qualified default investment alternative (QDIA). Accordingly, the Committee is not required to invest in "safe" assets that protect principal, and the law permits fiduciaries to invest in assets that may experience short-term losses in pursuit of long-term returns.

In order to determine the appropriate default fund, the Committee has:

- ~~has~~ ~~has~~ evaluated the objectives of the Plan.
- ~~has~~ ~~has~~ determined which investment principles underlie the notion of a "prudent investor" as defined by ERISA.
- ~~has~~ ~~has~~ selected a fund or funds consistent with the prudent investor analysis and that meet the regulatory requirements for a QDIA.
- ~~will~~ monitor the fund or funds periodically to ensure that they continue to satisfy the requirements to be treated as qualified default investment alternatives.

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Initially, the Committee has selected a series of target-retirement-date investment funds that are diversified so as to minimize the risk of large losses. Such funds will provide varying degrees of long-term appreciation and capital preservation through exposure to a mix of equity and fixed-income investments that vary based on the participant's age, target retirement date, or life expectancy. Such funds are expected to change their asset allocations over time

with the objective of becoming more conservative over time.

Part B-3: Selecting and Monitoring Diversified Investment Options

At the time this Investment Policy Statement is being initially adopted, the Plan has a range of investment options in place with participants invested in each. The options include target-retirement-age funds, equity funds (both index and managed, and growth and value), a bond fund, balanced funds, and a stable value fund.

The Committee will evaluate each of these funds and document its decisions at least annually. Using data provided by the Plan Administrator, the primary evaluation will be how the fund has been performing over the past year, past three years and past five years compared to funds with similar objectives and to some recognized objective index. In addition to overall performance, the Committee will evaluate the expense ratio compared to similar fund types. Other considerations may include any change in the fund's management team and philosophy.

While no specific amount or percentage deviation will be used to determine inadequate performance, the evaluation will consider whether poor performances appear to be a short-term or longer-term changes and whether other investment options appear to have been exhibiting comparable changes.

For investment options which fare poorly in such an annual evaluation, the Committee may elect to take either of the following options:

1. Suspend further contributions or exchanges into the fund and offer participants a new option with similar investment objectives, but allow current participants to retain their investments in such fund;
or
2. Select a new fund with similar investment objectives and transfer both current balances and future contributions from the discontinued fund to the new fund.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

INTEROFFICE MEMORANDUM

August 27, 2019

TO: Board of Commissioners

FROM: David Dellinger

SUBJECT: "Driver Safety" Matching Grant Program through Public Entity Partners

MDHA is committed to the safety and well-being of its employees and all efforts shall be made to provide a safe and hazard-free workplace. MDHA plans to apply for a "Driver Safety" Matching Grant Program through Public Entity Partners. MDHA holds automobile liability coverage with Public Entity Partners and is therefore eligible to seek reimbursement of half, up to \$4,000, of its costs in offering Driver's Safety Training to its employees. In 2019, MDHA contracted with the Tennessee Regional Safety Council, Inc. in offering 21 courses of 4 hours each to a total of 197 (61% of 319 total employees) and for a total cost of \$8,600. This grant opportunity will reimburse MDHA for \$4,000 of those costs. MDHA is responsible for the balance of this expense in the form of a match.

It is requested and recommended that the Board of Commissioners support the "Driver Safety" Matching Grant Program through Public Entity Partners and authorize the Executive Director to undertake all steps necessary to execute all documents related to application and implementation of the "Driver Safety" Matching Grant Program through Public Entity Partners grant opportunity.



David Dellinger

11

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
INTEROFFICE MEMORANDUM**

September 12, 2019

TO: Board of Commissioners

FROM: David Dellinger, Chief of Operations

SUBJECT: Change Order No. Three (3) for the Contract with Hardaway Construction for Boscobel II (CP II, L.P.)

Per the MDHA Procurement Policy: Change Orders to contracts that exceed \$10,000,000 will require board approval when the cumulative change order exceeds 2% of the original contract amount. Once the Board has approved a change order exceeding 2%, subsequent change order(s) will not require board approval unless the accumulative amounts of those changes exceeds 2% of the original contract amount. Change Order No. Three (3) is the first to do so for Boscobel II (CP II, L.P.). A summary of the previous two (2) Change Orders is attached.

Boscobel II (CP II, L.P.) is a 4-story, 101 unit mixed-income residential development on the Cayce (future Boscobel Heights) property. This development supports forty-five (45) units of Project Based Rental Assistance and promotes the mission of the Envision Cayce Master Plan.

We are requesting Board approval of Change Order No. Three (3) for the new construction of Boscobel II (CP II, L.P.) in the amount of \$377,624.00 to the Contract with Hardaway Construction Corp. This will increase the Contract amount to \$28,696,985.00. Funding for this Change Order is available from Owner's contingency. The remaining Owner's contingency balance of \$592,747.00 is 4.4% of the remaining cost, \$13,371,579, to complete the Project. The Project is 53% complete. A summary of Change Orders One (\$66,211) and Two (\$560,367) is included at the end of this memo.

Boscobel II (CP II, L.P.) is a 9% Low Income Housing Tax Credit (LIHTC) funded project. The funding from the Tennessee Housing Development Agency (THDA) for this project originally required the Construction Manager (CM) to have temporary occupancy of one (1) unit in each of the five (5) buildings by December 31, 2019. The total Project was due to be completed in March of 2020.

At the onset of the Project in November 2018, two large critical path elements needed to be redesigned or relocated. The storm sewer in 6th street was redesigned to avoid undermining NES poles, and the gas lines in Dew Street needed to be relocated to work around new utility pipes. This redesign and relocation of utilities delayed the removal of existing water, storm sewer, and gas lines that ran through the site. This critical path delay added eighty-nine (89) days to the length of the Project and pushed the Project the acceptable limits of the 9% LIHTC award.

In order to avoid a four (4) year ban from THDA to compete for 9% LIHTCs, MDHA staff authorized the CM to double the masonry crews and pay overtime to the concrete crews to attempt to make up the lost three months. In late January 2019, the CM contracted the work and initiated expedited subcontracts with the masonry and concrete subcontractors.

On January 29, 2019, due to escalating costs across the Nashville market, Mr. Harbison convinced THDA to give Boscobel I and Boscobel II additional credits of one million dollars per project. On March 26, 2019, THDA agreed to move Boscobel I and Boscobel II from 2018 credits to 2019 credits, thus moving the project deadline from December 31, 2019 to December 31, 2020. At that time MDHA and Hardaway were already committed to the contracted expedited work.

MDHA rescoped certain elements of the total work to reduce costs, but the expedited foundations and masonry work cost the project \$377,624. The Project Architect, Kline Swinney Associates, and MDHA staff have reviewed the costs and supporting documentation for the additional change items and recommends approval.



David Dellinger

Summary of Change Orders 1 and 2

Change Order 1 consists of \$66,211 for the following:

1. Add \$36,365 for redesigned 6th Street storm sewer
2. Add \$3,659 to provide a tap and clean-out to the Section 8 office
3. Add \$8,714 to revise garage drop ceiling product for code compliance
4. Add \$13,075 to revise floor sound mat to greater thickness
5. Add \$4,398 for additional sanitary pipe not previously shown in building C.

