



# AGENDA

## Johnson City Development Authority Board Meeting

Friday, March 22, 2024 @ 8:00 AM  
Memorial Park Community Center 510 Bert St.  
Johnson City, TN 37604

**1. CALL TO ORDER**

1.1. Call to Order and Quorum Confirmation: 6/11 of Current Members Required

Commissioners	Term Expires	Present	Absent
Shannon Castillo, Chair	June 30, 2024		
Jack Simpson, Vice Chair	June 30, 2025		
Ernest Campbell, Treasurer	June 30, 2024		
Hank Carr	June 30, 2025		
County Commissioner Jodi Jones	County Commission Seat		
County Commissioner Freddie Malone	County Commission Seat		
Daniel Tackling	June 30, 2026		
City Commissioner Joe Wise	City Commission Seat		
Chris Hyder	June 30, 2026		
City Commissioner Aaron Murphy	June 30, 2024		
Bob Cooper	June 30, 2025		
Patricia Oldham, AICP, TCEcD	Executive Director, non-voting		

1.2. Claim for Member Conflict of Interest

1.3. Additional Action Item to Agenda

Mark Up to Market to be addressed at item 4.1 with the John Sevier Operations Report

## 2. ADOPTION OF MINUTES

- 2.1. ACTION: Review and Adoption of the February 23, 2024 Regular JCDA Meeting Minutes  
[February 23, 2024 JCDA Regular Meeting Minutes](#)

## 3. PUBLIC COMMENT ON AGENDA

## 4. COMMITTEE REPORTS

- 4.1. John Sevier Center Operations Report  
[March 2024 John Sevier Operations Report](#)
- 4.2. John Sevier Center Disposition Report  
[John Sevier Disposition Report March 2024](#)
- 4.3. Downtown Centre/Parking Garage Report  
[Downtown Centre and Parking Garage Report March 2024](#)  
[Downtown Centre Parking Garage Management and Operation March 2024 1\\_0](#)
- 4.4. ACTION: TIF Advisory Committee Report and TIF Agreement Action  
**ACTION ITEM 1:** Facade Grant Revision Request 128/130 Spring Street (FAC23-002)  
**ACTION ITEM 2:** Facade Grant Reimbursement Request 205 E. Main Street (FAC23-003)  
**ACTION ITEM 3:** *TIF Resolution, Development Agreement, with Note A and Note B regarding \$751,382 for the John Sevier Center Capital Expense and Roof Replacement & Downtown Centre Security Camera System* ***See Related Documents: Section 8, TIF Agreement Documentation, Appendix A***  
[TIF Advisory Committee Report March JCDA 2024 Updated 031924](#)  
[FAC23\\_003\\_128\\_130\\_Spring\\_Street\\_Corbin\\_Staff\\_Recommendation\\_REVISED\\_031924](#)  
[FAC23\\_002\\_205\\_207\\_East\\_Main\\_Street\\_Beacon\\_Financial\\_Extension\\_Staff\\_Recommendation](#)
- 4.5. Human Resources Report  
[Human Resources Report March 2024](#)
- 4.6. ACTION: Finance Committee Report  
[JCDA Finance Committee Report March 2024](#)  
[TIF loans Commitment Letter 2-27-24 HTB](#)  
[Washington County Resolution 24-02-04 TIF Request](#)  
[TIF Funding Analysis 03.2024](#)

## 5. FINANCIALS

- 5.1. ACTION: Johnson City Development Authority General Operating Fund Financial Statement  
[JCDA General Fund Financial Statement February 2024](#)
- 5.2. ACTION: Johnson City Development Authority Tax Increment Financing (TIF) Special Fund Financial Statement  
[TIF Special Revenue Fund Financial Statement February 2024](#)
- 5.3. ACTION: John Sevier Center Financials  
[John Sevier Center Financials February 2024](#)

