

A large steel truss bridge spans across a wide river. The bridge's structure is a complex network of dark steel beams forming a series of arches. The sky is filled with vibrant, golden-orange clouds, suggesting a sunset or sunrise. The bridge and the colorful sky are perfectly reflected in the calm water of the river below. On the left side, a large green tree is partially visible. On the right, a concrete bridge pier supports the structure, with a small signpost nearby.

**THE HEALTH, EDUCATIONAL AND HOUSING  
FACILITY BOARD OF THE  
CITY OF MEMPHIS, TENNESSEE**

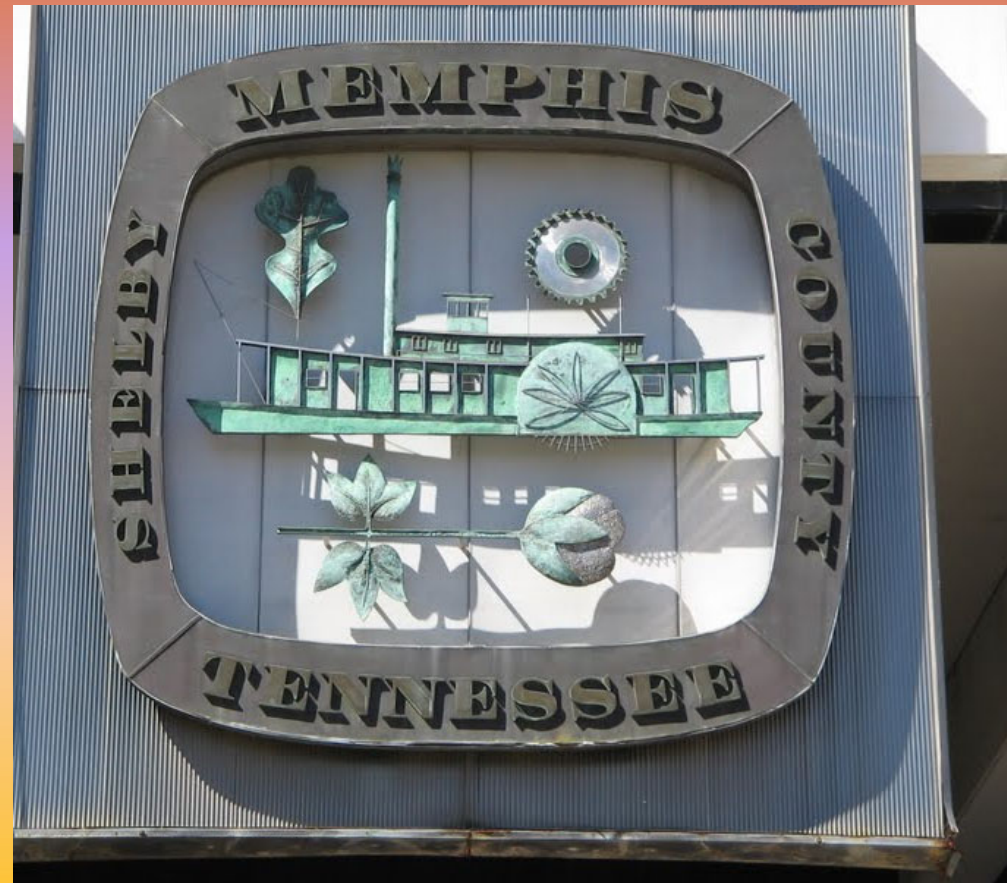
## WHAT IS THE HEHFB?

The Health, Educational and Housing Facility Board of the City of Memphis, Tennessee is a public not-for-profit corporation duly organized and validly existing under the laws of the State of Tennessee (the “HEHFB”, “Lessor” or “Board”) and is a quasi-governmental entity of the City. The public purpose and function of the HEHFB is to foster and perpetuate the development of quality and sustainable affordable multifamily housing in addition to, enriching the quality of life and daily environment for low to moderate-income families and individuals through prioritizing their safety, health and wellness, and overall enjoyment for low to moderate-income families and individuals residing in the City.