Change Order 2 consists of \$560,367 for the following:

1. Add \$8,010 to provide motion sensors in lieu of sensor tags at garage entrances
2. Add \$82,917 to relocate gas meters and gas pipes in Dew Street and 7th Street
3. Add \$68,397 for fire sprinkler subcontractor to provide a system in compliance with codes in lieu of what was shown in plans and specifications
4. Add \$27,991 to increase slotted pipe drain size at Section 8 parking lot per Metro Stormwater
5. Add \$58,573 to increase the size of the bio-pond as a result of eliminating \$300,000 of pervious pavers
6. Add \$34,383 to relocate utility pipes for the option to build the amenity building in the future
7. Add \$20,609 to provide conduits to the Section 8 building for a hard connection to the IT network.
8. Add \$48,118 to provide individual unit water sub-meters
9. Add \$224,444 to include Eye in the Sky's door hardware contract
10. Deduct \$13,075 to reduce the thickness of the floor sound mat to its original thickness after a re-test showed the original thickness did meet code

12

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

Interoffice Memorandum

September 10, 2019

TO: Board of Commissioners

FROM: Emel Alexander, Director of Community Development

SUBJECT: Housing Opportunities for Persons with AIDS

The Housing Opportunities for Persons with AIDS (HOPWA) program provides funding to nonprofit and public agencies to provide housing assistance and supportive services that benefit low-income persons that are medically diagnosed with HIV/AIDS. The 2019 Action Plan allocated \$1,332,531 in HOPWA funds to be made available on a competitive basis for place-based rental assistance, short-term payments to prevent homelessness, supportive services, and agency administrative costs.

A Request for Applications (RFA) for HOPWA funding was released on June 21, 2019, and was advertised in *The Tennessean*, *The TN Tribune*, and *El Crucero de Tennessee*. In addition, notices were emailed to organizations providing these services in the Nashville-Davidson—Murfreesboro—Franklin Metropolitan Statistical Area (MSA). Four agencies submitted applications by the deadline of July 22, 2019, for a total amount requested of \$1,416,867.

MDHA staff reviewed the applications to determine whether each met the threshold requirements. With all applications meeting the threshold requirements, the Evaluation Committee evaluated the applications according to the following criteria contained in the RFA: project quality, need for project, operational feasibility, and applicant capacity and experience. Based upon the review, applications were ranked according to score in descending order, and the Evaluation Committee recommended funding applications per the scores highest to lowest in the fully requested amounts until all funds were exhausted. This will fully fund the requests of Nashville CARES and Urban Housing Solutions and will partially fund Street Works. (The Executive Director of Street Works is Metro Council member Sharon Hurt. The funding award for Street Works is contingent upon HUD review and approval of a waiver allowing the agency to receive HOPWA funds.) The fourth applicant request was not recommended for funding due to a lower scoring from evaluators, lack of funding available and recent expenditure history.

It is recommended that the Board of Commissioners approve the award of HOPWA funds to the agencies listed below in accordance with the recommended funding levels and authorize the Executive Director to execute agreements at the appropriate time.

Agency	Recommended Award
Nashville CARES	\$872,949
Urban Housing Solutions	\$368,788
Street Works	\$90,794
TOTAL	\$1,332,531


Emel Alexander

Attachment

2019 HOPWA Program

RFP Review Committee Members:

Rajeev Mavath, Ryan White Part A Planning Council, Metro Public Health Department
Vanessa Melius, Senior Grant Development Specialist, MDHA
Niki Easley, HIV/AIDS Initiatives, United Way of Metropolitan Nashville

Applications for Funding

Agency	Requested Amount	Recommended Award	Type of Activities
Nashville CARES	\$872,949	\$872,949	STRMU, Supportive Services, Permanent Housing Placement, Emergency Housing, TBRA; Admin
Urban Housing Solutions	\$368,788	\$368,788	Place Based Rental Assistance, Supportive Services, Admin
Street Works	\$125,000	\$90,794	STRMU, Permanent Housing Placement, Supportive Services, Admin
Meharry Medical College	\$50,130	\$0	STRMU, Permanent Housing Placement, Supportive Services, Admin
TOTAL	\$1,416,867	\$1,332,531	

“WHEREAS, The Metropolitan Development and Housing Agency is responsible for administering the U.S. Department of Housing and Urban Development’s Housing Opportunities for Persons with AIDS (HOPWA) program for the Metropolitan Government of Nashville and Davidson County; and

WHEREAS, the 2019 Action Plan of the 2018-2023 Consolidated Plan allocated funding under the HOPWA program to increase housing stability for persons living with HIV/AIDS and their families through the provision of financial assistance and related housing services; and

WHEREAS, MDHA received applications from qualified agencies for the purpose of operating HOPWA programs during the 2019 program year; and

WHEREAS, the Evaluation Committee reviewed all proposals in accordance with the criteria set forth in the Request for Applications; and

NOW, THEREFORE, BE IT FURTHER RESOLVED by the Board of Commissioners of the Metropolitan Development and Housing Agency that HOPWA funds be allocated to the agencies listed below in accordance with the funding levels, for a total amount of \$1,332,531; and

BE IT FURTHER RESOLVED that the Executive Director is authorized to execute written agreements with each agency to ensure that HOPWA funds are used in accordance with all programs requirements.”

Agency	Recommended Award
Nashville CARES	\$872,949
Urban Housing Solutions	\$368,788
Street Works	\$90,794
TOTAL	\$1,332,531

13 -

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

INTEROFFICE MEMORANDUM

September 12, 2019

TO: James E. Harbison, Executive Director

FROM: Melinda Hatfield, Director of Finance

SUBJECT: Approval of Agency's Operating Budgets for Fiscal Year beginning October 1, 2019.

Board approval is requested for all of the FY 2019-2020 budgets. These include:

- the Central Office Cost Center (COCC),
- the MDHA Service Crews,
- the Freeman Webb managed properties,
- the Project Based Rental Assistance (PBRA) properties,
- the administrative budgets for
 - the Rental Assistance,
 - Community Development,
 - Urban Development,
- the operating budgets for other business type activities.

The COCC covers central office administrative salaries and operating costs (including Executive, Finance, Human Resources, Information Technology, Legal and the Affordable Housing central office). The projected 2020 COCC budget will be covered by management fees from our Housing Voucher, PBRA properties and other grant programs, by developer fees, by cash flow from the 5th & Church Parking Garage and the Rolling Mill Hill ground lease income, and by surplus cash generated from the PBRA properties.

The MDHA Service Crews are continuing to expand their capacity to assist property management by decreasing unit turnover time and provide a more efficient alternative to outside contract labor. The Service Crews are reported separately from the COCC and are projecting a breakeven budget after \$261,173 of COCC administrative fees are applied; the budget includes a capital cost of \$125,000 for five new trucks.

The operating budgets for the Project Based Rental Assistance (PBRA), mixed income and market rate properties have been prepared using HUD approved contract rents for each HAP contract. The projected cash flow is \$6,230,277 before the cash surplus transfer to COCC. Any capital needs will be funded by repair and replacement reserve escrowed funds established at conversion rather than from the operating budgets.