## 6. CHAIR REPORT

Comments from the Chairman

## 7. ADJOURNMENT

## 8. APPENDIX A - TIF AGREEMENT DOCUMENTATION

Related Documents: Appendix A - TIF Resolution Authorizing and Approving All Documents, Development Agreement, Notes A & B

- 8.1. [JCDA TIF Resolution Devel Agr A and B John Sevier Center and Downtown Centre 751352 031824 Redacted Acct](#)



# Minutes

## Johnson City Development Authority

Friday, February 23, 2024 @ 8:00 AM  
510 Bert St. Johnson City, TN 37604

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**CALL TO ORDER**

Called to order at 8:01AM by Chairman, Shannon Castillo.

**Call to Order and Quorum Confirmation: 6/11 of Current Members Required**

Commissioners	Term Expires	Present	Absent
Shannon Castillo, Chair	June 30, 2024	X	
Jack Simpson, Vice Chair	June 30, 2025	X	
Ernest Campbell, Treasurer	June 30, 2024	X	
Hank Carr	June 30, 2025		X
County Commissioner Jodi Jones	County Commission Seat	X	
County Commissioner Freddie Malone	County Commission Seat	X	
Daniel Tackling	June 30, 2026		X
City Commissioner Joe Wise	City Commission Seat	X	
Chris Hyder	June 30, 2026	X	
City Commissioner Aaron Murphy	June 30, 2024		X
Bob Cooper	June 30, 2025	X	
Patricia Oldham, AICP, TCEcD	Executive Director, non-voting	X	

**Other present:**

Cathy Ball, City Manager

Randy Trivette, Assistant City Manager

Alicia Summers, City of Johnson City & Washington County Economic Development

## Agenda Item #2.2.1.

Daniel McIntosh, Ellis Group CPAs  
Jesse Shelton, Downtown Property Owner - Facade Grant Applicant  
Sydni Leonard, JCDA Administrative Coordinator to the Executive Director

### **Claim for Member Conflict of Interest**

Commissioner Ernest Campbell expressed conflict of interest for any items pertaining to 128/130 Spring St. and Jon Corbin with Johnson City Opportunity Properties.

### **Additional Action Item to Agenda**

## **ADOPTION OF MINUTES**

### **Review and Adoption of the Previous Regular JCDA Meeting Minutes**

A motion was made by **Commissioner Jack Simpson** to approve the January 2024 meeting minutes as presented. The motion was seconded by **Commissioner Ernest Campbell**. The motion passed unanimously.

## **COMMITTEE REPORTS**

### **John Sevier Center Operations Report**

A motion was made by **Commissioner Bob Cooper** to authorize Executive Director Oldham to explore options and bids regarding the cutoff valve replacement at the John Sevier Center not to exceed \$82,000. The motion was seconded by **Commissioner Ernest Campbell**. The motion passed unanimously.

### **John Sevier Center Disposition Report**

The groundbreaking ceremony for the Tapestry at Roan Hill was held on February 8, 2024. Ms. Oldham reported that she and Commissioner Cooper met with City Leadership on February 16, 2024 to discuss the John Sevier Center Request For Proposal (RFP). Review for submissions is scheduled for March 5, 2024 and the selection is scheduled for March 12, 2024.

### **Downtown Centre/Parking Garage Report**

Executive Director Oldham gave building updates to the Board regarding tenants JCPD and ETSU. Ms. Oldham noted that Cox Property Management has been a crucial and vital

## Agenda Item #2.2.1.

part to the transition of the property. Staff plans to meet with Vernon Bradley and Alyson Agan from ETSU and others to discuss parking garage opening.

Ms. Oldham has coordinated with Allyson Wilkenson, Washington County Attorney, to finalize the documents needed to satisfy the debt agreement and lending requirements before development of the County Commission resolution to request approval to utilize tax increment financing funds administered and held by the JCDA. The request was forwarded with a recommendation from the Washington County Commerce Industry and Agriculture CIA Committee on January 4, 2024. County Commission is scheduled to meet on February 26, 2024 to vote on the resolution for TIF use for the John Sevier Center and the Downtown Centre.

