



AGENDA
Johnson City Development Authority
Board Meeting
Friday, April 26, 2024 @ 8:00 AM
Memorial Park Community Center 510 Bert St.
Johnson City, TN 37604

1. CALL TO ORDER

- 1.1.1. Call to Order and Quorum Confirmation: 6/11 of Current Members Required
- 1.2.1. Claim for Member Conflict of Interest
- 1.3.1. Additional Action Item to Agenda

2. ADOPTION OF MINUTES

- 2.1.1. ACTION: Review and Adoption of the March 22, 2024 Regular JCDA Meeting Minutes

3. PUBLIC COMMENT ON AGENDA

4. COMMITTEE REPORTS

- 4.1.1. John Sevier Center Operations Report
[April 2024 John Sevier Operations Report](#)
- 4.2.1. John Sevier Center Disposition Report
[John Sevier Disposition Report April 2024](#)
- 4.3.1. Downtown Centre/Parking Garage Report
[Downtown Centre and Parking Garage Report April 2024](#)
- 4.4.1. TIF Advisory Committee Report
[TIF Advisory Committee Report April JCDA 2024](#)
- 4.5.1. Finance Committee Report
 - 4.5.1. ACTION: JCDA 300 E Main St., Ste 102 & 103 - Lease Recommendation for Approval

(JCDA and Ladd Holdings c/o D & K Management)

- 4.5.2. Tennessee Comptroller of the Treasury - Reports on Debt Obligation
\$351,382.00 Taxable Tax Increment Revenue Note, Series 2024A
(JSC Phase One Project and Downtown Centre Project)
- \$400,000.00 Taxable Tax Increment Revenue Note, Series 2024B
(JSC Phase Two Project)

[Finance Committee Report April 2024](#)

[JCDA Series 2024A Note - Debt Report](#)

[JCDA Series 2024B Note - Debt Report](#)

5. FINANCIALS

- 5.1.1. ACTION: Johnson City Development Authority General Operating Fund Financial Statement
[JCDA - General Fund Financial Statements March 2024](#)
- 5.2.1. ACTION: Johnson City Development Authority Tax Increment Financing (TIF) Special Fund Financial Statement
[JCDA - TIF Financial Statements March 2024](#)
- 5.3.1. ACTION: John Sevier Center Financials
[John Sevier Financials March 2024](#)

6. STAFF REPORTS

- 6.1.1. Executive Director's Report: Hunden Partners Introduction, Overview, and Commissioner Input;
JCDA Commission application deadline May 31st (two expiring).

7. CHAIR REPORT

Comments from the Chairman

8. ADJOURNMENT

9. APPENDIX A: HUNDEN PARTNERS JOHN SEVIER CENTER AND DOWNTOWN CENTRE STUDY

Hunden Partners Contract: John Sevier Center Highest and Best Use and Developer Solicitation and Selection Services March 2024

- 9.1.1. Hunden Partners Contract: John Sevier Center Highest and Best Use and Developer Solicitation and Selection Services March 2024

[Hunden Proposal Only March 2024](#)

Johnson City Development Authority

John Sevier Center Operations Report

April 2024

1. Roof

- The contract for Burell Built to replace all roof surfaces has been executed. The priority roof is the second floor terrace style roof. LHP and JCDA anticipate that construction will begin in May or early June 2024.
- Funding from the TIF John Sevier Center Note B has been placed in JCDA savings for deposits and funding to be sent to LHP Management as needed.

2. Update on Cutoff Valve Replacement

- Allied Piping has completed the work to replace the water service and pipes to the meter. It will require a scheduled cut-off when the service is switched. Due to the HUD NSPIRE inspection scheduled April 18, the switch to the new equipment will occur in the days immediately afterward.

3. U.S. Department of Housing and Urban Development NSPIRE Inspection

- U.S. HUD has initiated a contract for inspection of the John Sevier Center utilizing the new NSPIRE inspection rating system. The inspection will occur on April 18, 2024.

4. Management and Occupancy Review (MOR) by Tennessee Housing Development Agency

- The MOR inspection for THDA will occur on June 4, 2024

5. John Sevier Center Mark Up To Market

- The application was submitted to U.S. Department of Housing and Urban Development March 26, 2024.
- The increase potentially will provide an additional \$129,240 (6.55%) increase to budget revenue.
- Residents who are receiving the subsidy would receive a notification. The John Sevier Center General Manager will meet with any residents who do not have subsidized rent to provide details.

Johnson City Development Authority

John Sevier Center Disposition Report

April 2024

The redevelopment effort formally launched with the selection of the Hunden Partners by the JCDA and the City of Johnson City. The initiative will assess the redevelopment potential and advise the JCDA through the developer selection process for the John Sevier Center and the Downtown Centre. Staff for the Johnson City Development Authority (Tish Oldham) and the City of Johnson City (Alica Summers) have met with The Hunden Group via Teams to review overall schedule for the consulting group to begin the highest and best use study and the development advisory phases. (The full proposal is included as Appendix A of the packet.) The Hunden Partners team arrives in Johnson City the last week of April for field visits and stakeholder conversations, including attending the JCDA April 26th meeting for introductions, project overview, and input during the Staff Reports section of the JCDA Agenda. Further information and details will be provided as available.

Construction of the Tapestry at Roan Hill has continued, as planned. The Industrial Development Board (via Alicia Summers, City of Johnson City) is involved with the funding processes for the early stages of construction.

The summary chart below tracks the John Sevier Disposition process for reference.

Transfer Approved	U.S. Department of Housing and Urban Development approved the transfer of Section 8 vouchers from Project A, the John Sevier Center at 141 East Market Street to Project B, Tapestry at Roan Hill, 2162 South Roan Street, Johnson City, Tennessee, as stipulated by agreements and HUD
Financing Established and Closing Completed	The financing and land purchase was completed in December 2023
Groundbreaking	Construction began in February 2024 with an estimated timeline of 18 to 24 months.
John Sevier Center/Downtown Centre Redevelopment Study	A joint JCDA/City of Johnson City selection committee reviewed and selected a consultant through a public RFP process in mid-March. The funding request for the highest and best use and market study and development advisory services was approved by City Commission for funding not to exceed \$175,000. The study begin April 15, 2024, with an anticipated 22 month timeline. Hunden Partners will arrive in Johnson City in late April.
John Sevier Center Residents Move	The eligible residents would move to the new residences by December 2025, depending on construction progress.

Action requested: None

Johnson City Development Authority

Downtown Centre Report

April 2024

A. Building Operations and Maintenance Update

1. Building Updates:

- Cox Property Management and JCDA have moved to an as needed basis for projects at the Downtown Centre, rather than a monthly fee with costs. During March two projects were in progress:
 - Cox completed managing repairs to one of the two boilers.
 - The replacement of one heat pump will be necessary (est \$28,000-\$38,000).
 - Per JCDA's request, Cox provided a quote to repair LED parking garage canopy lighting (\$3,841.08). They additionally quoted replacement lighting for the top deck (\$3007.36). Staff will be assessing the costs in relation to maintaining garage security operations.

2. Costs Update:

- The TIF funding for the security cameras reimbursed \$35,999 against the expense.
- Parking security costs will be incurred for three evenings and a half day per week. Any additional days/events will require further coverage costs. The particular hours and costs are being confirmed at a meeting with ETSU, JCDA, and Raven22/Harrell Group to be held the week of April 22. The Johnson City Police Department also was invited.
- As noted above, additional HVAC and parking garage lighting costs are anticipated.

3. Parking Garage Opening:

- Please see additional document for review and discussion: Downtown Parking Garage Management and Operation

Johnson City Development Authority

TIF Advisory Board Report

April 2024

During April, JCDA Staff continued to finalize all the TIF related paperwork and lending for the John Sevier Center and Downtown Centre project. The two loans, as set forth in Note 2024A and Note 2024B, were closed on April 3, 2024, with Home Trust Bank. Chairman Shannon Castillo, and Executive Director Oldham represented the JCDA at the closing. All funding and transfers among funds and accounts has occurred with the guidance of our accounting firms. Attorney James L. Murphy, of Bradley, has filed necessary forms with the Comptroller of the Treasury, as attached for the board's information.

TIF Advisory Board did not meet during April, as there were not any active applications.

Johnson City Development Authority

Finance Committee Report

April 2024

The JCDA Finance Committee convened at 12:30PM on April 19, 2024, at the JCDA office, with Board of Director members Freddie Malone, Shannon Castillo, Ernest Campbell, Bob Cooper, Jack Simpson, Executive Director Patricia “Tish” Oldham, Administrative Coordinator Tamara Garro, and Daniel McIntosh, representative of the David Ellis, CPA Firm, presented virtually.

Items reviewed included:

1. JCDA General Fund Financials March
2. JCDA Special Reserve TIF Fund Financials March
3. John Sevier Center Financials March
4. Updates on TIF Projects - Capital Expended and JSC Roof Replacement
5. JCDA Office Lease Renewal
6. John Sevier Center Anticipated Capital Expenses
7. Fiscal Year 2025 Updates

The following is a summary of the meeting and review by the Finance Committee, as related to the JCDA meeting agenda items.