Freeman Webb manages eight properties owned by MDHA, therefore the 2020 budgets are prepared by their management team. Collectively the positive cash flow from these properties totals \$944,889.

The administrative budget for the Rental Assistance Department reflects an 80% proration of administrative fees based upon the current funding level. The projected administrative funds for Rental Assistance, Community Development, and Urban Development are enough to cover budgeted expenses resulting in positive or breakeven budgets.

The budgets have been presented and reviewed with the Finance and Audit Committee. A 3.5% across the board salary increase is included in these budgets. Human Resources reviewed the salary ranges for seven positions experiencing large turnover and vacancies. The MDHA rates were compared to the local industry average hourly rates. This assessment identified an hourly rate gap for like positions. For the 2020 budget, these seven positions are budgeted for a \$1/hour increase in lieu of a 3.5% cost of living adjustment to help recruit and retain quality maintenance staff. Mr. Harbison has discussed the 3.5% and/or \$1/hour increase with The Finance and Audit committee in previous meetings.

The MDHA staff have met or complied with all requirements outlined in the attached resolution (HUD Form 52574), approving the operating budgets for the Central Office Cost Center, MDHA Service Crews, and the Project Based Rental Assistance properties. Board approval of this resolution and also of the other operating budgets is recommended. Board approval is also requested to authorize the Executive Director and Board Chairman to sign all documents required by HUD for the Operating Budget.


Melinda Hatfield

“Whereas, The Metropolitan Development and Housing Agency has committed to the proper management of funds it receives; and

Whereas, the agency has prepared a realistic revision of the estimate of operating receipts and expenditures for the fiscal year beginning October 1, 2019; now, therefore, be it

RESOLVED, That, the Operating Budget for the Central Office Cost Center, MDHA Service Crews, the Project Based Rental Assistance Properties and Freeman Webb managed properties, the Community Development Department, the Urban Development Department, and the Rental Assistance Department for the fiscal year beginning October 1, 2019 are hereby adopted and approved.

BE IT FURTHER RESOLVED, That the Executive Director will initiate the actions to implement this budget.”

2020 Summary Budget

Dept Central Office

Account Number	Account Name	D	N	G/L Budget 10/2018-09/2019	Budget FY 2020	Change Amount	Change %
3999-00-000	TOTAL INCOME			6,609,043.84	10,365,087.00	3,756,043.16	56.83%
4199-00-000	TOTAL ADMINISTRATIVE EXPENSES			7,452,845.32	9,691,521.00	2,238,675.68	30.04%
4299-00-000	TOTAL TENANT SERVICES EXPENSES			113,926.00	169,800.00	55,874.00	49.04%
4399-00-000	TOTAL UTILITY EXPENSES			1,690.00	-	(1,690.00)	-100.00%
4499-00-000	TOTAL MAINTENANCE EXPENSES			336,721.00	263,937.00	(72,784.00)	-21.62%
4599-00-000	TOTAL GENERAL EXPENSES			184,428.00	169,829.00	(14,599.00)	-7.92%
4699-00-000	TOTAL PROTECTIVE SERVICES			73,550.00	70,000.00	(3,550.00)	-4.83%
4899-00-000	TOTAL FINANCING EXPENSES			#N/A	#N/A	#N/A	#N/A
5999-00-000	TOTAL NON-OPERATING ITEMS			-	-	-	#DIV/0!
8000-00-000	TOTAL EXPENSES			8,163,160.32	10,365,087.00	2,201,926.68	26.97%
9000-00-000	NET INCOME			(1,554,116.48)	-	1,554,116.48	-100.00%

Budgeted Positions

74

2020 Summary Budget

Dept Asset Mgmt & Crews

Account Number	Account Name	D	N	G/L Budget 10/2018-09/2019	Budget FY 2020	Change Amount	Change %
3999-00-000	TOTAL INCOME			1,044,960.65	1,801,473.00	756,512.35	72.40%
4199-00-000	TOTAL ADMINISTRATIVE EXPENSES			286,511.71	190,998.00	(95,513.71)	-33.34%
4299-00-000	TOTAL TENANT SERVICES EXPENSES			#N/A	#N/A	#N/A	#N/A
4399-00-000	TOTAL UTILITY EXPENSES			29,437.22	26,650.00	(2,787.22)	-9.47%
4499-00-000	TOTAL MAINTENANCE EXPENSES			1,192,378.96	1,437,146.00	244,767.04	20.53%
4599-00-000	TOTAL GENERAL EXPENSES			33,489.39	16,279.00	(17,210.39)	-51.39%
4699-00-000	TOTAL PROTECTIVE SERVICES			5,367.69	5,400.00	32.31	0.60%
4899-00-000	TOTAL FINANCING EXPENSES			#N/A	#N/A	#N/A	#N/A
5999-00-000	TOTAL NON-OPERATING ITEMS			44,444.00	125,000.00	80,556.00	181.25%
8000-00-000	TOTAL EXPENSES			1,591,628.97	1,801,473.00	209,844.03	13.18%
9000-00-000	NET INCOME			(546,668.32)	-	546,668.32	-100.00%

Budgeted Positions

22

Central Office & Recap Revenues	Total	COCC	Crews
Fee for Service - Legal Department	150,000	150,000	
Fee for Service - Central Crews	1,540,300		1,540,300
Total Fee for Service COCC	<u>1,690,300</u>		
Boscobel I Developer Fee	150,000	150,000	
Boscobel II Developer Fee	175,000	175,000	
Boscobel III Developer Fee		-	
Boscobel IIIA Developer Fee	150,000	150,000	
Boscobel IV Developer Fee	400,000	400,000	
Randee Rogers Developer Fee	300,000	300,000	
Victory Hall Developer Fee	30,000	30,000	
Total Developer Fees	<u>1,205,000</u>		
Management Fees			
AMP, PBRA and Market Units	4,491,854	4,230,681	261,173
2019 Capital Fund Grant	92,898	92,898	
Other grants and programs	300,000	300,000	
TIF Admin Funds	130,000	130,000	
Rental Assistance prorated at 80%	685,000	685,000	
Bookkeeping Fees			
AMP, PBRA and Market Units	452,536	452,536	
Rental Assistance prorated at 80%	428,000	428,000	
Total Mgmt & Bookkeeping Fees	<u>6,580,288</u>		
Interest Income	67,000	67,000	
Garage Surplus and Other Business Funds	1,476,082	1,476,082	
Cash Surplus	1,095,390	1,095,390	
Miscellaneous Income (P-Card Rebate)	52,500	52,500	
Total Miscellaneous Income	<u>2,690,972</u>		
TOTAL COCC INCOME	<u>12,166,560</u>	<u>10,365,087</u>	<u>1,801,473</u>
Need	12,166,560	10,365,087	1,801,473

2020 Property Roll Up

Budgeted Net
Income (Loss)