### **TIF Advisory Committee Report**

#### **FAC 2023-005: 117 W. Fairview Ave**

A motion was made by the **TIF Advisory Committee** in form of a recommendation to approve the facade grant application for 117 W. Fairview Ave. in the amount of \$8,250. The motion was seconded by **County Commissioner Freddie Malone**.

In favor- S. Castillo, F. Malone, J. Jones, J. Wise, C. Hyder, J. Simpson

Against - B. Cooper

Abstained - E. Campbell

#### **FAC 2023-003: 128 and 130 Spring St.**

Ms. Oldham reported that a letter was received by Jon Corbin of Johnson City Opportunity Properties requesting an extension on the project timeline in order to revise the facade grant application to include only masonry work that was completed. Mr. Corbin has provided all reimbursement documentation.

A motion was made by **City Commissioner Joe Wise** to grant a one-month extension on the initial project timeline to be revisited by the JCDA full board in the March 2024 Regular Meeting. The motion was seconded by **Commissioner Jack Simpson**. Due to conflict of interest, Commissioner Ernest Campbell abstained from the vote. All others voted in favor.

### **Human Resources Report**

Ms. Oldham noted that Sydni Leonard's last day at JCDA would be Thursday, February 29th. Ms. Leonard will remain on staff part-time and in a remote capacity in order to prepare meeting agendas and train her successor during the month of March. Executive Director Oldham and Chairman Castillo thanked Ms. Leonard for her excellent at the JCDA which benefited the community greatly.

### **Finance Committee Report**

Finance Committee Chairman, Freddie Malone, and Ellis Group Representative, Daniel McIntosh, presented the Finance Committee report and the financial statements as presented to the Finance Committee during their meeting on February 15, 2024.

### **FINANCIALS**

#### **Johnson City Development Authority General Operating Fund Financial Statement**

A motion was made in a form of a recommendation from the **Finance Committee** to approve the JCDA General Fund financial statements as presented. The motion was seconded by **County Commissioner Jodi Jones**. The motion passed unanimously.

#### **Johnson City Development Authority Tax Increment Financing (TIF) Special Fund Financial Statement**

A motion was made in a form of a recommendation from the **Finance Committee** to approve the Special TIF Fund financial statements as presented. The motion was seconded by **Commissioner Chris Hyder**. The motion passed unanimously.

#### **John Sevier Center Financials**

A motion was made in a form of a recommendation from the **Finance Committee** to approve the John Sevier Center financial statements as presented. The motion was seconded by **City Commissioner Joe Wise**. The motion passed unanimously.

### **STAFF REPORTS**

#### **Conclusion of the Connect Downtown Johnson City Foundation Administration and Relationship with JCDA**

Executive Director Oldham and Chairman Castillo reported on the attached letters, one banking related, the other which was provided to the JCDA on behalf of Connect Downtown Johnson City ending the relationship of the Connect Downtown Johnson City Foundation as the non-profit for the JCDA following a Foundation board vote to amend the by-laws and strike any administrative relationship between the organizations. The Foundation, organized originally by the JCDA as a 501 (c)3, instead will have an affiliation administratively with the City of Johnson City. Ms. Oldham noted that the removal of the foundation from the JCDA purview was effective as of January 23, 2024 and organizational belongings are currently being transitioned to the board and that all banking account access has been ended.

**Executive Director's Report**

**Administrative Coordinator to the Executive Director - Position Updates**

**CHAIR REPORT**

None

**ADJOURNMENT**

Meeting adjourned at 8:48AM by Chairman, Shannon Castillo.

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Chair:

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Secretary:

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These minutes were approved in an open meeting on \_\_\_ day of \_\_\_, \_\_\_\_.