The HEHFB is a self-funding entity and does not receive any funding or related financial assistance from the City, the County, the State or any other governmental entity or agency. The HEHFB is solely funded through fees assessed in connection with its PILOT Program and Bond Program.

The HEHFB is governed by a Board of Directors, all of whom are duly qualified electors of and taxpayers in the City. The Board of Directors is currently comprised of eight directors (8) directors, with backgrounds in various professions, including banking, real estate, law, housing development, and healthcare, all of whom were appointed by the Mayor of the City and confirmed by the City Council.

<http://www.memphishehf.com>



# LEGAL AUTHORITY OF THE HEHFB



The HEHFB was created pursuant to Tennessee Code Annotated Section 48-101-301 *et seq.*, as amended (the “**Act**”) for the purposes, among other things, to provide quality, safe, affordable, and sanitary housing through issuing revenue bonds and exploring other methodologies for financing the acquisition, development, and maintenance of residential rental facilities for the benefit of low and/or moderate-income families and individuals as set forth in the Act.

The HEHFB, pursuant to its authority under the Act and Resolutions duly adopted by the City Council on May 7, 2002, and August 28, 2018 (the “**Resolutions**”), has established and administers its payments-in-lieu of ad valorem taxes (“**PILOT**”) program as a further aid to facilitate the preservation, growth, and development of low and moderate-income multifamily housing. The Resolutions allow the Board to enter into payments-in-lieu of ad valorem taxes agreements (“**PILOT agreements**”) with lessees which set forth the relationship between the parties during the term of the PILOT, with the intent to encourage and facilitate new construction and substantial rehabilitation of affordable multifamily housing through providing an abatement on property taxes, for a designated period, for properties situated within the City.

An Interlocal Agreement executed and delivered by among the City, the County and the HEHFB allows properties active under to the PILOT program to receive an annual abatement on all City and County ad valorem property taxation for the full PILOT term, thereby allowing the lessee to make annual PILOT payments on the property in lieu of paying regular ad valorem taxes that would otherwise be due and payable with regard to the property if it were owned by a tax paying entity and subject to such taxation.

# BOARD OF DIRECTOR BIOGRAPHIES



Daniel T. Reid, Board Chairman

Mr. Reid is President of West Tennessee banking groups with Renasant Bank and has been a banker in the Memphis market for the last 35 years. He earned a Bachelor's of Science degree in Business Administration with a concentration in Administrative Management and Finance from the University of Tennessee (Martin). He has been very active in training opportunities in leadership, lending and productivity. Some of Mr. Reid's community involvement includes: current admissions committee member of the University Club of Memphis, past president of the Rotary Club, Paul Harris Fellow, Leadership Bartlett Chairman, Bartlett area Chamber of Commerce Board member and Secretary/Treasurer, Central Gardens association Board member, member of the Central Gardens Landmarks Committee, member of the Brooks Decorative Arts Trust, member of the Collierville Tomorrow Board, graduate of the New Memphis Institute (Leadership Academy) Master's Program and a communicant at Grace St. Luke's Episcopal Church. Mr. Reid currently serves as Chair of The Health, Educational and Housing Facility Board of the City of Memphis.