Boscobel Heights	172,633.00
Napier	524,699.00
Sudekum	759,765.00
Edgehill	419,971.00
Gernert	43,512.00
Andrew Jackson	307,469.00
J Henry Hale	(272,731.00)
J Henry Hale Mkt	306,062.00
Cheatham	415,177.00
Cumberland View	538,841.00
Edgefield	292,286.00
Madison	2,229.00
Hadley	4,000.00
Parthenon	163,780.00
CB Waller	66,064.00
Parkway	129,222.00
Neighborhood Hsg	19,376.00
Vine Hill Towers	203,159.00
Vine Hill Apts	44,234.00
Vine Hill Mkt	100,652.00
Preston Taylor	584,412.00
Preston Taylor Mkt	105,748.00
Preston Taylor NH	95,538.00
CWA I	714,000.00
CWA II	172,780.00
Kirkpatrick	154,174.00
Harper Cove	81,211.00
	<u>6,148,263.00</u>
Levy Place	(85,165.00)
Levy Place Mkt	<u>307,571.00</u>
	<u>222,406.00</u>

2020 Summary Budget

Property (All)

Unit Count 5935
Staff Positions 180

Account Number	Account Name	D	N	G/L Budget	Budget	Change	Change	Annual Per Unit
				10/2018-09/2019	FY 2020	Amount	%	Cost
3119-00-000	RENTAL INCOME			16,535,357	17,979,091	1,443,734	8.73%	3,029
3118-00-000	HAP INCOME			25,333,003	30,305,330	4,972,327	19.63%	5,106
3129-00-000	OTHER TENANT INCOME			7,237,240	2,334,555	(4,902,685)	-67.74%	393
3999-00-000	TOTAL INCOME			49,105,600	50,618,975	1,513,375	3.08%	8,529
4199-00-000	TOTAL ADMINISTRATIVE EXPENSES			10,221,665	9,901,592	(320,073)	-3.13%	1,668
4299-00-000	TOTAL TENANT SERVICES EXPENSES			543,183	489,688	(53,495)	-9.85%	83
4399-00-000	TOTAL UTILITY EXPENSES			8,912,369	8,524,912	(387,456)	-4.35%	1,436
4499-00-000	TOTAL MAINTENANCE EXPENSES			15,308,755	16,342,844	1,034,089	6.75%	2,754
4599-00-000	TOTAL GENERAL EXPENSES			1,047,596	932,010	(115,586)	-11.03%	157
4699-00-000	TOTAL PROTECTIVE SERVICES			1,522,900	1,366,050	(156,850)	-10.30%	230
4899-00-000	TOTAL FINANCING EXPENSES			751,902	1,587,000	835,099	111.06%	267
5999-00-000	TOTAL NON-OPERATING ITEMS			5,056,365	5,244,603	188,238	3.72%	884
8000-00-000	TOTAL EXPENSES			43,364,733	44,388,699	1,023,966	2.36%	7,479
9000-00-000	NET INCOME			5,740,867	6,230,276	489,409	8.53%	1,050

Property Freeman Webb Managed Properties (All)

Account Number	Account Name	D	G/L Budget 10/2018-09/2019	Budget FY 2020	Change Amount	Change %	Per Unit Cost
3999-00-000	TOTAL INCOME		3,494,141.00	3,698,004.62	203,863.62	5.83%	#N/A
4199-00-000	TOTAL ADMINISTRATIVE EXPENSES		883,395.58	960,613.55	77,217.97	8.74%	#N/A
4399-00-000	TOTAL UTILITY EXPENSES		277,976.00	292,510.00	14,534.00	5.23%	#N/A
4499-00-000	TOTAL MAINTENANCE EXPENSES		336,323.08	382,578.00	46,254.92	13.75%	#N/A
4599-00-000	TOTAL GENERAL EXPENSES		28,177.00	20,000.00	(8,177.00)	-29.02%	#N/A
5999-00-000	TOTAL NON-OPERATING ITEMS		1,432,954.00	1,097,414.00	(335,540.00)	-23.42%	#N/A
8000-00-000	TOTAL EXPENSES		2,958,825.66	2,753,115.55	(205,710.11)	-6.95%	-
9000-00-000	NET INCOME		535,315.34	944,889.08	409,573.74	76.51%	#N/A

2020 Summary Budget

Dept VO

Account Number	Account Name	D	N	G/L Budget 10/2018-09/2019	Budget FY 2020	Change Amount	Change %
3999-00-000	TOTAL INCOME			4,630,602.00	4,814,804.00	184,202.00	3.98%
4199-00-000	TOTAL ADMINISTRATIVE EXPENSES			4,523,263.00	4,690,075.00	166,812.00	3.69%
4299-00-000	TOTAL TENANT SERVICES EXPENSES			15,250.00	29,229.00	13,979.00	91.67%
4399-00-000	TOTAL UTILITY EXPENSES			15,057.54	14,100.00	(957.54)	-6.36%
4499-00-000	TOTAL MAINTENANCE EXPENSES			19,156.00	26,100.00	6,944.00	36.25%
4599-00-000	TOTAL GENERAL EXPENSES			52,175.00	49,600.00	(2,575.00)	-4.94%
4699-00-000	TOTAL PROTECTIVE SERVICES			5,700.00	5,700.00	-	0.00%
4899-00-000	TOTAL FINANCING EXPENSES			-	-	#N/A	#N/A
5999-00-000	TOTAL NON-OPERATING ITEMS			-	-	-	#DIV/0!
8000-00-000	TOTAL EXPENSES			4,630,601.54	4,814,804.00	184,202.46	3.98%
9000-00-000	NET INCOME			0.46	-	(0.46)	-100.00%

Budgeted Positions

41

2020 Summary Budget

Dept Community Development

Account Number	Account Name	D	N	G/L Budget 10/2018-09/2019	Budget FY 2020	Change Amount	Change %
3999-00-000	TOTAL INCOME			1,841,266.00	1,809,818.00	(31,448.00)	-1.71%
4199-00-000	TOTAL ADMINISTRATIVE EXPENSES			1,839,668.00	1,809,818.00	(29,850.00)	-1.62%
4299-00-000	TOTAL TENANT SERVICES EXPENSES			-	-	-	0.00%
4399-00-000	TOTAL UTILITY EXPENSES			1,598.00	-	(1,598.00)	-100.00%
4499-00-000	TOTAL MAINTENANCE EXPENSES			-	-	-	0.00%
4599-00-000	TOTAL GENERAL EXPENSES			-	-	-	0.00%
4699-00-000	TOTAL PROTECTIVE SERVICES			-	-	-	0.00%
4899-00-000	TOTAL FINANCING EXPENSES			-	#N/A	#N/A	#N/A
5999-00-000	TOTAL NON-OPERATING ITEMS			-	-	-	0.00%
8000-00-000	TOTAL EXPENSES			1,841,266.00	1,809,818.00	(31,448.00)	-1.71%
9000-00-000	NET INCOME			-	-	-	0.00%