**Johnson City Development Authority**

**John Sevier Center Operations Report**

**March 2024**

**REVISED**

**1. Roofing Evaluation**

- On February 26, the Washington County Commission voted in favor of the JCDA's utilization of \$400,000 tax increment financing funding for the John Sevier Center roofing, as part of the overall request for TIF funding for the John Sevier Center and the Downtown Centre.
- Three quotes have been received for replacing five roof surfaces and the contractor selection process is nearing completion. Work is anticipated to begin in six to eight weeks after a contract is signed.

**2. Update on Cutoff Valve Replacement**

- Allied Piping will replace the water service and pipes to the meter. It will require a scheduled cut-off while the service is switched.

**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. Property Insurance**

- An excess liability insurance policy was issued in March for the John Sevier Center, in addition to existing property and flood insurance.

**5. ACTION: John Sevier Center Rent Study Results – Mark Up To Market**

- The Rent Comparability Study was completed by CBRE on March 18, 2024.
- In order to submit the application to U.S. Department of Housing and Urban Development by the April 3, 2024, deadline, LHP Management has asked to add the approval of the Mark Up To Market rent adjustment request to the JCDA agenda.
- A request also will be made to move the anniversary date for implementing new rents to July 1, 2024, the beginning of the fiscal year. The end date would have been August 1.
- 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.

**Item 5: Staff Recommendation:** Based upon the Rent Comparability Study results, LHP, on behalf of JCDA, should apply with the U.S. Department of Housing and Urban Development Section 8 for a Mark Up to Market Increase for the John Sevier Center property and request a new anniversary date of July 1, 2024.

**Johnson City Development Authority**

**John Sevier Center Disposition Report**

**March 2023**

The disposition of the John Sevier Center project has moved into its final stage. The redevelopment effort has begun with the selection and recommendation of a consultant by the JCDA and the City of Johnson City to address the redevelopment potential and developer selection process for the John Sevier Center and the Downtown Centre. Further information will be provided in the coming weeks regarding the redevelopment study process.

<b>Transfer Approved</b>	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
<b>Financing Established and Closing Completed</b>	The financing and land purchase was completed in December 2023
<b>Groundbreaking</b>	Construction began in February 2024 with an estimated timeline of 18 to 24 months.
<b>John Sevier Center/Downtown Centre Redevelopment Study</b>	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 will appear before City Commission and if approved, begin April 15, 2024, with an approximately 22 month timeline.
<b>John Sevier Center Residents Move</b>	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

March 2024

#### **A. Building Operations and Maintenance Update**

##### **1. Building Updates:**

- JCDA staff has transferred security and fire monitoring calls to ETSU. All Knox Box keys and security contacts have been updated.
- JCDA is paying for security cameras and broadband. Staff is initiating shared camera access for ETSU Department of Public Safety and the Johnson City Police Department.
- Cox Property Management is working with JCDA staff to monitor the building and assist with repairs already underway.
  - Cox has been managing repairs to one of the two boilers, as well as replacement of a heat pump.
  - Cox successfully repaired the parking garage to stop water from entering the building in two recurring problem areas.

##### **2. Cost Update:**

- In March, ETSU made the first two lease payments and paid the prorated \$7,637 utility costs, based upon the December 15, 2023 contract start date.

##### **3. Parking Garage Opening:**

- Staff held a meeting with ETSU in February to examine parking garage operations and shared access.
- Please see additional document for review and discussion: Downtown Parking Garage Management and Operation
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**Action:** Discussion regarding operation and security of the parking garage by JCDA during available times. Staff recommends beginning with high traffic late week/weekend and special events, then reassessing in 60 days.

#### **B. Funding Allocation Request Update and TIF Request**

- Washington County Commission voted in favor of JCDA's use of \$35,999 in Tax Increment Funding for cameras and security for the Downtown Centre.
- Staff is proceeding under advisement from Nashville attorney Jim Murphy, of Bradley as well as with the lender and its counsel.