Monice Moore-Hagler, Vice Chair and Secretary

Ms. Hagler is a partner with the law firm of Hagler Law Group, PLLC. Her law practice is concentrated in the areas of finance, property law, business and commercial transactions. She serves as closing attorney for commercial and residential transactions to buyers, sellers and lenders, as counsel to a number of for-profit and non-profit development entities, as well as to municipal and county governments. Ms. Hagler serves as counsel to affordable housing developers, providing legal assistance in the redevelopment of several major mixed-finance, mixed-use developments, including overseeing acquisition, condemnation, redevelopment, multifamily financing and homeownership sales. Ms. Hagler earned her Juris Doctorate degree from the University of Memphis School of Law, a Master of Science in Social Work from the University of Tennessee Health Science Center in Memphis and her Bachelor of Science from the University of Tennessee (Martin). Ms. Hagler's community service includes: serving on the Advisory Board of the University of Tennessee at Martin, the Board of the YMCA, the Memphis Bar Foundation and is a member of the Downtown Rotary Club. She is former Chair and currently serves as Secretary of The Health, Education and Housing Facility Board of the City of Memphis.



Katie Shotts, Assistant Secretary

Ms. Shotts attended New Mexico State University, where she earned a Bachelor of Arts degree in Communication Studies. She began her career in real estate and Association Management at the Memphis Area Association of REALTORS® (MAAR) in 2008. She served the MAAR membership for seven plus years managing events, communications, supporting various committees and as the Staff Director for the MAAR Commercial Council. Ms. Shotts then served for four years as the COO of the Pinellas REALTOR® Organization in Clearwater, Florida, and then as the CEO at the Hernando County Association of REALTORS® in Hernando County, Florida before being brought back home to Memphis. She was chosen as the CEO of the Memphis Area Association of REALTORS® in March 2019. Ms. Shotts holds her REALTOR® Certified Association Executive (RCE) designation, At Home With Diversity (AHWD) and e-PRO certifications, served as 2020 Advisory Board Chair of the National Association of REALTORS® Association Executives Institute, has served on numerous committees for Florida REALTORS® and Tennessee REALTORS®, and is an RPAC Sterling R Major Investor. Through her work at MAAR, she provides education, training and support to more than 4,100 REALTOR® members in advocacy, fair housing and building strong, diverse communities.



Cliff Henderson, Treasurer

Cliff Henderson is the Chief Financial Officer at Experitec, Inc. and oversees finance, information technology, supply chain, risk management, benefits, and legal functions. He brings over twenty-five years of financial experience and has also worked in similar finance, accounting, and project management roles with Pfizer Inc., Medtronic PLC, and Monogram Food Solutions. Henderson graduated from the Freeman School of Business at Tulane University with a major in finance and obtained his MBA from the Owen Graduate School of Management at Vanderbilt University. His community service has included prior mentor or corporate leadership roles with Junior Achievement, United Way, and the National Black MBA. He serves as the Treasurer of The Health, Education and Housing Facility Board of the City of Memphis.



Howard Eddings, Board Member

A life-long Memphian, Howard Eddings, Jr. is married to Delisa Rose Flowers. Together they have 3 children, two sons and one daughter. Growing up in Memphis, TN, a distinguished graduate of the School of Social Work from the University of Memphis, Howard went on to become President /CEO of Memphis Leadership Foundation, Inc. in 1993. As President/CEO, he gave leadership to numerous not-for-profit organizations that have had a tremendous impact on our city, particularly in under-served communities. Currently, Howard is the Chief Executive Officer of RedZone Memphis, Inc, a youth-focused, community-based outreach organization that focuses on the comprehensive needs of men, women, and children who live in the Orange Mound community. While serving as president, in 1991 with a B.A. degree in Social Work, Howard received the Distinguished Graduate Award. In January 1998, he successfully completed the Executive Management Institute at Christian Brothers University. Howard has a strong commitment to the welfare and peace of the city of Memphis.



James Jalenek, Esq., Board Member

Mr. Jalenek became a member of the board in 2017. He is a graduate of East High School, Yale College, and Yale Law School, and has practiced law in Memphis for over 50 years. Mr. Jalenek's law practice primarily specialized in commercial real estate, with corporate and estate planning also included. His civic activities have included serving as President of Memphis Zoological Society, Temple Israel, Memphis Rotary Club, and Memphis Public Education Fund, and serving as an officer and board member of LeMoyne Owen College, Memphis Urban League, Memphis Depot Redevelopment Corporation, and the Southern College of Optometry. He is married to the former Natalie Block of Buffalo, and they have two daughters, Molly (Mrs. Jason) Wexler and Katy (Mrs. Clay) Levit, and four college age grandchildren.