2020 Summary Budget

Dept Urban Development

Account Number	Account Name	D	N	G/L Budget 10/2018-09/2019	Budget FY 2020	Change Amount	Change %
3999-00-000	TOTAL INCOME			908,701.96	900,792.00	(7,909.96)	-0.87%
4199-00-000	TOTAL ADMINISTRATIVE EXPENSES			837,628.79	839,945.00	2,316.21	0.28%
4299-00-000	TOTAL TENANT SERVICES EXPENSES			-	-	-	#DIV/0!
4399-00-000	TOTAL UTILITY EXPENSES			32,711.81	32,387.00	(324.81)	-0.99%
4499-00-000	TOTAL MAINTENANCE EXPENSES			24,096.07	20,560.00	(3,536.07)	-14.67%
4599-00-000	TOTAL GENERAL EXPENSES			12,265.50	6,100.00	(6,165.50)	-50.27%
4699-00-000	TOTAL PROTECTIVE SERVICES			2,000.00	1,800.00	(200.00)	-10.00%
4899-00-000	TOTAL FINANCING EXPENSES			-	-	-	#N/A
5999-00-000	TOTAL NON-OPERATING ITEMS			-	-	-	#DIV/0!
8000-00-000	TOTAL EXPENSES			908,702.17	900,792.00	(7,910.17)	-0.87%
9000-00-000	NET INCOME			(0.21)	-	0.21	-100.00%

Budgeted Positions

5

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
STATEMENT OF CASH FLOWS
JUNE 30, 2019

	June 30, 2019	September 30, 2018
Cash Flows From Operating Activities		
Receipts from rental operations	15,746,328	21,477,514
Receipts from program income	400,972	504,294
Receipts from government subsidy for operations	74,028,880	91,964,938
Receipts from local government development activities	4,701,106	6,507,256
Receipts from other	10,836,536	16,114,967
Receipts from contributions	316,768	749,548
Receipts from inventory sales	-	-
Payments for inventory purchases	-	-
Payments to and behalf of employees	(16,653,007)	(22,498,719)
Payments for administrative expenses	(2,821,464)	(6,450,663)
Payments for direct program costs	(54,142,036)	(81,571,679)
Notes receivable that are operating activities:		
Issuance of notes receivable	(17,775,573)	(26,531,504)
Principal collections on notes receivable	218,423	277,405
Interest income collections	63,601	58,568
 Net cash provided by operating activities	 <u>14,920,534</u>	 <u>601,925</u>
Cash Flows From Capital and Related Financing Activities		
Governmental revenues- capital grants	-	34,202
Purchases of capital assets	(13,248,773)	(16,222,537)
Proceeds from capital debt	14,004,787	17,537,227
Principal paid on capital debt	(1,309,142)	(2,224,567)
Proceeds from sales of capital assets	-	9,400,000
Interest paid on capital debt	(3,095,802)	(3,173,810)
Net cash provided by (used in) capital and related financing activities	<u>(3,648,930)</u>	<u>5,350,515</u>
Cash Flows From Investing Activities		
Purchases of investments	(11,706)	(24,602)
Proceeds from the sale and maturities of investments	299,929	775,527
Interest received	1,344,237	1,378,314
Net cash provided by (used in) investing activities	<u>1,632,460</u>	<u>2,129,239</u>
Cash Flows From Extraordinary Items		
Increase (decrease) in cash flow from extraordinary items	(7,111,967)	-
Net increase (decrease) in cash and cash equivalents	5,792,097	8,081,679
Cash and cash equivalents - Beginning of Year	102,659,178	94,577,499
Cash and cash equivalents - End of Year	<u>108,451,275</u>	<u>102,659,178</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating Income	<u>9,392,286</u>	<u>14,581,848</u>
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	9,279,914	12,337,574
Bad Debt expenses	190,519	493,207
(Increase) decrease in accounts receivable	2,534,272	(1,351,903)
(Increase) decrease in inventories	-	-
(Increase) decrease in prepaid items	13,034	(114,883)
Increase (decrease) in due to tenants	121,390	90,468
Increase (decrease) in accounts payable	1,936,478	1,968,312
Increase (decrease) in deferred revenue	331,481	258,674
Increase (decrease) in other assets	(280,813)	(1,332,503)
Increase (decrease) in accrued liabilities and compensated absences	8,975,048	(74,770)
Program loan activities:		
Cash expended for program loans	(18,174,829)	(26,531,504)
Principal collection on notes receivable	601,754	277,405
 Total adjustments	 <u>5,528,248</u>	 <u>(13,979,923)</u>
Net cash provided by operating activities	<u>14,920,534</u>	<u>601,925</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2019

	June 30, 2019	September 30, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	43,617,368	47,359,454
Cash restricted	64,833,907	55,299,724
Investments, at fair value	2,252,049	2,540,272
Receivables:		
Tenant, net of allowance	432,525	156,819
Amounts due from other governmental agencies	2,871,219	4,634,553
Current portion of notes receivable, net of allowance	174,404	216,283
Interest	160,978	-
Other	206,811	1,444,261
Inventory, net of allowance	1,527,110	1,527,110
Prepaid Expenses	549,268	331,966
	<u>116,625,639</u>	<u>113,510,442</u>
TOTAL CURRENT ASSETS		
OTHER ASSETS		
Notes receivable, net of allowances	75,634,738	58,019,497
Other Assets	39,624,324	38,828,165
	<u>115,259,062</u>	<u>96,847,662</u>
Total other assets		
FIXED ASSETS		
Net fixed Assets	314,245,833	310,057,526
	<u>314,245,833</u>	<u>310,057,526</u>
TOTAL ASSETS		
	<u>546,130,534</u>	<u>520,415,630</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Funds held for others	15,033,689	6,821,601
Accounts payable	292,117	6,486,051
Contract retention payable	-	41,103
Compensated absences payable	645,862	645,862
Accrued liabilities	1,193,604	933,192
Due to tenants	1,483,759	1,362,370
Deferred Revenue	818,077	593,740
Due to other governmental agencies	-	40,572
Current portion debt and related interest	5,589,766	4,186,044
	<u>25,056,874</u>	<u>21,110,535</u>
Total current liabilities		
OTHER LIABILITIES		
Deposits	1,102,545	995,401
Long-term debt and related interest	148,947,116	127,937,990
Long-term compensated absences payable	1,660,944	1,660,944
	<u>151,710,605</u>	<u>130,594,335</u>
Total other liabilities		
TOTAL LIABILITIES		
	<u>176,767,479</u>	<u>151,704,870</u>
NET POSITION		
Net investment in capital assets	220,127,788	228,894,225
Restricted for:		
Other purposes	41,700,946	44,980,162
Unrestricted net position	107,534,321	94,836,373
Total net position	<u>369,363,055</u>	<u>368,710,760</u>
TOTAL LIABILITIES AND NET POSITION		
	<u>546,130,534</u>	<u>520,415,630</u>