5.1.1 APPROVE MARCH 2024 JCDA GENERAL FUND FINANCIALS

Summary / Action

The March 2024 JCDA General Fund Financials, as prepared by the David M Ellis Firm, Certified Public Accountants, were reviewed by the Finance Committee with a unanimous recommendation to accept and forward to the JCDA for approval of the financial statement.

(Motion Simpson/Castillo) Motion passed.

5.2.1 APPROVE MARCH 2024 JCDA SPECIAL RESERVE TIF FUND FINANCIALS

Summary / Action

The March 2024 JCDA Special Reserve TIF Fund Financials, as prepared by the David M Ellis Firm, Certified Public Accountants, were reviewed by the Finance Committee with a unanimous recommendation to accept and forward to the JCDA for approval of the financial statement.

(Motion Cooper/Campbell) Motion passed.

5.3.1 FORWARD MARCH 2024 JOHN SEVIER CENTER FINANCIALS

Summary / Action

The March 2024 John Sevier Financials, prepared by LHP, were reviewed by the Finance Committee, and forwarded to the JCDA for review. ***(Motion Cooper/Campbell)*** Motion passed.

Agenda Item #4.4.5.1.

Additional matters included:

- Updates on TIF Projects – Capital Expended and JSC Roof Replacement:
 - TIF project debt report has been submitted to Tennessee Comptroller by attorney Jim Murphy
 - On April 3, 2024, the funds for both loans were issued by the bank
 - Staff and Daniel McIntosh are working in conjunction with the auditor to ensure fund movements related to loans are being tracked appropriately
 - Loan 2024A for \$351,382 is planned to be paid back before end of current month
 - Loan 2024B will be paid back in coordination with payments for JSC roof replacement
 - First deposit invoice for roof replacement was submitted on April 12, for \$119,355.

- JCDA Office Lease Renewal:
 - Lease for 300 East Main St. Suite 102 matures in May 2024, with option to renew for additional two years under same payment terms
 - Hunter, Smith, and Davis worked with the Executive Director to review updated lease agreement provided by Ladd Holdings, LLC c/o D&K Management and added additional clarifying notes
 - Finance Committee upon review, recommends the lease as revised with clarifying notes to the JCDA Board for approval (***Motion Castillo/Campbell***) Motion passed.

- John Sevier Center Anticipated Capital Expenses:
 - Finance committee discussed updates on current HUD inspections at the John Sevier building and costs associated.
 - Actual costs to date are less than anticipated budgeted costs required to meet inspection requirements (*see John Sevier Center operations report*)
 - Staff advised planning for generator replacement in upcoming fiscal year and will work with LHP to ensure three quotes are obtained that include leasing as well as purchase options

- Fiscal Year 2025 Updates:
 - Executive Director has a planned meeting City Manager on April 22, 2024, to discuss submitted budget
 - Budget presentation before City Commission is set for May 2, 2024



Jason E. Mumpower
Comptroller

Report On Debt Obligation

Entity and Debt Information		
Entity Name		
Johnson City Development Authority		
Entity Address		
300 East Main Street Suites 102 & 103 Johnson City, Tennessee 37601		
Debt Issue Name		
\$351,382.00 Taxable Tax Increment Revenue Note, Series 2024A (JSC Phase One Project and Downtown Centre Project)		
Debt Issue Face Amount		
\$351,382.00		
Face Amount Premium or Discount?		
N/A		
Tax Status		
Taxable		
Interest Type	Other Interest Type Description	
Other	Prime Rate less 2%	
Debt Obligation		
Loan Agreement		
Moody's Rating	Standard & Poor's Rating	Fitch Rating
Unrated	Unrated	Unrated
Other Rating Agency Name	Other Rating Agency Rating	
N/A	N/A	
Security		
Tax Increment Financing (TIF)		
Type of Sale Per Authorizing Document		
Negotiated Sale		
Dated Date	Issue/Closing Date	Final Maturity Date
4/3/2024	4/3/2024	5/3/2024

Debt Purpose

Purpose	Percentage	Description
Other	100%	Capital improvements to the John Sevier Center and a security camera system at the Downtown Centre
Education	0%	N/A
General Government	0%	N/A
Refunding	0%	N/A
Utilities	0%	N/A

Cost of Issuance and Professionals

Does your Debt Issue have costs or professionals?

Yes

Description	Amount	Recurring Portion	Firm Name
Legal Fees - Issuer's Counsel	\$8,236.25	N/A	Bradley Arant Boult Cummings LLP
Bank Closing Costs	\$250.00	N/A	HomeTrust Bank
TOTAL COSTS	\$8,486.25		

Agenda Item #4.4.5.1.

Maturity Dates, Amounts, and Interest Rates

Year	Amount	Interest Rate
2024	\$351,382.00	Prime Rate less 2%

See final page for Submission Details and Signatures

Submission Details and Signatures

Is there an official statement or disclosure document, as applicable, that will be posted to EMMA: <https://emma.msrb.org/>?

No

Signature - Chief Executive or Finance Officer of the Public Entity

Name

Patricia C. Oldham

Title/Position

Executive Director

Email

oldham@thejcda.org

Alternate Email

N/A

Signature - Preparer (Submitter) of This Form

Name

James L. Murphy III

Title/Position

Attorney

Email

jmurphy@bradley.com

Alternate Email

N/A

Relationship to Public Entity

Attorney for JCDA

Organization

Bradley Arant Boult Cummings LLP

Verification of Form Accuracy

By checking the box below as the signing of this form, I attest the following:

1. I certify that to the best of my knowledge the information in this form is accurate.
2. The debt herein complies with the approved Debt Management Policy of the public entity.
3. If the form has been prepared by someone other than the CEO or CFO, the CEO or CFO has authorized the submission of this document.

Verify Form Accuracy

Date to be Presented at Public Meeting

| Public Meeting Date to be determined |

Date to be emailed/mailed to members of the governing body

N/A

Final Confirmation:

I hereby submit this report to the Division of Local Government Finance of the Tennessee Comptroller of the Treasury and understand my legal responsibility to: File this report with the members of the governing body no later than 45 days after the issuance or execution of the debt disclosed on this form. The Report is to be delivered to each member of the Governing Body and presented at a public meeting of the body. If there is not a scheduled public meeting of the governing body within forty-five (45) days, the report will be delivered by email or regular US mail to meet the 45-day requirement and also presented at the next scheduled meeting.



Jason E. Mumpower
Comptroller

Report On Debt Obligation

Entity and Debt Information		
Entity Name		
Johnson City Development Authority		
Entity Address		
300 East Main Street Suites 102 & 103 Johnson City, Tennessee 37601		
Debt Issue Name		
\$400,000.00 Taxable Tax Increment Revenue Note, Series 2024B (JSC Phase Two Project)		
Debt Issue Face Amount		
\$400,000.00		
Face Amount Premium or Discount?		
N/A		
Tax Status		
Taxable		
Interest Type	Other Interest Type Description	
Other	Prime Rate less 2%	
Debt Obligation		
Loan Agreement		
Moody's Rating	Standard & Poor's Rating	Fitch Rating
Unrated	Unrated	Unrated
Other Rating Agency Name	Other Rating Agency Rating	
N/A	N/A	
Security		
Tax Increment Financing (TIF)		
Type of Sale Per Authorizing Document		
Negotiated Sale		
Dated Date	Issue/Closing Date	Final Maturity Date
4/3/2024	4/3/2024	12/3/2024

Debt Purpose

Purpose	Percentage	Description
Other	100%	Roof repairs and/or replacements to the John Sevier Center
Education	0%	N/A
General Government	0%	N/A
Refunding	0%	N/A
Utilities	0%	N/A

Cost of Issuance and Professionals

Does your Debt Issue have costs or professionals?

Yes

Description	Amount	Recurring Portion	Firm Name
Legal Fees - Issuer's Counsel	\$8,236.25	N/A	Bradley Arant Boult Cummings LLP
Bank Closing Costs	\$250.00	N/A	HomeTrust Bank
TOTAL COSTS	\$8,486.25		

Agenda Item #4.4.5.1.

Maturity Dates, Amounts, and Interest Rates

Year	Amount	Interest Rate
2024	\$400,000.00	Prime Rate less 2%

See final page for Submission Details and Signatures

Submission Details and Signatures

Is there an official statement or disclosure document, as applicable, that will be posted to EMMA: <https://emma.msrb.org/>?

No

Signature - Chief Executive or Finance Officer of the Public Entity

Name

Patricia C. Oldham

Title/Position

Executive Director

Email

oldham@thejcda.org

Alternate Email

N/A

Signature - Preparer (Submitter) of This Form

Name

James L. Murphy III

Title/Position

Attorney

Email

jmurphy@bradley.com

Alternate Email

N/A

Relationship to Public Entity

Attorney for JCDA

Organization

Bradley Arant Boult Cummings LLP

Verification of Form Accuracy

By checking the box below as the signing of this form, I attest the following:

1. I certify that to the best of my knowledge the information in this form is accurate.
2. The debt herein complies with the approved Debt Management Policy of the public entity.
3. If the form has been prepared by someone other than the CEO or CFO, the CEO or CFO has authorized the submission of this document.