Vincent Sawyer, Board Member

Vincent Sawyer, Esquire, Vincent Sawyer is a Memphis-native public interest attorney licensed in the State of Tennessee and employed by The Works, Inc. For years, Mr. Sawyer has played an integral part in the improvement of our city's most underserved communities and has tirelessly worked to shed light on the inequities found in these struggling neighborhoods. His practice area focuses on anti-blight interventions, neighborhood maintenance and community development efforts. For example, Mr. Sawyer has played a major role in the revitalization of the Klondike community and the living conditions of its residents. Moreover, Mr. Sawyer has been intricately involved in the policies and practices that led to the clean-up of hundreds of vacant and abandoned properties in many struggling communities throughout Memphis. Mr. Sawyer also heads dozens of receiverships in the Shelby County Environmental Court for public nuisance properties previously determined to pose severe health and safety risks to the surrounding community. Said receiverships have led to the improvement of the quality of life of countless residents in dozens of communities throughout Shelby County and has generated hundreds of thousands of dollars in property tax revenue for Shelby County and the City of Memphis. Through participation in the Vacant Property Receivership Consortium, Mr. Sawyer aims to educate and deliver the receivership tool to many underserved communities nationwide that struggle with dangerous vacant and abandoned properties. Mr. Sawyer is also a Co-Chair of the Blight Elimination Steering Team, which is a collaboration focused on blight fighting tools, strategies and initiatives across different departments and agencies and in concert with nonprofit, civic, and business partners.



Buckner Welford, Esq., Board Member

Mr. Welford is an attorney and the former Chair of Baker, Donelson, Bearman, Caldwell and Berkowitz's Advocacy Department. Mr. Welford earned his Bachelor's degree from Vanderbilt University in 1978 and a law degree from the Washington and Lee School of Law in 1981. He represents hospitals, physicians, and medical groups in health care litigation, regulatory, peer review, contract and employment matters. He is a former Shelby County Commissioner, elected to two terms on the Commission from 1994 through 2002. Mr. Welford's community involvement includes: Board member for Meritan, Inc., where he served two terms as Chairman of the Board, Board member of the Memphis Bar Association, Board member of the Goodwill Boys Club, and former Memphis Literacy Council "Each One Teach One" tutor. He presently serves on the Advisory Board to the Health and Public Policy Institute for the University of Memphis School of Law, as a member of the Tennessee Bar Association's Legislative Review Committee and is a member of the Tennessee Bar Foundation.

## SNAPSHOT OF THE PILOT PROGRAM

- There are currently 114 total active PILOT properties
- There are currently 22,223 total residential rental units
- There are currently 94 Active PILOTS with 299 or less residential rental units
- There are currently 14 Active PILOTS with 499 or less residential rental units
- There are currently 6 Active PILOTS with 500 or more residential rental units
- 34 % of the PILOT Properties are owned and operated by local or in-state developers
- 66 % of the PILOT Properties are owned and operated by out-of-state developers
- The HEHFB currently has 8 active members serving on the Board of Directors with backgrounds in various professions, including banking, real estate, law, housing development, and healthcare.

## PURPOSE AND MISSION OF THE PILOT PROGRAM

The primary purpose and function of the PILOT program is to foster and perpetuate the development of quality and sustainable affordable multifamily housing in addition to, enriching the quality of life and daily environment for low to moderate-income families and individuals through prioritizing their safety, health and wellness, and overall enjoyment for low to moderate-income families and individuals residing in the City of Memphis.