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2019

	June 30, 2019	September 30, 2018
OPERATING REVENUES		
Rentals	15,388,891	16,995,631
Other Tenant Revenue	668,863	843,272
Program income	272,693	274,045
Operating Grants	74,608,497	100,150,706
Local government development activities income	2,479,977	3,074,443
Other income	9,564,092	13,746,353
	102,983,013	135,084,450
OPERATING EXPENSES		
Cost of Services		
Tenant services	679,075	953,131
Utilities	6,427,457	8,607,670
Ordinary maintenance and operations	12,379,846	17,113,762
Protective services	1,112,583	1,372,378
Other direct program costs	12,896,062	12,351,102
Housing assistance payments	36,379,529	48,066,696
Administration	14,693,559	19,700,289
Depreciation and amortization	9,022,614	12,337,574
	93,590,725	120,502,602
TOTAL OPERATING EXPENSES	93,590,725	120,502,602
OPERATING INCOME (LOSS)	9,392,288	14,581,848
NONOPERATING REVENUES (EXPENSES)		
Interest income	868,053	1,378,313
Interest income - restricted	637,580	-
Impairment Expense	-	-
(Loss) gain on disposition of assets	(37,854)	6,820,188
Interest Expense	(3,095,803)	(3,203,892)
	(1,628,024)	4,994,609
Total nonoperating revenue (expense)	(1,628,024)	4,994,609
INCREASE (DECREASE) IN NET POSITION BEFORE CONTRIBUTIONS AND CASUALTY LOSS	7,764,264	19,576,457
Capital contributions	-	34,202
Other Changes	(7,111,969)	1,858,792
CHANGES IN NET POSITION	652,295	21,469,451
NET POSITION, BEGINNING OF YEAR	368,710,760	347,241,310
PRIOR PERIOD ADJ/EQUITY TRANSFERS	-	-
NET POSITION, END OF THE YEAR	369,363,055	368,710,761

**METROPOLITAN DEVELOPMENT AND HOUSING AGENCY
INTEROFFICE MEMORANDUM**

September 12, 2019

TO: Board of Commissioners
FROM: Michael Wegerson, Director of Recapitalization
SUBJECT: Change Order No. Eight (8) for the Contract with RG Anderson Company for Explore! Community School

Per the MDHA Procurement Policy: Change Orders to contracts that exceed \$10,000,000 will require board approval when the cumulative change order exceeds 2% of the original contract amount. Once the Board has approved a change order exceeding 2%, subsequent change order(s) will not require board approval unless the accumulative amounts of those changes exceeds 2% of the original contract amount. Change Order No. Eight (8) is the first to do so for Explore! Community School. A summary of the previous seven (7) Change Orders is attached.

Explore! Community School is located at MDHA's Cayce (future Boscobel Heights) property. MDHA is developing the school in partnership with Martha O'Bryan Center and Explore!, utilizing New Market Tax Credits, to further promote community and education as part of the Envision Cayce Master Plan. The school will educate grades kindergarten through eighth.

We are requesting Board approval of Change Order No. Eight (8) in the amount of \$43,638.32 to the Contract with RG Anderson Company Inc. for the new construction of Explore! Community School. This will increase the Contract amount to \$20,646,589.03; exceeding a two percent (2%) increase from the original Contract value of \$20,211,644.00. Funding for this Change Order is available from Owner's contingency. The remaining Owner's contingency balance of \$575,638 is 10.6% of the remaining cost, \$5,430,457, to complete the Project. The Project is 74% complete.

This Change Order No. Eight consists of the following additions and deductions:

1. Added intrusion system \$10,107.87
2. Added projection screen controls \$1,682.23
3. Credit for revised finishes (\$2,877.73)
4. Credit for revised sidewalk/handrail details and revised bio-pond (\$10,271.92)
5. Credit for revised sanitary sewer connection (\$2,200.65)
6. Revised lobby ceiling (\$12,251.93)
7. Added indicator valve \$2,393.99
8. Credit for extruded post curb in lieu of poured in place (\$19,736.01)
9. Added drywall and framing at exterior walls \$49,579.56
10. Added concrete stoops at classrooms with courtyards \$2,709.05

The Project Architect, JJCA, and MDHA staff have reviewed the costs and supporting documentation for the additional change items and recommends approval.



Michael Wegerson

Summary of Change Orders 1 through 7

Change Order 1 consists of an additional \$3,821.63 for the following:

1. Add \$3,821.63 for temporary resident parking lots near building 94

Change Order 2 consists of an additional \$101,152.00 for the following:

1. Add \$101,152.00 for additional parking for Martha O'Bryan Center to offset loss of parking due to new construction

Change Order 3 consists of an additional \$27,975.14 for the following:

1. Add \$12,552.29 for additional water line in S 8th Street necessary to keep buildings 80 and 81 in service
2. Deduct \$2,145.00 to replace three (3) storm sewer structures with cleanouts
3. Add \$17,567.85 to add a laboratory fume hood and emergency shower

Change Order 4 consists of an additional \$40,603.45 for the following:

1. Add \$40,603.45 for revisions to 8th grade science lab to meet MNPS standards, revisions for ADA requirements, revisions to canopy light fixtures

Change Order 5 consists of an additional \$43,452.00 for the following:

1. Add \$5,261.47 for revised plumbing fixtures and added electrical outlets
2. Add \$8,649.77 for code required adjustments to lighting and water heater location
3. Add \$26,814.92 for additional code required fire damper
4. Add \$17,209.40 for added plumbing at cafeteria servery
5. Deduct \$4,675.57 for removal of door closers
6. Deduct \$9,807.99 for toilet accessories that will now be provided by MOBC

Change Order 6 consists of an additional \$44,873.78 for the following:

1. Add \$4,028.82 to relocate NES primary electrical conduit to save a tree
2. Add \$40,844.96 for revisions to design of gas service lines, large canopy drainage connection, and fire water line connection to avoid conflicts with other utilities

Change Order 7 consists of an additional \$129,428.71 for the following:

1. Add \$83,407.03 to build out the maker space
2. Add \$46,021.68 to build out classroom 3E59 and mindfulness room 3E60

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

INTEROFFICE MEMORANDUM

August 29, 2019


TO: Board of Commissioners
FROM: Joseph B. Cain, Director of Urban Development
SUBJECT: PILOT Agreement –Hillside Flats

Elmington Capital is establishing a limited partnership, ECG Hillside, LP, to acquire a to-be-subdivided parcel located at 1501 Hillside Avenue and develop a 290-unit affordable housing complex. ECG Hillside, LP. has received a conditional commitment from the Tennessee Housing Development Agency (THDA) for a 4% Low Income Housing Tax Credit (LIHTC) for the amount of \$28,434,300 to help finance the construction of this complex. After syndication, this tax credit will result in an equity amount of \$27,012,580.

The proposed development represents the first phase of a multi-phase project and will require the demolition of 60 of the 290 existing units within the Park at Hillside development. The residents of the units being demolished have already been vacated through natural attrition. Additionally, all of the residents at the Park at Hillside will have the opportunity to move into the newly constructed Hillside Flats. When completed Hillside Flats will consist of 181 one-bedroom units, 85 two-bedroom units, and 24 three-bedroom units. ECG Hillside, LP has submitted an application to MDHA for a Payment in Lieu of Taxes (PILOT). In addition to this PILOT, ECG Hillside, LP has already received a conditional approval letter from MDHA for 138 Project Based Vouchers (PBVs).