## Downtown Parking Garage Management and Operation JCDA Discussion Sheet March 22, 2024

### Maintenance/Preparation:

- ETSU will not be opening the parking gate during the day until limited occupancy begins in Summer and Fall 2024. The date for full occupancy is unspecified.
- Before the garage is opened, it will have an initial deep clean.
- Weekly or twice weekly maintenance cleaning costs will be split between ETSU and JCDA. If the parking garage is opened in the evenings by JCDA before ETSU utilizes it this Summer, cleaning would be JCDA's responsibility.
- Signage will need to be updated to reflect operation.

### Parking Access and Security

#### Consensus during the discussions:

- Elevator locked at ETSU end of business: 5PM.
- The parking garage gates should be closed at Midnight
- Tow all remaining cars after Midnight.
- Stairwells locked from the outside at street level and used as exits only from the garage.
- JCDA will provide security camera access to ETSU Public Safety and the Johnson City Police Departments.
- ETSU needs the parking garage to be in the same condition at 7:30 AM as it was accepted by JCDA at 5:00 PM weekdays.

#### Initial Weekday Operation Option:

**ETSU:** 7:30 AM to 5:00 PM      ETSU Parking Permit Required; all others ticketed by ETSU

**JCDA:** 5:00 PM to Midnight      Free Public Access on Thursday, Friday

**JCDA:** 10:00 AM to Midnight      Free Public Access on Saturday

**Special Weekend Events:** Case by case basis with JCDA coordinating access and cost.

#### Security Responsibility:

**ETSU:** Weekdays 7:30 AM to 5:00 PM      ETSU Public Safety

**JCDA:** All other open times.      Raven 44/Harrell Group

**Johnson City Development Authority**

**TIF Advisory Committee Report**

**Revised March 19, 2024**

The March 19, 2024, TIF Advisory Committee agenda included two façade grant requests and the John Sevier Center/Downtown Centre TIF Project request for action by the JCDA Board.

Freddie Malone, Chairman	Washington County/JCDA Commissioner	Present
John Hunter, Vice-Chairman	City Commissioner	Present
Shannon Castillo	JCDA Chairman	Absent
Chris Hyder	JCDA Commissioner	Present
Jodi Jones	Washington County/JCDA Commissioner	Present
Joe Wise	JCDA/City Commissioner	Absent
Vacant Seat	County Commission Appointee	N/A

**Staff:** Administrative Coordinator Tamara Garro and Executive Director Patricia Oldham

**Conflict of Interest Declarations:** Committee Chairman Freddie Malone noted his potential conflict of interest on the TIF John Sevier Center Downtown Centre Projects, since he is employed by the lender, though he has no involvement with the bank’s lending decision.

**ACTION ITEMS:**

**4.4 Action Item 1: Request for amended application for 128/130 Spring Street (FAC23-002 staff report attached)**

**Item 1 Staff Recommendation:** *TIF Façade Grant 128/130 Spring Street Revised Application*

The TIF Advisory Committee recommended in favor of amending request for the same amount, \$20,000, to cover only masonry repair costs and to exclude new storefronts and new windows, which were originally included in the approved grant. (**Motion:** J. Jones **Second:** C. Hyder)

**4.4 Action Item 2: Request for an reimbursement deadline extension for 205 E. Main St. (FAC23-003 staff report attached)**

**Item 2 Staff Recommendation:** *TIF Façade Grant Reimbursement 205 E. Main Street*

The TIF Advisory Committee recommended in favor of a five month extension through to April 2024 for the reimbursement request for \$10,000 for masonry repairs, painting, and door and window modifications to the primary façade of 205/207 East Main Street. (**Motion:** J. Hunter **Second:** J. Jones)

**4.4 Action Item 3: Request for approval of the TIF Development Agreement for John Sevier Center, 141 E. Market Street and Downtown Centre 101 & 125 E. Market Street**

- **The TIF County Resolution:** February 26, 2024, with a recommendation from the County Commerce Agriculture and Industry Committee, Washington County Commission adopted Resolution 24-02-04 to allow the Johnson City Development Authority to access \$751,382 of TIF

Johnson City Development Authority Meeting: March 22, 2024

## Agenda Item #4.4.4.

Special Reserve funds for the John Sevier Center capital expense reimbursement (\$315,383), the John Sevier Center roof replacement (\$400,000) and the Downtown Centre Parking Garage cameras (\$35,999), through proposed lending with HomeTrust Bank.

