

**MINUTES
COMMUNITY REDEVELOPMENT AGENCY
JACKSON CITY HALL – SECOND FLOOR CONFERENCE ROOM
MARCH 19, 2020 – 11:00 AM**

Members Present: Vicki Lake, Chair
Sammy West, Vice Chair
Councilman Johnny Dodd
Jay Bush

Staff Present: Stan Pflant, Director of Planning
Byanker Cole, Recorder of Minutes

Others Present: Ethan Darety, Horne
Chris Alexander, Healthy Community
Hal Crocker, Healthy Community
Brian James, Healthy Community
Nick Latimer, Spragins, Barnett & Cobb

The meeting was called to order upon Chair Vicki Lake making a determination that a quorum was present.

The minutes for the February 12, 2020 were unanimously approved as submitted, on motion of Jay Bush, seconded by Johnny Dodd.

UPDATE – Ethan Darety, Horne, presented the January 31, 2020 and February 29, 2020 financials to the board for approval.

After the discussion, Jay Bush made a motion to approve the financial statements for January 31, 2020 and February 29, 2020 that was seconded by Councilman Johnny Dodd. The financial statements were unanimously approved as submitted.

Consideration of New Market Tax Credit and loan documents related to the Jackson School Project, including, but not limited to:

- A. **Source Loan Documents evidencing Loan from Truist Bank** – Mr. Latimer presented the New Market Tax Credit and Loan Documents, which were depicted through The Healthy Community Education Partners, Inc. Financial Forecast Supplemental Schedule of Forecasted Flow of Funds, to the board. He explained that the CRA has already approved the leases where the CRA will own the two school properties and will lease the properties to Healthy Community Education Partners, which is a nonprofit that was formed and necessary for the New Market Tax Credit to become the borrower. The Healthy Community Education Partners, Inc. will be responsible for obtaining financing and constructing/remodeling the schools, then enter into subleases with the city and county school systems.
- B. **Leverage/Fund Loan Documents evidencing Loan to from CRA to JCM-MAM JACKSON INVESTMENT FUND, LLC.** – Mr. Latimer presented the Leverage/Fund Loan Documents, which were depicted through The Healthy Community Education Partners, Inc. Financial Forecast Supplemental Schedule of Forecasted Flow of Funds, to the board. He explained that the CRA also has another partner called the CRA Leverage Lender. Truist Bank, which is the main lender, and will give two direct loans to Healthy Community Education Partners, Inc. for each school in the amount of about \$14,000,000. The CRA comes in the New Market Tax Credit aspect of the deal, Truist bank will give a loan to the CRA in the amount of \$17,000,000. This includes a loan agreement and a pledge agreement. At the same time, the CRA will turn around and make a loan in the same amount to an investment fund called JCM-MAM Jackson Investment Fund, LLC, which is an entity created by lenders consisting of: RGC_LLC, CAHEC Sub-CDE XIX, LLC, ST CDE_LLC. All three of these entities will make loans to Healthy Community Education Partners, Inc. to build the buildings. At the end of seven years, these investors are able to take tax credits out of the deal. The Leverage Loan from the CRA to the investment fund has a forbearance provision in it, which means the CRA cannot collect on the note. If it goes into default, they won't be able to collect on it until the seven years has expired. At the end of the seven years, there is a Put/Call Agreement between the CRA and SunTrust Community

Capital, LLC, which says the CRA will buy the membership interest out for \$1,000 plus everything that SunTrust or any CDEs are owed at the time plus up to \$10,000 of their attorney fees. At that time, the city and county would exercise their purchase options to purchase the schools from Healthy Community Education Partners Inc. In all, the only thing the CRA will have to pay specifically is the \$600,000 at closing. In seven years during the unwind, the CRA will also pay the \$1,000 for the exercises for the option and up to \$10,000 in attorney fees for the lenders and then the other would be funded from the purchased options.

A motion was made to approve the Resolution Approving and Authorizing the Jackson Community Redevelopment Agency to Enter into Certain Agreements Related to the Financing of the Construction of a New Madison Academic High School and a New Jackson Central Merry Middle and High School by Jay Bush, seconded by Sammy West to approve the request as submitted. Motion passed unanimously.

There being no further business, the meeting was adjourned.

Vicki Lake
Vicki Lake, Chair

9/9/20
Date