The PILOT request has been reviewed by staff and is being recommended for approval. It would require ECG Hillside, LP to make a total initial payment of \$45,000 in lieu of property taxes after the project is placed in service. The PILOT would increase by 3% annually over the 10-year life of the agreement. This PILOT payment was based on a review of the site’s projected base year taxes as well as the project’s development budget, operating pro forma, and debt obligations. MDHA estimates this to be a tax abatement of approximately \$519,020 for the first year the property is placed in service. The current uses of the site generate \$36,598 in annual property tax. If approved, this would leave MDHA’s annual abatement capacity at \$670,201.

It is requested the Board of Commissioners approve the PILOT agreements between MDHA and ECG Hillside, LP substantially in the forms attached, and authorize the Executive Director to take the necessary steps, including submission to the Metropolitan Council, and authorize the Executive Director to execute all necessary documents for implementing the PILOT that will include property transfer and execution of leases.



Joseph B. Cain

PILOT AGREEMENT

THIS PILOT AGREEMENT (the “**PILOT Agreement**”) is made and entered into as of the _____ day of September, 2019, by and between the METROPOLITAN DEVELOPMENT AND HOUSING AGENCY (“**MDHA**”) and ECG Hillside, LP (the “**Owner**”).

WITNESSETH:

WHEREAS, MDHA is a public body and a body corporate and politic organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §13-20-101, et seq., (the “**Act**”);

WHEREAS, §13-20-104(f) of the Act provides that a metropolitan government may delegate to a housing authority the authority to negotiate and accept in lieu of ad valorem taxes (“**In Lieu of Tax Payments**”) from a party that operates a low income housing tax credit (“**LIHTC**”) property, as such term is defined in the Act (a “**LIHTC Property**”) on property leased by such party from a housing authority;

WHEREAS, MDHA is the housing authority, as defined in the Act, for the Metropolitan Government of Nashville and Davidson County, Tennessee (the “**Metropolitan Government**”);

WHEREAS, by Ordinance No. BL2015-1281 as amended by Ordinance No. BL2016-334 (collectively, the “**PILOT Ordinance**”), the Metropolitan Government (i) authorized MDHA to negotiate and accept In Lieu of Tax Payments from lessees of LIHTC Property owned by MDHA, and (ii) approved MDHA’s program for determining qualifications and eligibility for such In Lieu of Tax Payments (the “**PILOT Program**”);

WHEREAS, Owner plans to acquire land located at 1501 Hillside Avenue, and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the “**Project Site**”);

WHEREAS, Owner intends to construct a 290 unit apartment project, known as Hillside Flats, on the Project Site and operate it as a LIHTC Property (the “**Project**”);

WHEREAS, MDHA is authorized by law and has deemed it necessary and desirable to acquire the Project Site for the purpose of facilitating the Project in accordance with the PILOT Program, the PILOT Ordinance and the Act;

WHEREAS, the Board of Commissioners of MDHA approved MDHA’s purchase of the Project Site and authorized the Executive Director of MDHA to take all actions on behalf of MDHA to undertake the following:

- (A) acquire the Project Site;
- (B) enter into a lease with Owner pursuant to which Owner will (i) lease the Project Site and the Project from MDHA with MDHA having the right to cause Owner to purchase the Project Site and the Project from MDHA upon expiration of the tenth (10th) Tax Year, (ii) construct the Project on the Project Site, and (iii) by recorded agreement, commit to operate the Project as a LIHTC Property in accordance with the requirements of the Internal Revenue Code and the Tennessee Housing Development Agency (“THDA”) for a minimum period of fifteen (15) years after the Project is complete (the “**Project Lease**”);
- (C) enter into this PILOT Agreement;
- (D) submit this PILOT Agreement to the Metropolitan Planning Commission to obtain a recommendation of approval or disapproval, as envisioned by the PILOT Ordinance;
- (E) submit this PILOT Agreement to the Metropolitan Council of the Metropolitan Government (the “**Metropolitan Council**”) for approval as required by the PILOT Ordinance; and
- (F) take such other action and execute such other documents as the Executive Director deems necessary or desirable to facilitate construction of the Project and the transactions described above consistent with this PILOT Agreement, the Act, the Project Lease, the Metropolitan Ordinance and the PILOT Program (including MDHA’s application and policies and procedures related thereto).

WHEREAS, MDHA intends to acquire the Project Site from Owner and will concurrently enter into the Project Lease; and

WHEREAS, Owner has agreed to make In Lieu of Tax Payments with respect to the Project as described herein.

NOW, THEREFORE, for and in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties hereto, and as an inducement to Owner to construct the Project and operate the Project as LIHTC Property, MDHA and Owner agree as follows:

1. With respect to Project Site and the real property component of the Project, Owner shall make In Lieu of Tax payments to MDHA who will then remit the payment to the Metropolitan Government, as follows:

(a) The In Lieu of Tax Payments shall be equal to the Applicable Ad Valorem Taxes, as defined below, through and including the calendar year in which the construction of the Project is completed.

(b) Commencing on January 1st of the calendar year following the year in which the Project is placed into service (“**Tax Year 1**”) and each tax year subsequent to the Tax Year 1 (Tax Year 1 and each subsequent tax year being referred to herein as a “**Tax Year**”) through the tenth (10th) Tax Year, in Lieu of Tax Payments shall be as follows:

Tax Year	In-Lieu of Tax Payment
1	\$45,000
2	\$46,350
3	\$47,741
4	\$49,173
5	\$50,648
6	\$52,167
7	\$53,732
8	\$55,344
9	\$57,005
10	\$58,715

Subject to Section 1(e) below, the In Lieu of Tax Payments shall be fixed and shall not fluctuate with the amount of the assessment for the Project Site or the Project or the tax rate in effect for any Tax Year. The amount of the In Lieu of Tax Payments is approximately equal to \$155 per unit within the Project, with a three percent (3%) annual increase. In Lieu of Tax Payments for each Tax Year shall be paid when due but in any event not later than the date on which the Applicable Ad Valorem Taxes would become delinquent.

(c) After the tenth Tax Year, this Agreement shall expire and Owner shall pay 100% of the Applicable Ad Valorem Taxes.

(d) The term “**Applicable Ad Valorem Taxes**” shall mean any real property ad valorem taxes that, but for ownership of the Project Site and the Project by MDHA, would have been due and payable to the Metropolitan Government pursuant to Tenn. Code Ann. § 67-5-102 with respect to the Project Site and the Project.

(e) Notwithstanding anything contained herein to the contrary, if THDA or the IRS determines that the Project is not in compliance with LIHTC requirements and is therefore not operated as a LIHTC Property at any time during a Tax Year, Owner shall pay 100% of the Applicable Ad Valorem Taxes with respect to such Tax Year.

(f) Notwithstanding anything contained herein to the contrary, Owner shall pay 100% of the Applicable Ad Valorem Taxes for the periods

before Tax Year 1 and after Tax Year 10, if the Project Lease is in effect during such periods.