- **Lending Commitment:** On February 27, the bank reissued the loan commitment letter to allow time to develop the TIF Agreements. The JCDA Finance Committee, on March 14, 2024, recommended in favor of the lending terms.
- **Documents:** Attorney James L. “Jim” Murphy, of Bradley Arant Boult Cummings, prepared all necessary documents, see Appendix A, which also were reviewed by HomeTrust Bank’s attorney. The TIF project was divided into Note A and Note B, as part of the development agreement. The TIF Special Reserve Fund account serves as collateral. Mr. Murphy prepared a resolution for JCDA to adopt all the documents.
- **TIF Advisory Review:** Per the application process of the *TIF Redevelopment and Urban Renewal Plan for the Downtown and Other Identified Redevelopment Districts of Johnson City, Tennessee*, the TIF Advisory (Committee) Board, reviewed and forwarded a favorable recommendation of the documents to the JCDA Board of Commissioners on March 19, 2024.

**Item 3 Staff Recommendation:** *TIF Development Agreement and Lending Documents- John Sevier Center 141 E. Market St. and Downtown Centre 101 & 125 E. Market St.*

The TIF Advisory Committee, recommends in favor of the JCDA Board approving the loan development agreement with Note 2024A (JSC Phase One Project and Downtown Centre Project) and Note 2024B (JSC Phase Two Project), and the adoption of the accompanying resolution authorizing and approving all documents and instruments to be executed and delivered by the Johnson City Development Authority, and all actions and matters necessary or appropriate for, or pertaining to, the loan with HomeTrust Bank, (documents as found in Appendix A of the agenda).

**(Motion:** J. Jones, **Second:** J. Hunter, **Abstained:** F. Malone)

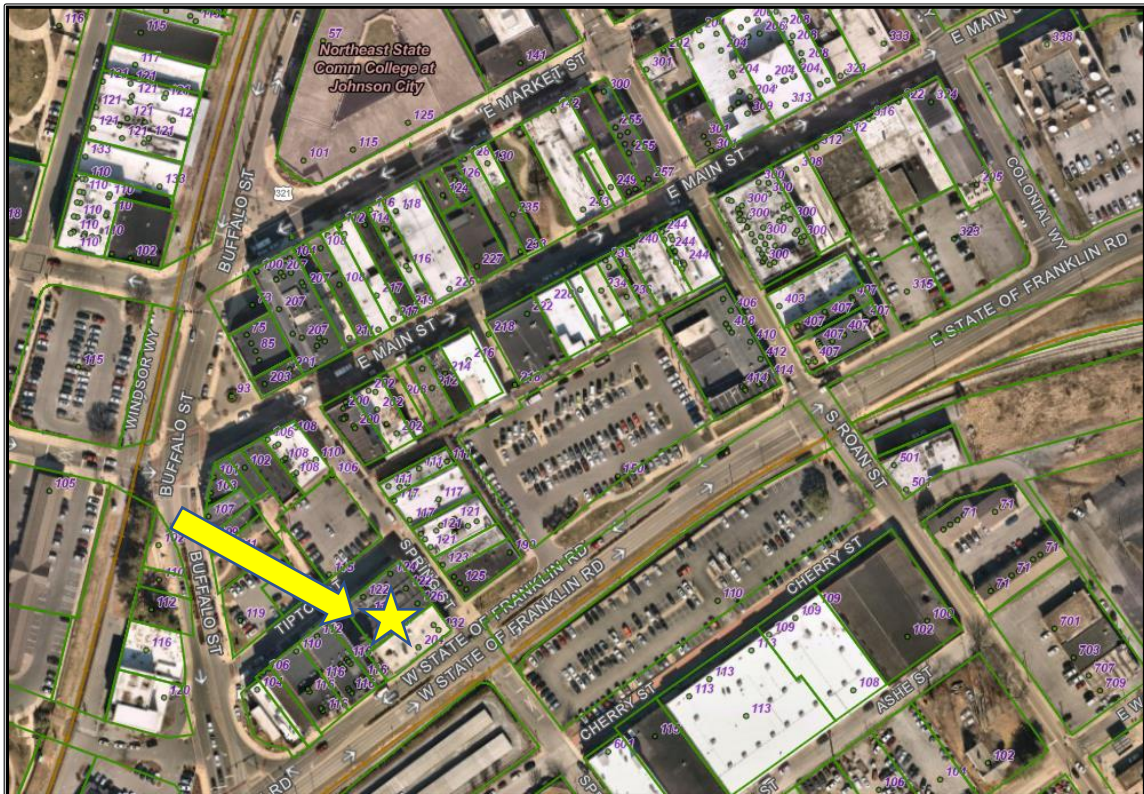
Johnson City Development Authority  
TIF Advisory Committee