Verify Form Accuracy

Date to be Presented at Public Meeting

| Public Meeting Date to be determined |

Date to be emailed/mailed to members of the governing body

N/A

Final Confirmation:

I hereby submit this report to the Division of Local Government Finance of the Tennessee Comptroller of the Treasury and understand my legal responsibility to: File this report with the members of the governing body no later than 45 days after the issuance or execution of the debt disclosed on this form. The Report is to be delivered to each member of the Governing Body and presented at a public meeting of the body. If there is not a scheduled public meeting of the governing body within forty-five (45) days, the report will be delivered by email or regular US mail to meet the 45-day requirement and also presented at the next scheduled meeting.

DAVID M. ELLIS

Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

**JOHNSON CITY DEVELOPMENT AUTHORITY
GENERAL FUND**

FINANCIAL STATEMENTS

For the Nine Months Ended March 31, 2024

**JOHNSON CITY DEVELOPMENT AUTHORITY
GENERAL FUND
BALANCE SHEET
March 31, 2024**

ASSETS		
Cash		
HomeTrust Operating	\$ 62,911	
Home Trust Savings	192,855	
Total Cash		255,766
Current Assets		
Rental Security Deposits	600	
Lease Income Receivable	10,500	
Due to/From Other Funds	458,403	
John Sevier Capital Repair Loan	68,784	
Total Current Assets		538,287
Total Assets		\$ 794,053
LIABILITIES		
Accounts Payable	\$ 3,366	
Total Liabilities		3,366
FUND BALANCES		
Unassigned	790,687	
Total Fund Balances		790,687
Total Liabilities and Fund Balances		\$ 794,053

**JOHNSON CITY DEVELOPMENT AUTHORITY
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Nine Months Ended March 31, 2024**

REVENUE

Operating Revenue - City of JC	\$	255,000	
Lease Income - Downtown Centre		33,501	
Administrative Fees - TIF		29,917	
Interest Income		5,320	
		5,320	
Total Revenue			323,738

EXPENSE

Salaries	\$	138,505	
Audit Fees		16,000	
Office Rent		17,397	
Accounting Fees		16,103	
Payroll Taxes		10,692	
Downtown Centre Expenses:			
Contract Labor Others		1,047	
Other Expenses		1,062	
Flood Insurance		1,510	
Contract Labor HVAC		2,124	
Contract Labor IT		3,580	
Contract Labor Property Management		6,174	
Property and Liability Insurance		6,286	
Utilities		14,061	
Camera and IT Equipment		31,062	
Employee Benefits		5,330	
Computer/IT Support		4,403	
Insurance - Directors and Officers		3,966	
Cell and Office Phones		1,488	
Internet		1,250	
Office Supplies		1,030	
Payroll Service Fees		914	
Printing Services		884	
Outside Contract Services		734	
Meals & Entertainment		706	
Legal Fees		635	
Bank Fees		595	
Membership/Dues/Subscriptions		551	
Worker's Compensation		504	
Miscellaneous		433	
Legal Advertising		415	
Postage and Shipping		352	
Furniture and Equipment		319	
Employee Parking		150	
		150	
Total Expenses			290,262

Excess (Deficiency) of Revenues Over (Under) Expenditures		33,476	
Fund Balances, Beginning of Fiscal Year		757,211	
Fund Balances, End of Nine Months		\$ 790,687	

**JOHNSON CITY DEVELOPMENT AUTHORITY
BUDGET TO ACTUAL
For the Nine Months Ended March 31, 2024**

	March Actual	March Budget	March Variance	Year to Date Actual	Year to Date Budget	Variance
REVENUE						
Operating Revenue - City of JC	\$ -	\$ -	\$ -	\$ 255,000	\$ 255,000	\$ -
Lease Income - Downtown Centre	10,500	-	10,500	33,501	2,000	31,501
Administrative Fees - TIF	-	-	-	29,917	30,000	(83)
Other Income	-	-	-	-	-	-
Interest Income	674	29	645	5,320	263	5,057
Total Revenue	11,174	29	11,145	323,738	287,263	36,475
EXPENSE						
Salaries	12,534	18,432	(5,898)	138,505	165,887	(27,382)
Office Rent	1,933	1,933	-	17,397	17,397	-
Audit Fees	-	1,333	(1,333)	16,000	12,000	4,000
Payroll Taxes	971	1,410	(439)	10,692	12,690	(1,998)
Employee Benefits	444	1,650	(1,206)	5,330	14,850	(9,520)
Internet	50	121	(71)	1,250	1,087	163
Accounting Fees	2,905	1,167	1,738	16,103	10,500	5,603
Insurance - Directors and Officers	-	-	-	3,966	4,000	(34)
Computer/IT Support	407	718	(311)	4,403	6,467	(2,064)
Property Coverage	-	-	-	-	6,375	(6,375)
Outside Contract Services	70	667	(597)	734	6,000	(5,266)
Printing Services	45	150	(105)	884	1,350	(466)
Miscellaneous	-	83	(83)	293	750	(457)
Flood Policy	-	-	-	-	1,500	(1,500)
Legal Fees	-	167	(167)	635	1,500	(865)
Furniture and Equipment	-	333	(333)	319	3,000	(2,681)
Cleaning Supplies	-	83	(83)	-	750	(750)
Professional Services	-	42	(42)	-	375	(375)
Worker's Compensation	-	-	-	504	450	54
Employee Parking	-	-	-	150	-	150
Downtown Centre Expenses						
Contract Labor IT	-	-	-	3,580	-	3,580
Property and Liability Insurance	-	-	-	6,286	-	6,286
Camera and IT Equipment	-	-	-	31,062	-	31,062
Contract Labor Property Management	1,540	-	1,540	6,174	-	6,174
Contract Labor Others	-	-	-	1,047	-	1,047
Contract Labor HVAC	-	-	-	2,124	-	2,124
Flood Insurance	-	-	-	1,510	-	1,510
Utilities	-	-	-	14,061	-	14,061
Other Expenses	582	-	582	1,062	-	1,062
Conference/Education	-	167	(167)	(90)	1,500	(1,590)
Office Supplies	28	167	(139)	1,030	1,500	(470)
Post Office Box Rental	256	19	237	256	174	82
Cell and Office Phones	192	149	43	1,488	1,343	145
Payroll Service Fees	184	117	67	914	1,050	(136)
Legal Advertising	40	42	(2)	415	375	40
Retirement Contributions	-	553	(553)	-	4,977	(4,977)
Bank Fees	35	42	(7)	595	375	220
Transportation/Mileage	-	42	(42)	-	375	(375)
Memberships/Dues/Subscriptions	20	83	(63)	551	750	(199)
Meals & Entertainment	48	83	(35)	706	750	(44)
Marketing/Advertising	-	42	(42)	230	375	(145)
Benefits Administration	-	18	(18)	-	166	(166)
Postage and Shipping	30	13	17	96	113	(17)
Total Expenses	22,314	29,826	(7,512)	290,262	280,751	9,511
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (11,140)	\$ (29,797)	\$ 18,657	\$ 33,476	\$ 6,512	\$ 26,964

DAVID M. ELLIS

Certified Public Accountant

*Member, American Institute of
Certified Public Accountants*

*Member, Tennessee Society of
Certified Public Accountants*

**JOHNSON CITY DEVELOPMENT AUTHORITY
SPECIAL REVENUE FUND - TIF**

FINANCIAL STATEMENTS

For the Nine Months Ended March 31, 2024

**JOHNSON CITY DEVELOPMENT AUTHORITY
SPECIAL REVENUE FUND-TIF
BALANCE SHEET
March 31, 2024**

ASSETS

Current Assets

Cash

HomeTrust Bank Money Market	\$	1,986,176
HomeTrust Bank Downtown Centre Fund		209,602
Eastman Credit Union Savings		<u>5</u>

Total Current Assets		<u>\$ 2,195,783</u>
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Total Assets		<u><u>\$ 2,195,783</u></u>
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FUND BALANCES

Restricted for Tax Increment Financing Projects	\$	2,150,783
Assigned		<u>45,000</u>

Total Fund Balances		<u>2,195,783</u>
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Total Fund Balances		<u><u>\$ 2,195,783</u></u>
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**JOHNSON CITY DEVELOPMENT AUTHORITY
SPECIAL REVENUE FUND-TIF
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Nine Months Ended March 31, 2024**

REVENUE		
City of Johnson City Funding	\$	622,635
Interest Income		<u>68,677</u>
Total Revenue		\$ 691,312
EXPENSE		
Administrative		
Legal Fees	\$	7,513
Administrative Fees		29,917
Downtown Development - Facade Grants		10,000
TIF Projects		
University Edge		225,299
Debt Service		
Downtown Centre - Principal		162,024
Downtown Centre - Interest		37,483
Downtown Pavilion - Principal		112,200
Downtown Pavilion - Interest		22,008
Model Mill - Interest		29,289
Triple G - Interest		8,029
MMM Enterprises - Interest		<u>4,853</u>
Total Expenditures		<u>648,615</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		42,697
Fund Balances, Beginning of Fiscal Year		<u>2,153,086</u>
Fund Balances, End of Nine Months		<u><u>\$ 2,195,783</u></u>

**JOHNSON CITY DEVELOPMENT AUTHORITY
SPECIAL REVENUE FUND-TIF
BUDGET TO ACTUAL
For the Nine Months Ended March 31, 2024**