2. Commencing in Tax Year 1 and in each Tax Year subsequent through the (10th) Tax Year, Owner shall provide to MDHA an annual report not later than September 1st of each Tax Year containing the following information:

- (a) The value of the Project, as estimated by the Owner;
- (b) The date and remaining term of the Project Lease;
- (c) The amount of In Lieu of Tax Payments payable in such Tax Year;
- (d) The date in which the Project is scheduled to return to the regular tax rolls and be eligible to pay 100% of the Applicable Ad Valorem Taxes following the tenth (10th) Tax Year;
- (e) A calculation of the Applicable Ad Valorem Taxes for such Tax Year that, but for ownership of the Project Site and the Project by MDHA, would have been due and payable to the Metropolitan Government pursuant to Tenn. Code Ann. § 67-5-102 with respect to the Project Site and the Project;
- (f) A copy of the Owner's most recent Annual Certification as submitted to THDA, certifying compliance with LIHTC requirements; and
- (g) A copy of any monitoring or compliance reports provided by THDA to the Owner during such Tax Year.

3. Commencing with Tax Year 1 and each Tax Year thereafter, Owner shall pay to MDHA a monitoring and reporting fee to be set by MDHA but not to exceed five percent (5%) of the amount In Lieu of Tax Payment due with respect to such Tax Year (the "Annual MDHA Fee"). The Annual MDHA Fee shall be paid not later than fifteenth (15) day of such Tax Year. Unpaid amounts shall bear interest at the rate of four percent (4%) in excess of the average prime rate of interest published from time to time by the Federal Reserve or similar commonly accepted reporting organization if the Federal Reserve ceased to publish such information. Owner's failure to pay the Annual MDHA Fee within thirty (30) days after written notice from MDHA shall constitute a default under this PILOT Agreement in which event Owner shall pay 100% of the Applicable Tax Rate for such Tax Year instead of the In Lieu of Tax Payment set forth above.

4. Owner's payment of the In Lieu of Tax Payments shall satisfy the requirement in Tenn. Code Ann. § 67-5-206(a) that MDHA pay the Metropolitan Government for services, improvements or facilities furnished by the Metropolitan Government for the benefit of the Project.

5. This PILOT Agreement may not be assigned to any party other than the assignee of the lessee's interest under the PILOT Lease pursuant to an assignment that is made in

accordance with the PILOT Lease, including MDHA consent requirements, if any, specified therein. Each permitted assignee shall assume Owner's obligations under this PILOT Agreement concurrent with the assignment of the PILOT Lease.

6. This PILOT Agreement shall be construed in accordance with the laws of the State of Tennessee, and if any one or more of the provisions of this PILOT Agreement shall be held invalid, illegal or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, legality or unenforceability shall not affect any other provision hereof, but this PILOT Agreement shall be construed the same as if such invalid, illegal or unenforceable provision had never been contained herein. This PILOT Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument.

7. This PILOT Agreement is subject to and conditioned upon (i) approval of this PILOT Agreement by the Metropolitan Council as required by the PILOT Ordinance, (ii) Owner's satisfaction of all conditions and requirements imposed by MDHA in connection this PILOT Agreement or the transaction contemplated herein, (iii) MDHA taking title to the Property and entering into a mutually acceptable Project Lease, and (iv) THDA's approval of the Project and allocation of low income housing tax credits, to the extent such approval or allocation has not been received as of the date of this PILOT Agreement.

8. MDHA shall remit all In Lieu of Tax Payments received in connection with the Project and/or the Project Lease to the Metropolitan Government within fifteen (15) days of receipt.

IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement as of the day and date first above written.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

By: _____

Title: _____

ECG Hillside, LP

By: _____

Title: _____

FILED WITH THE METROPOLITAN CLERK

Elizabeth Waites

Date

EXHIBIT A

Being a tract of land lying in Nashville, Davidson County, Tennessee, also being part of Lot 2 of Section One, Edgehill Estates, as of record in Plat Book 4060, Page 188, at the Register's Office for Davidson County, Tennessee, and part of Lot I of the First Revision, Consolidation Plat, The Park at Hillside, as of record in Plat Book 9700, Page 760, at the Register's Office for Davidson County, Tennessee, and being more particularly described as follows;

Beginning at an existing iron rod in the easterly right-of-way of Pedestrian Walkway at a corner common with Lot 1 of Section One, Edgehill Estates, as of record in Plat Book 4060, Page 188, at the Register's Office for Davidson County, Tennessee, also being the property of Hearing Bridges, as of record in Instrument Number: 20121115-0105089, at the Register's Office for Davidson County, Tennessee;

Thence leaving the right-of-way line of Pedestrian Walkway, with the southerly property line of said Lot I and through a portion of Lot 2 of Section One, Edgehill Estates, South 84 deg. 53 min 56 sec East, 493.53 feet to a point in the property of Lot 1 of the First Revision, Consolidation Plat, The Park at Hillside;

Thence with a line through and with the lot lines of said Lot 1 of the First Revision, Consolidation Plat, The Park at Hillside, for the following nine calls;

- 1) With a curve to the right, along an arc length of 78.65 feet, the central angle of which is 34 deg. 28 min 42 sec, the radius of which is 130.70 feet; the chord of which is South 67 deg. 39 min 35 sec East, 77.47 feet to a point;
- 2) With a curve to the left, along an arc length of 25.37 feet, the central angle of which is 96 deg. 55 min 05 sec, the radius of which is 15.00 feet, the chord of which is North 81 deg. 07 min 14 sec East, 22.45 feet to a point;
- 3) With a curve to the right, along an arc length of 220.27 feet, the central angle of which is 22 deg. 08 min 30 sec, the radius of which is 570.00 feet, the chord of which is South 43 deg. 43 min 56 sec West, 218.91 feet to a point;
- 4) South 54 deg. 44 min 34 sec West, 46.70 feet to a point;
- 5) With a curve to the left, along an arc length of 216.24 feet, the central angle of which is 19 deg. 39 min 58 sec, the radius of which is 630.00 feet, the chord of which is South 44 deg. 54 min 35 sec West, 215.18 feet to a point;
- 6) With a curve to the right, along an arc length of 26.72 feet, the central angle of which is 76 deg. 32 min 41 sec, the radius of which is 20.00 feet, the chord of which is South 73 deg. 20 min 56 sec West. 24.78 feet to a point;
- 7) North 68 deg. 22 min 44 sec West, 58.17 feet to a point;
- 8) With a curve to the left, along an arc length of 122.64 feet, the central angle of which is 21 deg. 37 min 16 sec, the radius of which is 325.00 feet, the chord of which is North 79 deg. 11 min 22 sec West, 121.92 feet to a point;
- 9) North 90 deg. 00 min 00 sec East, 111.14 feet to a point in the easterly right-of-way line of Pedestrian Walkway;

Thence with the easterly right-of-way line of Pedestrian Walkway, North 09 deg. 54 min 27 sec East, 375.79 feet to the POINT OF BEGINNING. Containing 172,001 square feet or 3.949 acres more or less. Being part of the same property conveyed to Park at Hillside, LLC, as of record in Instrument Number: 20161005-0105109, at the Register's Office for Davidson County, Tennessee and part of the property of 929 Edgehill, LLC, as of record in Instrument Number: 20161011-0107671, at the Register's Office for Davidson County, Tennessee.