## BENEFITS TO THE TENANTS

Tenant Benefits are a central component of the PILOT program and shall be maintained at a quality level by the Lessee for the full term of the PILOT, all of which are intended to achieve the specific purposes of the PILOT program and are in furtherance of the Lessor's intended statutory and public purpose. The Tenant Benefits should be tailored to the property's applicable demographics and resident base and may include but not be limited to: (i) **providing quality amenities through offering new energy efficient tenant amenities coupled with additional property enhancements and renovations;** and (ii) **providing various social services and special services through offering diverse activities related to fostering experiential learning, job and employment training and related enrichment opportunities** provided directly through the Lessee and the on-sight property management company, as well as, through working cooperatively in conjunction with established nonprofit/community agencies and/or neighborhood network centers for the benefit of the tenants.

## BENEFITS TO THE DEVELOPERS

Payments-in-lieu of ad valorem taxes for the property shall be based on the assessed value for the current tax year as determined by the Shelby County Assessor at the time that the PILOT is applied. For each year during the term of the PILOT, the Lessee shall timely make annual PILOT Payments, in lieu of paying the City of Memphis and the Shelby County ad valorem property taxes that otherwise would be due and payable with regard to the PILOT property if it were owned by a tax paying entity and subject to such taxation.

**Any monetary savings that the PILOT lessee retains while participating in the HEHFB's PILOT program shall not be retained as a windfall to the Lessee, but such savings shall be utilized to implement certain qualified Tenant Benefits for the tenants of the property through providing availability of access to a variety of approved tangible benefits that the tenants would not otherwise have availability or access to thereby creating a higher-quality daily living environment.**

## FOCUS AND RESPONSIBILITIES OF THE HEHFB

### **Tenants Benefits**

- Affordability
- Access to Programs and Services
- Connectivity and Inclusion
- Safety and Security

### **Compliance and Monitoring**

- External Monitor – shall conduct an annual onsite lease file review, semi-annual walk-through property inspections, and additional drive-through inspections, as requested on an as-needed basis, for each PILOT property and will schedule this inspection with on-sight property management and has the right to request entry to an unoccupied, rent-ready unit or model unit as part of the walk-through property inspection.
- Internal Monitors – shall perform unannounced drive-through inspections and scheduled walk-through site visits for the purpose of assessing the exterior conditions of the PILOT property, and to confirm the satisfactory level of the applicable Tenant Benefits.



## RESPONSIBILITIES OF THE COMPLIANCE MONITORS

The Property Inspection that the External and Internal Compliance Monitors perform typically includes any observable violations of the exterior conditions of the residential rental facilities and other buildings situated on the PILOT property, including but not limited to the following:

- (1) **Development Characteristics** (Exterior building conditions, including siding, paint, roofs, windows, fascia, soffit)
- (2) **Property Conditions** (Exterior Property Conditions, including trash, landscaping, parking surfaces)
- (3) **Safety and Security**
  - (a) Accessibility (Perimeter Fencing, entry/exit gates, property access);
  - (b) Building Security (Security and Access to Structures); and
  - (c) Security System/Monitoring (Cameras, on-site security officers)
- (4) **Tenant Benefits** (confirm PILOT Lessee committed/stated tenant benefits are present)
- (5) **Administrative Compliance**
  - (a) Occupancy level and quarterly reporting (minimum 75% occupancy requirement)
  - (b) Incident reporting
  - (c) Timely PILOT payments to taxing authorities
  - (d) Timely payment of annual compliance billing

## EVENTS OF DEFAULT

If the lessee commits an act that, if not timely redressed, will subsequently constitute as an Event of Default then the lessee will receive a written deficiency notice from the HEHFB, including a list of deficiencies in connection therewith (the “**Notice of Noncompliance**”). Under a Notice of Noncompliance, the Lessee will be allowed thirty (30) days from the date of the Notice of Noncompliance, to cure the listed all deficiencies. If the thirty (30) day allotted period ends without cure, then the matter will be deemed in material default and create an Event of Default and a Legal Notice of Default will be issued to the lessee. The following are examples of breaches or acts that will trigger an Event of Default if not timely cured:

- Failure to Maintain Tenant Benefits
- Uninhabitable Property Conditions
- Unauthorized Sale or Transfer of Property
- Occupancy Level and Vacancy
- Bankruptcy and Related Litigious Proceedings
- Non-payment of PILOT Payments and other Required Payments

## TERMINATION OF PILOT

- PILOT termination is the absolute final remedy that the Board can explore when a property fails to cure an Event of Default after a reasonable period of time. The Board rarely chooses the route of termination because of the negative impact this action will have on the tenants residing at the PILOT property. Essentially doubling, at a minimum, a property's annual tax liability would have a detrimental impact to the overall liabilities and financial priorities of the property.
- In connection with a PILOT termination process there are various acts, omissions or occurrences that, if not timely redressed, will constitute an Event of Default of the Lessee. If an act, omission, or occurrence is deemed Event of Default And if all deficiencies are not cured within the allotted cure period, an acceptable cure plan has not been accepted and approved by the Board of Directors, and reasonable efforts are no longer being made to redress the deficiencies, then the Lessee will forfeit the ad valorem tax abatement benefit generated by the PILOT and the PILOT will be subject to immediate termination by the Board of Directors after following the appropriate due process procedures pursuant to the applicable PILOT documentation.
- If termination is elected by the Board, then the Board's General Counsel will draft the applicable legal documentation that will be executed and delivered to the Lessee, the City of Memphis and Shelby County taxing authorities to immediately terminate the applicable PILOT and promptly transfer title to the project back to the Lessee through quit claim deed, whereby the project shall immediately be subject to regular ad valorem City of Memphis and Shelby County taxation, will be immediately restored to the City of Memphis and Shelby County tax rolls at its full current assessed value, and any past due tax payments, interest and penalties associated therewith shall become immediately due and payable to the City of Memphis and Shelby County taxing authorities. This decision by the Board of Directors will be final and non-appealable.

## MEMPHIS TOWERS UPDATE

- TRG Memphis Replacement GP LLC (the “**Limited Partner**”) has exercised its power pursuant to the Partnership Agreement and has removed and replaced Millenia Housing as the property owner and operator as of March 4, 2023.
- The construction and remediation of certain health and safety issues are currently underway.
- On February 29, 2024, the Limited Partner engaged a uniformed security company to provide 24-hour security pertaining to coverage of the building entrance and to monitor the building security cameras.
- ADT Security has been engaged to increase the number of security cameras on the property so that the parking lots and all entrances will be covered and monitored.
- Cooks Pest Control has been engaged and scheduled to remedy the bed bug issues and this remedial treatment will be regular service the Limited Partner will provide going forward.
- Most, if not all of the residential rental units have been completed. The Limited Partner will soon turn its attention to completing the construction of all common areas in all three towers.
- The third tower is substantially complete. The Limited Partner needs to acquire the Certificate of Occupancy in order to open it.
- The property remains in legal default and the Limited Partner will appear at the April 3<sup>rd</sup> Board meeting and give a presentation regarding the timeline to completion of construction and next steps regarding the legal process.

## HEHFB PRIORITIES FOR 2024

### **Enhancement of Tenants Benefits**

- Affordability
- Access to Programs and Services
- Connectivity and Inclusion

### **Enhancement of Safety and Security Measures and Protocols**

- Continuing discussions with Safeways
- Commencing discussions with Memphis Police Department

### **Enhancement of Compliance and Monitoring**

- Increased interfacing and communication with the on-sight management and PILOT lessees
- Training for all PILOT lessees and management groups (Annual PILOT Lessee Meeting)

### **Comprehensive Oversight with other Local Partners**

- Increase communications with the Memphis City Council; identify City Council Liaison
- Increase communications with the Shelby County Environmental Court and Code Enforcement