	March Actual	March Budget	March Variance	Year to Date Actual	Year to Date Budget	Variance
REVENUE						
City of Johnson City Funding	\$ 174,206	\$ -	\$ 174,206	\$ 622,635	\$ 450,000	\$ 172,635
Interest Income	7,504	417	7,087	68,677	3,750	64,927
Total Revenue	181,710	417	181,293	691,312	\$ 453,750	237,562
EXPENDITURES						
Administrative						
Legal Fees	7,175	833	6,342	7,513	7,500	13
Administrative Fees	-	-	-	29,917	-	29,917
Downtown Development - Facade Grants	-	-	-	10,000	56,250	(46,250)
TIF Projects						
University Edge	225,299	201,409	23,890	225,299	201,409	23,890
Debt Service						
Downtown Centre - Principal	-	-	-	162,024	155,230	6,794
Downtown Centre - Interest	-	-	-	37,483	44,277	(6,794)
Downtown Pavilion - Principal	-	-	-	112,200	109,725	2,475
Downtown Pavilion - Interest	-	-	-	22,008	25,167	(3,159)
Model Mill - Interest	-	-	-	29,289	31,238	(1,949)
Triple G - Interest	-	-	-	8,029	9,175	(1,146)
MMM Enterprises - Interest	-	-	-	4,853	5,546	(693)
Buffalo Street Boardwalk	-	-	-	-	33,750	(33,750)
Total Expenditures	232,474	202,242	30,232	648,615	679,267	(30,652)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (50,764)	\$ (201,825)	\$ 151,061	\$ 42,697	\$ (225,517)	\$ 268,214

John Sevier Center

Monthly Financial Reports

Balance Sheet
Income Statement

March 31, 2024

John Sevier Center (1415)
Balance Sheet
As of Mar 2024

Accrual YE13

Mar 2024

4/8/2024 9:30

ASSETS

CASH

Current Assets

Cash-Operating	120,928.66
Cash-Petty Cash	100.00
Tenant AR	5,336.03
Allowance Doubtful Accts	(863.58)
AR/AP-HUD	16,232.00
AR-Other	121.01
Security Deposits	35,754.13
Prepaid Expenses	10,450.22
Prepaid Insurance	309.00
Replacement Reserve	<u>207,415.07</u>

TOTAL CURRENT ASSETS 395,782.54

FIXED ASSETS

Land	79,300.00
Buildings	5,086,483.00
Furniture for Project Use	34,952.00
Accumulated Depreciation	<u>(525,245.56)</u>

TOTAL FIXED ASSETS 4,675,489.44

OTHER ASSETS

TOTAL OTHER ASSETS 0.00

TOTAL ASSETS 5,071,271.98

John Sevier Center (1415)
Balance Sheet
As of Mar 2024

Accrual YE13

Mar 2024

4/8/2024 9:30

LIABILITIES & CAPITAL

LIABILITIES

Current Liabilities

AP - Operations	19,638.43
AP - Other	17,594.67
AP-Failure to Report Claims	658.00
AP-Failure to Report Repayments	(558.00)
Accrued Wages Payable	7,672.73
Accrued Mgmt Fee Payable	10,335.53
Accrued Interest-1st Mort	14,770.49
Accrued Property Taxes	52,465.03
Accrued Expenses	5,827.85
Accrued Audit Fees	18,337.50
AP-Related Party	10,145.41
Security Deposit	33,015.00
Pet Deposit	960.00
Prepaid/Unearned Rent	3,252.41
Prepaid HUD	6,092.00
	200,207.05
TOTAL CURRENT LIABILITIES	200,207.05

OTHER LIABILITIES

Mortgage Payable - 1st	3,767,772.65
Due to Other Funds - JCDA	527,186.50
	4,294,959.15
TOTAL OTHER LIABILITIES	4,294,959.15
TOTAL LIABILITIES	4,495,166.20

CAPITAL

Owner Equity	278,231.90
Net Profit (Loss)	297,873.88
	576,105.78
TOTAL CAPITAL	576,105.78

TOTAL LIABILITIES & CAPITAL	5,071,271.98
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**John Sevier Center (1415)
Comparative Income Statement**

Accrual^YE13
For the period ending March 31, 2024

4/8/2024 9:33

Account	Actual	Current Period Budget	Variance	Actual	Year-To-Date Budget	Variance
Revenue						
Tenant Rent Revenue	34,360.00	164,340.00	(129,980.00)	325,321.00	1,466,865.00	(1,141,544.00)
HUD Assistance	129,980.00	0.00	129,980.00	1,141,544.00	0.00	1,141,544.00
Total Gross Potential	164,340.00	164,340.00	0.00	1,466,865.00	1,466,865.00	0.00
VACANCY LOSS & CONCESSIONS						
Special Claims Revenue	0.00	2,953.25	(2,953.25)	19,439.00	26,579.25	(7,140.25)
Apartment Vacancy	(3,386.00)	(4,474.62)	1,088.62	(48,468.00)	(40,271.58)	(8,196.42)
Total Vacancy Loss & Concessions	(3,386.00)	(1,521.37)	(1,864.63)	(29,029.00)	(13,692.33)	(15,336.67)
OTHER INCOME						
Laundry & Vending Revenue	0.00	108.33	(108.33)	1,828.01	974.97	853.04
Misc Tenant Charges	246.09	600.00	(353.91)	3,863.87	5,400.00	(1,536.13)
Late Fees	164.15	333.33	(169.18)	1,508.73	2,999.97	(1,491.24)
Damages	1,004.00	281.25	722.75	6,667.36	2,531.25	4,136.11
Other Income	10,148.61	10,205.75	(57.14)	94,017.07	91,851.75	2,165.32
Total Other Income	11,562.85	11,528.66	34.19	107,885.04	103,757.94	4,127.10
BAD DEBT						
Bad Debts	411.91	(1,306.59)	1,718.50	(19,903.86)	(11,759.31)	(8,144.55)
Bad Debts - Admin	(426.00)	0.00	(426.00)	(9,772.00)	0.00	(9,772.00)
Allowance for Bad Debts	0.00	0.00	0.00	0.00	0.00	0.00
Total Bad Debt	(14.09)	(1,306.59)	1,292.50	(29,675.86)	(11,759.31)	(17,916.55)
Effective Gross Income (EGI)	172,502.76	173,040.70	(537.94)	1,516,045.18	1,545,171.30	(29,126.12)
Expense						
OPERATING EXPENSES						
UTILITIES						
Electricity	2,035.29	3,097.50	1,062.21	19,405.28	29,105.88	9,700.60
Electricity-Vacants	264.12	0.00	(264.12)	4,028.47	0.00	(4,028.47)
Water	1,555.69	1,765.42	209.73	18,832.42	26,356.82	7,524.40
Gas	205.24	271.92	66.68	1,547.51	2,042.58	495.07
Sewer	3,223.53	3,663.71	440.18	39,175.45	57,861.73	18,686.28
Total Utilities	7,283.87	8,798.55	1,514.68	82,989.13	115,367.01	32,377.88

**John Sevier Center (1415)
Comparative Income Statement**

Accrual^YE13
For the period ending March 31, 2024

4/8/2024 9:33

Account	Current Period			Year-To-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
CONTRACT SERVICES						
Contract-Exterminating	1,600.00	2,900.20	1,300.20	11,745.00	26,101.80	14,356.80
Contract-Elevator	2,247.50	950.00	(1,297.50)	11,243.00	8,550.00	(2,693.00)
Contract-Fire Alarm	600.13	1,849.54	1,249.41	8,799.15	16,645.86	7,846.71
Contract-Plumbing	960.00	300.42	(659.58)	3,760.00	2,703.78	(1,056.22)
Contract-Cable TV	8,135.69	8,547.83	412.14	62,431.83	76,930.47	14,498.64
Contract-Other	2,843.35	2,151.88	(691.47)	43,349.48	19,366.92	(23,982.56)
Garbage & Trash Removal	1,200.66	2,734.17	1,533.51	13,844.59	24,607.53	10,762.94
Contract-Security	12,485.39	10,000.00	(2,485.39)	111,703.90	90,000.00	(21,703.90)
Total Contract Services	30,072.72	29,434.04	(638.68)	266,876.95	264,906.36	(1,970.59)
REPAIRS & MAINTENANCE						
Janitorial Supplies	36.88	721.00	684.12	6,515.98	6,489.00	(26.98)
Maintenance Supplies	5,862.67	1,511.44	(4,351.23)	12,817.79	13,602.96	785.17
Decorating Supplies	0.00	333.33	333.33	2,063.16	2,999.97	936.81
Plumbing Supplies	1,108.18	1,525.50	417.32	12,166.95	13,729.50	1,562.55
Electrical Supplies	0.00	493.33	493.33	3,236.57	4,439.97	1,203.40
HVAC R & M	0.00	412.83	412.83	2,477.67	3,715.47	1,237.80
Appliances	0.00	833.33	833.33	4,192.85	7,499.97	3,307.12
Carpentry	0.00	143.75	143.75	2,422.86	1,293.75	(1,129.11)
Uniform Expense	0.00	0.00	0.00	763.09	1,039.00	275.91
NonRoutine Maintenance	0.00	2,083.33	2,083.33	972.33	18,749.97	17,777.64
Total Repairs & Maintenance	7,007.73	8,057.84	1,050.11	47,629.25	73,559.56	25,930.31
TURNOVER						
Painting & Paint Supplies	0.00	739.58	739.58	4,778.35	6,656.22	1,877.87
Contract-Janitorial	183.00	125.00	(58.00)	1,284.00	1,125.00	(159.00)
Contract-Paint	366.00	108.33	(257.67)	1,650.00	974.97	(675.03)
Total Turnover	549.00	972.91	423.91	7,712.35	8,756.19	1,043.84
ADMINISTRATIVE						
Conventions & Meetings	337.00	200.00	(137.00)	496.80	1,000.00	503.20
Office Equipment-Lease & Maint	0.00	66.67	66.67	676.11	600.03	(76.08)
Office Supplies	177.21	304.83	127.62	2,335.05	2,743.47	408.42
Postage	51.64	112.50	60.86	1,048.74	1,012.50	(36.24)
Telephone/Data/Cable/Answering Svc	780.05	425.00	(355.05)	5,911.34	3,825.00	(2,086.34)
Legal Exp-Collection/Evictions	1,628.26	483.33	(1,144.93)	3,962.55	4,349.97	387.42
Misc Admin Expense	118.81	256.17	137.36	1,936.60	2,305.53	368.93
Meals & Entertainment	0.00	215.92	215.92	434.88	1,943.28	1,508.40
Computer Expense	969.82	1,168.49	198.67	9,392.54	10,516.41	1,123.87