**Downtown Johnson City Redevelopment Plan Area  
Façade Grant Funding Request**

**Meeting Date:** March 19, 2024 **REVISED APPLICATION REQUEST**

**Staff:** Patricia C. Oldham, AICP, TEcD, JCDA Executive Director

<b>Tax Parcel ID</b>	<b>46 O 020.00</b>
<b>Address:</b>	<b>128 and 130 Spring Street</b>
<b>Applicant:</b>	Jon Corbin
<b>Owner of Record:</b>	Johnson City Opportunity Properties, LLC
<b>Representatives:</b>	Jon Corbin
<b>Occupied/Vacant</b>	Vacant
<b>Taxes in Full</b>	Yes
<b>Insurance</b>	Current
<b>Redevelopment Plan Area Only</b>	No
<b>Historic Zoning District</b>	Yes
<b>Historic Zoning Certificate of Appropriateness Date Issued?</b>	CoA 2022-28, October 25, 2022
<b>Primary and Side Façade Eligible</b>	\$10,000/\$5,000/\$5,000 (see calculations and maximums)
<b>Revenue Generating Commercial Property or Mixed Use?</b>	Yes – First Floor Commercial Space, Second Floor Residential Rental
<b>FEMA FIRM Flood Area?</b>	Yes, Zone AO (47179 C0178D) 09/26/2006



**Property Background:**

The owners were under an emergency order from the City of Johnson City Code Enforcement Division and Board of Dwelling Standards and Review due to a deteriorated parapet wall with damaged masonry that allowed bricks to fall on

#### Agenda Item #4.4.4.

the sidewalk and roadways below. The sidewalk and one lane of traffic on State of Franklin Road were closed for a few weeks, as well as the sidewalk on Tipton Street, in order to protect the public and allow scaffolding to be erected. As a result of the emergency order, the applicant was required to begin work with an order from the City and a certificate of appropriateness from the Historic Zoning Commission. At the time, the JCDA was reviewing and revising the TIF application and finance process, therefore the applicant was unable to apply at that time. Therefore, staff has accepted the application for funding, though there is a policy that work must be approved prior to construction. Due to the emergency conditions and the transition in the TIF program, staff is recommending that the application be accepted for funding review. During that time, staff remained in contact with Code Enforcement staff, attended meetings held by the Board of Dwelling Standards Review, maintained contact with the Historic Zoning Commission and read the HZC recommendation packets, and met with the owners in order to remain aware of the project’s proposed and ongoing work.

The original application, approved in August 2023, included work to both improve the building façade and address the emergency safety concerns of falling brick. The masonry costs were higher than expected, therefore, the owner has asked to exclude the replacement of the front entries and the addition of replacement windows from the application and reimbursement. They placed the primary effort on making the emergency masonry repairs and have planned to complete the windows and storefront at a later date.