**John Sevier Center (1415)
Comparative Income Statement**

Accrual^YE13
For the period ending March 31, 2024

4/8/2024 9:33

Account	Current Period			Year-To-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Travel Expenses	0.00	393.83	393.83	119.07	3,544.47	3,425.40
Bank Charges	442.35	308.33	(134.02)	3,792.16	2,774.97	(1,017.19)
Dues & Subscriptions	125.00	19.58	(105.42)	480.00	176.22	(303.78)
Professional Fees	5,022.50	6,000.00	977.50	5,265.58	6,000.00	734.42
Mileage	309.54	375.00	65.46	4,050.57	3,375.00	(675.57)
Total Administrative	9,962.18	10,329.65	367.47	39,901.99	44,166.85	4,264.86
MARKETING & RESIDENT RETENTION						
Advertising & Marketing	540.73	4.17	(536.56)	1,332.47	37.53	(1,294.94)
Screening Expense	481.00	366.67	(114.33)	3,720.00	3,300.03	(419.97)
Tenant Promotions	118.51	541.67	423.16	4,527.65	4,875.03	347.38
Total Marketing & Resident Retention	1,140.24	912.51	(227.73)	9,580.12	8,212.59	(1,367.53)
PERSONNEL						
Office Payroll	0.00	3,466.00	3,466.00	19,028.66	26,068.68	7,040.02
Office Payroll CC	364.91	542.53	177.62	4,332.56	4,882.77	550.21
Manager Payroll	8,438.37	6,930.55	(1,507.82)	58,173.15	52,819.40	(5,353.75)
Payroll Processing Fees	80.57	117.07	36.50	718.30	1,053.63	335.33
Repairs & Maint Payroll	14,297.90	12,902.72	(1,395.18)	104,480.35	96,388.08	(8,092.27)
Payroll Tax Expense	1,771.44	1,811.18	39.74	14,077.25	13,662.51	(414.74)
Employee Benefits & Insur	5,620.66	7,373.87	1,753.21	38,443.75	66,364.83	27,921.08
Total Personnel	30,573.85	33,143.92	2,570.07	239,254.02	261,239.90	21,985.88
Total Controllable Operating Expenses	86,589.59	91,649.42	5,059.83	693,943.81	776,208.46	82,264.65
Controllable NOI	85,913.17	81,391.28	4,521.89	822,101.37	768,962.84	53,138.53
AUDIT EXPENSE						
Audit Expense	2,037.50	2,037.50	0.00	18,337.50	18,337.50	0.00
Total Audit Expense	2,037.50	2,037.50	0.00	18,337.50	18,337.50	0.00
MANAGEMENT & BOOKKEEPING						
Management Fees	10,335.53	12,041.71	1,706.18	97,488.29	108,375.39	10,887.10
Total Management & Bookkeeping	10,335.53	12,041.71	1,706.18	97,488.29	108,375.39	10,887.10
TAXES & INSURANCE						
Real Estate Taxes	3,497.67	3,497.67	0.00	31,479.03	31,479.03	0.00

**John Sevier Center (1415)
Comparative Income Statement**

Accrual^YE13
For the period ending March 31, 2024

4/8/2024 9:33

Account	Current Period			Year-To-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Property & Liability Insu	7,484.41	8,459.10	974.69	63,655.49	66,262.20	2,606.71
Workers Compensation Insu	309.00	262.83	(46.17)	2,780.67	2,365.47	(415.20)
License & Permits	0.00	0.00	0.00	290.00	285.00	(5.00)
Taxes-Other	0.00	41.67	41.67	317.00	375.03	58.03
Total Taxes & Insurance	11,291.08	12,261.27	970.19	98,522.19	100,766.73	2,244.54
TOTAL NON-CONTROLLABLE OPERATING	23,664.11	26,340.48	2,676.37	214,347.98	227,479.62	13,131.64
TOTAL OPERATING EXPENSES	110,253.70	117,989.90	7,736.20	908,291.79	1,003,688.08	95,396.29
NET OPERATING INCOME	62,249.06	55,050.80	7,198.26	607,753.39	541,483.22	66,270.17
NON-OPERATING EXPENSES						
Depreciation	9,217.81	0.00	(9,217.81)	82,960.29	0.00	(82,960.29)
Cap Ex-Appliances	1,905.94	500.00	(1,405.94)	12,022.22	4,500.00	(7,522.22)
Cap Ex-Unit Flooring	3,564.89	1,166.67	(2,398.22)	42,747.45	10,500.03	(32,247.42)
Cap Ex-Electrical	0.00	291.67	291.67	0.00	2,625.03	2,625.03
Cap Ex-Plumbing	534.35	166.67	(367.68)	5,134.35	1,500.03	(3,634.32)
Cap Ex-HVAC	5,660.91	666.67	(4,994.24)	14,849.83	6,000.03	(8,849.80)
Cap Ex-Upgrades-Building	0.00	0.00	0.00	19,930.46	255,000.00	235,069.54
Mortgage Interest-1st	14,770.49	14,278.06	(492.43)	132,197.13	129,685.38	(2,511.75)
Interest - Other	4.49	0.00	(4.49)	37.78	0.00	(37.78)
Total Non-Operating Expenses	35,658.88	17,069.74	(18,589.14)	309,879.51	409,810.50	99,930.99
NET INCOME	26,590.18	37,981.06	(11,390.88)	297,873.88	131,672.72	166,201.16
CASH FLOW ITEMS						
Deposits-RR	21,250.00	21,250.00	0.00	191,250.00	191,250.00	0.00
Releases-RR	0.00	(63,750.00)	(63,750.00)	0.00	(191,250.00)	(191,250.00)
Principal Pmts-1st Mortga	9,203.45	8,742.14	(461.31)	75,477.17	77,500.91	2,023.74
JCDA Pmts	9,750.00	9,750.00	0.00	87,750.00	87,750.00	0.00
Depreciation	(9,217.81)	0.00	9,217.81	(82,960.29)	0.00	82,960.29
TOTAL CASH FLOW ITEMS	30,985.64	(24,007.86)	(54,993.50)	271,516.88	165,250.91	(106,265.97)
Net Income after Cap Ex and DS	(4,395.46)	61,988.92	(66,384.38)	26,357.00	(33,578.19)	59,935.19



Hunden Partners Contract: John Sevier Center Highest and Best Use and Developer Solicitation and Selection Services

To: Johnson City, Tennessee, Purchasing Department
Alicia Summers, Economic Development Director
209 Water Street, Johnson City, TN 37601
Sent via email to: asummers@johnsoncitytn.org

From: Rob Hunden, CEO
Hunden Partners
213 W Institute Place, Suite 707
Chicago, IL 60610
rob@hunden.com

Date: March 14, 2024

The City of Johnson City (Client) is engaging the Hunden Partners team (Hunden or Team), including architects with Convergence Design, to provide a highest and best uses study including market demand, financial feasibility and economic impact study, as well as developer solicitation and selection services for redevelopment of the John Sevier Center building and adjacent parking garage (Project), located in downtown Johnson City, Tennessee.

The historic John Sevier Center building, located at 141 E Market Street, was built in the 1920s and originally operated as a luxury hotel. Since 1978, the building has served as an affordable housing complex. For the last few years, the City has been in the process of solidifying plans to relocate the affordable housing units that currently occupy the building, and it is possible that this could be achieved as soon as December 2025. With new zoning approved and development plans for new housing underway, the City is now interested in understanding the highest and best uses of the future redevelopment of the soon-to-be vacant John Sevier Center and adjacent 343-space parking structure.

Hunden Partners will complete a highest and best uses analysis for the Client to determine the current supply, demand and opportunity for possible hotel, residential, restaurant, retail, entertainment and office uses for the Center. Once we have confirmed the supportable mix of uses, Hunden will create demand and financial models to show projected performance for each use. An economic, fiscal and employment impact analysis will then be conducted to show the projected return on investment to the community in terms of jobs, new spending and tax revenues generated by the Project.

The following figures show the current Project structures in Johnson City.



Concept design and budget estimates. Beyond Hunden’s deep market analysis, our approach is distinguished by the inclusion of a design firm on the assignment. Convergence Design, Hunden’s frequent design collaborator, understands the most efficient layout and redevelopment cost elements of successful mixed-use developments, as well as the site issues related to size/access/parking. Without these details, it is difficult to understand the cost side of the feasibility equation, as well as the layouts/concept designs and other elements critical to understanding “what you get” for the investment.

Developer Solicitation and Selection Services. Once the study is complete, Hunden will manage and execute a developer solicitation and selection process for the recommended Project program. This scope of work is outlined following the Phase I scope narrative.

Scope of Work

Phase I: Highest and Best Use Market and Financial Feasibility Study

- Task 1 – Project Kickoff and Orientation
- Task 2 – Building Profile and Site Overview
- Task 3 – Economic, Demographic and Tourism Analysis
- Task 4 – Hotel/Unique Hospitality Market Analysis
- Task 5 – Mixed-Use Market Analyses
 - Retail and Restaurant Market Analysis
 - Office Market Analysis
 - Multifamily Market Analysis
 - Entertainment/Eater-tainment Market Analysis
- Task 6 – Case Studies
- Task 7 – Recommendations, Budgets and Layouts
- Task 8 – Demand and Financial Projections
- Task 9 – Economic, Fiscal and Employment Impact Analysis

Phase II: Developer Solicitation and Selection Services

- Task 1 – RFQ Process Kickoff and Orientation
- Task 2 – Creation of RFQ Documents
- Task 3 – Management of Solicitation Process
 - Promoting the Opportunity
 - Site Visit
 - Q&A
- Task 4 – Review and Assessment of RFQ Submittals; Zoom Interviews
- Task 5 – Creation of RFP; Shortlisted Developers Receive RFP
- Task 6 – Evaluations, Interviews and Rankings
- Task 7 (Billed Hourly) – Term Sheet, Negotiations, and Ongoing Advisory

Phase I: Highest and Best Use Market and Financial Feasibility Study

Task 1 – Project Kickoff and Orientation

During the project kickoff, Hunden will perform the following orientation and due diligence-oriented tasks:

- Meet with and obtain information/data from the City of Johnson City, tourism officials, economic development officials, and other key stakeholders as appropriate.
- Tour the Project site, downtown Johnson City, and surrounding area assets, as well as projects currently underway in the area to better understand the site and surrounding land uses.
- Review previous plans and documents related to the Project.
- Gather and review relevant economic, demographic, tourism and other data.

Task 2 – Building Profile and Site Overview

This task will provide an overview of the existing structures and proposed Project, including possible hotel/unique lodging facilities, office, retail and restaurant opportunities, and others. Details will include, as available:

- Profile of the existing John Sevier Center and Downtown Center parking garage,
- Profile of historical use of the building and structures,
- Current site and building conditions,
- Location,
- Current building layouts and drawings, and
- Development plan or future vision.

During the kick-off, Hunden and Convergence Design will review all of the existing site and building details with the Client. Hunden will also profile the surrounding demand generators and developments, as they pertain to the Project.

Task 3 – Economic, Demographic and Tourism Analysis

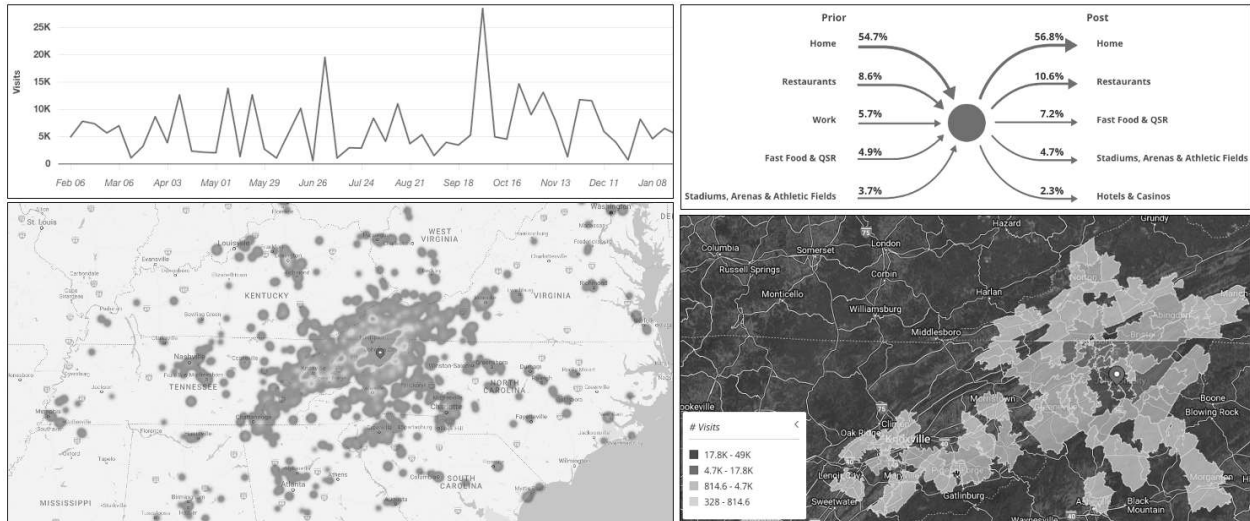
Hunden will evaluate Johnson City's position as a center of economic activity, related to resident population and growth, business location and growth, accessibility, and as a destination for visitors. This analysis will provide a realistic SWOT assessment for the local and regional area. Among the data gathered and analyzed may include:

- Geographic attributes, accessibility, and transportation links,
- Trends in population growth and income, and other demographic information,
- Corporate presence, major employers and any significant recent or likely future changes,
- Nodes of restaurant, retail, and commercial development growth, and



- Tourism drivers and assets relevant to the community and potential development of the site.

Hunden utilizes the latest market data, visitor origin data, demographic data, psychographic data, and other resources to determine a comprehensive view of your marketplace. The following figures of the Johnson City Freedom Hall illustrate at a high level Hunden’s capabilities with these tools.



Task 4 – Hotel/Unique Hospitality Market Analysis

Industry Trends. Hunden will cover the trends that influence hotel and unique hospitality development and performance and how recent macro events have impacted hotels. In addition, Hunden will cover key drivers of demand, financial realities, including typical metrics and cap rates, and others as relevant.

Local Market. In this task, Hunden will profile the area supply of hotels, as well as the key nodes or clusters of hotels in the marketplace. Hunden will interview local hotel and tourism management representatives to determine the sources of demand for the market generally and for individual hotels in and around the Johnson City area. Hunden will gather local and regional tourism data from specific hotel, event, sports and meeting facilities and organizations. Hunden will consider such annual events and seasonal tourism waves to examine how the existing hotels are or are not accommodating the type of demand that would like to visit the area.

Competitive Set. Hunden will analyze the submarket to determine the competitive set of hotels near the Project site. Hunden will consider location, size, quality, age, brand, concept, amenities and other factors. Hunden will obtain data through interviews and STR (Smith Travel Research) statistical database and reports, and a variety of industry resources.

Proposed and Under Construction Projects. Hunden will profile the relevant projects underway or imminent and consider those as part of the future competitive set.



Comp Set Performance. The analysis will include tracking of occupancy, monthly room night demand, average daily rate (“ADR”), and Revenue per Available Room (“RevPAR”), and performance by year, month, day of week, unaccommodated demand and demand type/market mix.

Hunden will discuss how new hotels have been absorbed into the market. Hunden will provide conclusions on the ability of these improvements to induce more demand from each major market segment. Market segmentation within the set will also be shown in three primary categories:

- Commercial transient,
- Group (corporate group, association, and other), and
- Leisure.

Interviews. Hunden will interview competitive set hotel management to understand what business they are accommodating and the type of business that they believe may be going to other hotels outside of Johnson City due to quality, space availability and other issues. These interviews are critical to a true understanding of the market beyond what historical statistics show and portend. This is a step that Hunden always includes that many firms do not.

Implications. Based on the market data and interview insights, as well as Hunden’s experience in other markets with similar situations, implications will be provided for the Project.

Task 5 – Mixed-Use Market Analyses

For each of the relevant potential uses for the site, including **multifamily, retail/restaurant, entertainment/eater-tainment, and office**, Hunden will conduct the following research:

Industry Trends. Hunden will cover the trends that influence how and where people want to shop, eat/drink and be entertained as part of those experiences, and how recent macro events have shifted these trends. In addition, Hunden will cover key drivers of demand, financial realities, including typical metrics and cap rates, and others, as relevant.

Market Performance. Supply, Demand, Rates, Absorption, and other key metrics of the Johnson City market, in time-series charts and data tables, using CoStar and other analytical tools. Hunden will include a map of area submarkets and key nodes of asset clusters.

Submarket Performance. Supply, Demand, Rates, Absorption, and other key metrics of the Project site submarket, in time-series charts and data tables, using CoStar and other analytical tools.

Competitive Set Identification & Performance. Profiles of leasable spaces or developments (location, size, quality, age rates, vacancy), absorption and time-series of performance. A competitive set supply map will profile location and consider nearby supportive uses, such as residential, office clusters, hospitality, attractions, and other support/demand generators.

Proposed and Under Construction Projects. Hunden will profile the relevant projects underway or imminent and consider those as part of the future competitive set absorption dynamic.

Geofencing research technology. Hunden will study customer origin and traffic analytics for relevant businesses. This information will be used to understand the possible impacts of new hotel, restaurant, retail, entertainment and/or office space in Johnson City and project how the development will perform.

Interviews. Hunden will interview local brokers, facility management and others in the marketplace to understand the nuances moving the market. Hunden will work to determine what product could thread the needle to improve the market's offerings and achieve rates that will support development costs. Often, new, unique product can significantly outperform existing stock if there is a gap in quality, age, location, etc. that could induce new demand and higher rates to the submarket.

Implications. Based on the market data and interview insights, as well as Hunden's experience in other markets with similar situations, implications will be provided for the Project.

Task 6 – Case Studies

At a high level, Hunden will review relevant similar redevelopment/reuse and mixed-use projects developed in comparable markets to understand what has worked in other places. Hunden will focus on those in markets with comparable characteristics to those of the Project site. Hunden will consider the following data points as available: location, size, development components and programming, and others as available and relevant.

Using **geofencing research technology**, Hunden can assess how busy similar/comparable or competitive mixed-use developments are, compare them to the Project, and determine primary trade areas, visitor origin, demographics and other datapoints.

The results will provide the Client with lessons learned and critical elements to success or failure.

Task 7 – Recommendations, Budgets and Layouts

Considering the analysis, Hunden will make recommendations for the optimal mix of use types for the reuse of the Center and parking garage. This will not only be based on the existing market, but also on the market that the Client is looking to attract. Hunden will provide development scenarios by type of use which may include hotel/unique lodging, multifamily, restaurants, shopping/retail, entertainment/eater-tainment, and office. Hunden and CD will provide redevelopment scenarios for the Client to consider, as appropriate and revealed through the market analysis.

Budgets and Layouts. Once physical program recommendations for the Project are determined, professionals at Convergence Design will forecast estimated construction costs/budgets for the recommended scenarios. CD will then create high-level concept layouts for the optimal Project program, as appropriate.

Task 8 – Demand and Financial Projections

Hunden will comprehensively research and explain the market area's demand for each of the uses over the next ten years using the best available data and employing appropriate research from the prior tasks

to provide a robust understanding of the demand for each use. Our approach and data presentation will align with industry-standard reporting for private sector real estate (hotel, commercial, residential) demand modeling.

Hunden will conduct a demand model, including a penetration analysis. This will then lead to assumptions that will be used to determine the detailed financial projections for each use. These will include major line-item detail of revenue and expense for each component, which will then result in net operating income (NOI) that will support debt service. Hunden will present projections from each component and then combine these results into a mixed-use financial projection.

In order to determine financial feasibility, the net operating income must be shown against a development cost. Hunden will show the supportable equity and debt that the net cash flows support. We will also run a discounted cash flow analysis to show the perspective an appraiser for a bank would utilize to determine DCF valuation. From these financial analytics, the feasibility will be determined. If there is a feasibility gap, the modeling from Hunden will determine the amount and what key items led to the gap (costs, absorption, rents, etc.).

Task 9 – Economic, Fiscal and Employment Impact Analysis

Hunden will conduct an economic, fiscal and employment impact analysis to determine the direct, indirect, and induced impacts, including the tax revenues that are generated by the Project.

Based on the above analysis, a projection of net new direct spending will be tabulated. New spending is spending that is new to the community due to new residents, visitors to retail/restaurant, new employees in offices and other spending impacts associated with the development. The model will consider net new recaptured and induced spending only (versus gross spending) to ensure that substitution spending is netted out of the impacts. Spending categories primarily include food/beverage, retail, transportation, lodging and entertainment/other. The net new and recaptured spending is considered to be the **Direct Impact**.

From the direct spending figures, further impact analyses will be completed.

- **Indirect Impacts** are the supply of goods and services resulting from the initial direct spending. For example, a new resident's direct expenditure on retail causes the store to purchase goods and other items from suppliers. The portion of these purchases that are within the local economy is considered an indirect economic impact.
- **Induced Impacts** embody the change in local spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income because of the new spending. The amount of the increased income that the employee spends in the area is considered an induced impact.
- **Fiscal Impacts** represent the incremental tax revenue collected by the City due to the net new economic activity related to a development. The fiscal impact represents the government's share of total economic benefit. There will be distinct tax impacts for each governmental entity. Fiscal impacts provide an offset to the potential public expenditures required to induce

the development of the Project. Hunden will identify the taxes affected and conduct an analysis of the impact on these accounts and governmental units.

- **Employment Impacts** include the incremental employment provided not only onsite, but due to the spending associated with the Project. For example, the direct, indirect, and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. Hunden will show the number of ongoing jobs supported by the project and provide the resulting income and income taxes generated.

Hunden uses one of the industry's most relied upon multiplier models, IMPLAN. This input-output model estimates the indirect and induced impacts, as well as employment impacts, based on the local economy. An input-output model generally describes the commodities and income that normally flow through the various sectors of the economy. The indirect and induced expenditure, payroll and employment result from the estimated changes in the flow of income and goods caused by the projected direct impacts. The model data are available by various jurisdictional levels, including counties.

Phase I Milestones and Touchpoints

- **Kickoff Organizing Call** – Once the administrative engagement paperwork process is complete, Hunden will schedule an initial kickoff organizing call/Zoom with the Client team for introductions and to schedule the in-person site visit, tours, and meetings. Hunden will send a kickoff memo outlining requests for data, scheduling arrangements, and key contact information.
- **Site Visit/Local Discovery** – Members of the Hunden key personnel team will travel to Johnson City to conduct an in-person kickoff trip with the Client, including stakeholder meetings and interviews, a site tour, and tours of surrounding demand generators.
- **Circle Back Call** – After the kickoff trip, Hunden will schedule a 'circle-back call' with the Client to wrap up data requests and any outstanding discovery phase items.
- **Check-In Calls** – Throughout the market research tasks, Hunden can schedule check-in calls with the Client to ensure timely forward direction through the study process.
- **Market Findings Presentation** – At the completion of Task 7, Hunden will present a PowerPoint-style deliverable of market findings electronically to the Client. This will include our recommendations and scenarios as appropriate.
- **Draft Analysis** – Hunden will complete all financial and impact modeling elements of the scope of work and compile the results into a PowerPoint-style draft analysis of its financial outputs, which will be presented to the Client electronically for review and comment.
- **Final Analysis** – After receiving comments from the Client on the draft analysis, Hunden will issue its final analysis.

Phase II: Developer Solicitation and Selection Services

Task 1: Process Kickoff and Orientation

Hunden Partners professionals will meet with the Client to confirm the goals of the process and other contextual issues related to the Project. Hunden will perform the following orientation and due-diligence-oriented tasks:

- Obtain information and data from the City of Johnson City, as well as any other appropriate governmental agencies and stakeholders.
- Review the completed highest and best uses study and determine which elements of previous reports (or other materials) should be utilized in the RFQ document, as appropriate.
- Review Hunden's similar efforts, discuss their attributes, implementation and approach to determine lessons learned and implications.
- Discuss the marketing approach to the RFQ/P effort. Media/press releases can be very beneficial in aiding the promotion of the bidding process, if managed.

Hunden will also begin compiling a database of potential developers for marketing the Project opportunity in addition to our existing database of developers and development partner firms (architects, engineers, etc.) as appropriate.

Task 2: Creation of RFQ Document

Hunden will draft an RFQ document package, to be reviewed and accepted by Client representatives. This document package will include the following pieces:

- RFQ Document Details and Submission Requirements, including:
 - Overview of Client's vision for the Project,
 - Required, suggested and prohibited uses, and
 - Evaluation criteria, including vision, experience in other similar situations, pricing/value, physical and design quality, team components and others as determined with the Client,
- Marketing materials (site layouts and renderings as applicable), and
- Hunden's highest and best uses study.

Hunden understands the importance of creating a concise, sharp, professional RFQ document package that will present the development opportunity in the strongest light. This package will act as the calling card for the Project opportunity to solicit interest from a wide audience.

Task 3: Management of Solicitation Process; Promoting the Opportunity; Site Visit; Q&A

Hunden will target relevant contacts in the development industry from our developer database that will be critical for RFQ distribution. Hunden will also scour the local/regional/national marketplace to add more developers who have worked on this type of project previously that should be made aware of the opportunity.

Hunden will then execute the following tasks to publish the opportunity:

- Post the RFQ document package for download on Hunden’s website at www.hunden.com/downloads. This process includes creation of a registration form that enables Hunden to track downloads and create a record of interested parties.
- Send the RFQ document package to the list of appropriate developer contacts in Hunden’s database via email/PDF attachment.
- Promote the opportunity, including issuing a press release announcing the opportunity to maximize exposure regionally and nationally. Hunden will develop a targeted media list that identifies leading industry-specific websites for distribution, as well as issue via PR Newswire. Hunden will send *individual* emails to our database of hundreds of developers and related entities.

Reliable and **consistent communication** is critical to ensure interested parties stay interested and follow through with RFQ submissions. As these requests are time-consuming, it is easy for many potential vendors to not respond and focus on other less time-consuming opportunities. Hunden will act as the communication lead on behalf of the Client to ensure a strong response to the RFQ process. Hunden will discuss the proposal process with potential respondents and represent the Client’s best interests when doing so. In consultation with the Client, Hunden will set a deadline for submitting written questions or requests for clarification and will assist in responding to these written inquiries.

A **tour of the site** and surrounding area in Johnson City will be conducted by Hunden and Client representatives for the benefit of the bidders. This will give the bidders a chance to ask questions, understand current and future conditions, and generally involve themselves more deeply in the process. Hunden will record all questions and answers during the tour and any related meetings. After the tour and the **Question & Answer Period**, Hunden will send an RFQ Amendment to the interested groups with answers to all questions posed to date. Typically, the date to submit final questions is approximately two to three weeks prior to the RFQ submittal deadline.

Task 4: Review of the RFQ Submittals; Zoom Interviews

Hunden will review the RFQ submittals and compare them in a matrix memo summarizing the qualifications of the groups for each opportunity. Amongst other requested items, Hunden will assess:

- Firm/Team experience and qualifications,
- Firm/Team financial resources, bank lines of credit,

- References for similar projects completed in the past five years, and
- Others as appropriate.

Hunden will conduct reference checks and undertake procedures to verify information contained in the submittals.

Hunden suggests conducting Zoom interviews with those under consideration for the short list to meet and engage with the bidders prior to shortlisting for the RFP process. These interviews will allow for an informal and informational discussion that will pair personalities and perspectives with the RFQ submittal, which will help lead to a more informed short-listing outcome.

Items considered will be experience in other similar situations, pricing/value, team components and others as determined. From there, the Client can shortlist immediately, and finalists will be invited to submit proposals.

Task 5: Creation of RFP; Shortlisted Developers Receive RFP

Hunden will create the RFP document based on the criteria determined with the Client. A scoring matrix will be included.

Hunden will have been working on the RFP document during the prior tasks. The RFP should be ready prior to creation of the shortlist, which means the shortlisted groups would receive the RFP immediately after the zoom interviews and shortlist is determined. Hunden recommends that the shortlisted developers have approximately six weeks to respond with their full proposals. Hunden will work behind the scenes with the shortlisted groups to ensure full compliance with the request and answer any questions in order to generate the highest quality responses. In-person interviews (or Zoom if preferred) can be set in advance so the process can move quickly once proposals are received.

Task 6: Evaluations, Interviews and Rankings

Hunden will then collect the responses to the RFP and develop a summary document that puts the proposals and responses in a side-by-side comparison matrix. Each category of response will be evaluated, and conclusions drawn. Proposal contents may include the following elements:

- Conceptual site plan and vision,
- Development pro forma,
- Schedule and execution plan,
- Financing structure,
- Incentives/Assistance sought from the Client, and
- Other requirements as determined between Hunden and the Client.

Hunden will formulate a list of recommended questions that the Client will ask of the potential candidates to clarify the RFP responses.



Based on the evaluations, Hunden and the Client may determine to shortlist the groups that will interview, depending on a variety of factors. Hunden will advise the Client on best practices.

Interviews. Prior to determination of a final ranking, interviews and presentations should be conducted with the top-ranked respondents. While much knowledge can be gained from responses on paper, the Client will make its most well-informed decision after combining response information with presentation and question-and-answer clarifications with the top-ranked respondents via interviews of approximately 90 minutes each. It is then that the character of each organization (or team) can be more accurately observed.

Hunden will plan and coordinate the finalist interviews with the Client and will communicate with teams about the expectations, logistics and other factors to prepare all parties for a robust and efficient process.

Immediately after the interviews, Hunden suggests ranking and not designating a one-and-only Developer, based on the scoring matrix or other voting methods. In order for the community to retain flexibility in negotiations, the respondents must know that if discussions with the first group are not successful, then the Client has the option to proceed to the second-ranked Developer. There may also be follow-up questions that Hunden asks the Developers after the interviews if a determination about a top-ranked group cannot be made.

Task 7: Term Sheet, Negotiations and Ongoing Advisory (Billed Hourly)

Hunden will provide advice and consultation to the Client during negotiations with the selected company on a Term Sheet, followed by a final Developer Agreement. This will be completed on an hourly basis.

Hunden will continually be your resource for this task and make recommendations regarding the negotiations. In addition, as requested, Hunden will serve as the Client's representative, organizing conference calls, meetings and moderating discussions between the company, Client, attorneys and other parties.



Timing

Phase I. Hunden anticipates the following timing for each distinct deliverable:

- Market Findings – approximately seven weeks after the following have occurred: contract authorization, receipt of initial kickoff payment, and completion of in-person site visit and circle back call to confirm schedules/availability for market findings presentation.
- Draft Analysis – approximately three weeks after delivery of Market Findings
- Final Analysis – approximately one to two weeks after receiving Client comments on the draft

We expect the overall timeline to be 12 weeks, assuming Client responsiveness and availability.

Phase II. Hunden anticipates that this phase of work will span nine to twelve months.

The approximate timing for the completion of the RFQ/P process, prior to negotiations, is approximately five months, with two months for the RFQ, then another three months for the RFP, evaluations and selection. It is possible the process will require more time, based on a number of factors outside of Hunden’s control.

The negotiation of a Term Sheet, which is followed by a formal Development Agreement document can take two (2) months or more, depending on many factors outside of Hunden’s control. We recommend weekly virtual meetings between the Client/Hunden, as well as weekly communication with the developer, in order to expedite the negotiation process.

Fees

Phase I: Highest and Best Uses Market and Financial Feasibility Study

Hunden will conduct the Phase I scope of work for a lump sum fee of **\$74,000**, inclusive of research and travel expenses for one (1) trip to Johnson City for the kickoff site visit. Hunden will bill the client according to the following payment milestones:

- | | |
|---------------------------------------|----------|
| ▪ Kickoff Invoice, due to begin work: | \$18,500 |
| ▪ Market findings: | \$18,500 |
| ▪ Submission of draft analysis: | \$18,500 |
| ▪ Submission of final analysis: | \$18,500 |

Phase II: Developer Solicitation and Selection Services

Tasks 1-6. Hunden will complete Phase II Tasks 1-6 for a lump sum fee of **\$76,000**, inclusive of up to two (2) trips to Johnson City for the developer site tour and the developer interviews.

Hunden proposes to bill according to the following payment schedule, broken out by deliverable milestone:



- Kickoff to Initiate Process: \$19,000
- RFQ Document Issued: \$19,000
- RFP Document Issued: \$19,000
- Completion of Task 6: \$19,000

Task 7 Negotiations (Hourly). Hunden works hourly during the development negotiation phase and will work up to a limit of **\$25,000** plus any direct expenses. Any work completed during this phase will be billed hourly at the following rates, billed monthly:

- Rob Hunden, CEO: \$495
- Steve Haemmerle, EVP: \$425
- Senior Project Manager: \$395
- Project Manager: \$375
- Analytics Manager: \$365
- Research Director: \$350
- Senior Analyst: \$335
- Quality Assurance/Reviewer: \$300
- Analyst: \$265
- Administration: \$150



Authorization

All parties agree to the terms set forth in the following attachments: General Contract Form and Requirements for Bids, Requests for Proposals, and Contracts Between the City of Johnson City and Other Parties.

Accepted By (City of Johnson City):

Signature _____

Printed Name _____

Title _____

Company _____

Date: _____

Accepted By (Hunden Partners):

Signature _____

Printed Name _____

Title _____

Company _____

Date: _____

RFP# 6724
HIGHEST AND BEST USES MARKET AND FINANCIAL FEASIBILITY STUDY
PROPOSAL FORM

The undersigned hereby declares that no person or party other than the undersigned have any interest whatever in this proposal, that it is without any connection or collusion with any person or persons making or having made any proposal for the same product/service and without any previous understanding with such person or persons as to relative prices, obviating competition, and that it is made in good faith.

The undersigned also declares that they have carefully examined the scope of work relating to the service herein referred to, and fully understands the nature of the obligations proposed.

By signing this document, the undersigned hereby agrees to all other terms and conditions, including the attached Sealed Solicitation General Terms & Conditions and the City's Requirements for Bids, Requests for Proposals, and Contracts Between the City of Johnson City and Other Parties and the Requirements of the Iran Divestment Act and Non-Boycott of Israel Act (Sealed Solicitations General Terms & Conditions #19 & #22) contained in this proposal and associated documents relating to this proposal and will furnish items as specified if this proposal is accepted. By submission of this proposal, each vendor and each person signing on behalf of any vendor certifies, and in the case of a joint proposal each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder complies pursuant to T.C.A. § 12-12-106 & T.C.A. § 12-4-119.

Company: Hunden Partners

By:  _____
(signature of authorized agent)

Name: Robin Hunden

Title: President and CEO

Address: 213 W Institute Place STE 707

Chicago, IL 60610

Phone: 312-643-2500

E-mail: rob@hunden.com

Website: www.hunden.com

Date: 3-1-24

PROPOSAL MUST BE SIGNED AND RETURNED TO BE VALID