The original application request included construction costs of \$152,128. The revised application amount is \$81,000 for only the masonry cost. The maximum eligible would be \$20,000, the same as the amount approved in August 2023.

<b>Modified Application 3/29/24</b>	<b>Estimated Costs (See Max %)*</b>	<b>Maximum %</b>	<b>Mutiplied by Percentage of Reimbursement from Formula</b>	<b>Total final amount eligible for Reimbursement</b>
Primary Façade A	\$ 30,000.00	0.5	\$ 15,000.00	\$ 10,000.00
Street Facing Façade B	\$ 27,000.00	0.25	\$ 6,750.00	\$ 5,000.00
Street Facing Façade C	\$ 24,000.00	0.25	\$ 6,000.00	\$ 5,000.00
<b>Total Costs</b>	<b>\$ 81,000.00</b>		<b>Total request =</b>	<b>\$ 20,000.00</b>
<b>Primary Facing Façade Up to \$10K</b>				
<b>Street Facing Side Up to \$5K</b>				
<i>*Excludes self labor, unless separate quote obtained</i>		Labor	Two quotes from independent contractors	
<b>Total Job Cost/Investment:</b>	<b>\$ 81,000.00</b>	<b>MASONRY ONLY</b>		

Other funding: The project also has received funding from the State of Tennessee through the Historic Development Grant.

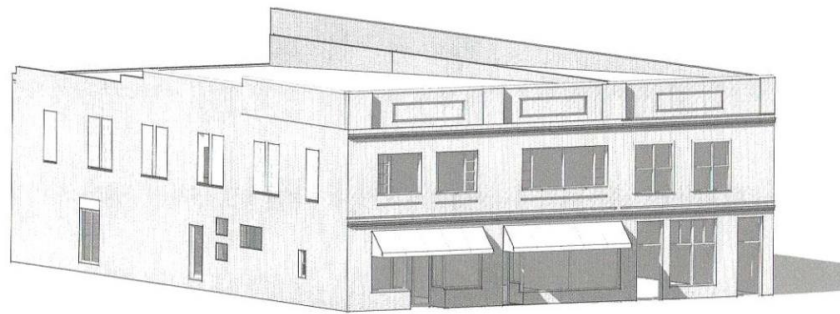
Capitla Investment Benefit and Public Benefit Statements: The owner noted that the property has been vacant and in disrepair for many years. It is a highly visible building from State of Franklin Street and is the only building in the block that has not received some façade upgrades. The project is anticipated to increast the value of the property tax valuation overall. The building vacancy and lack of investment had allowed the masonry deterioration that required emergency repair. After building investment, three first floor business spaces will be available in addition to two second level residential spaces.



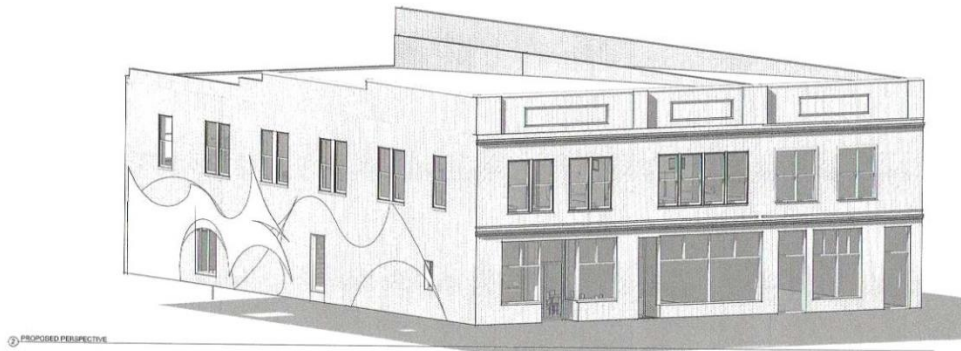
Agenda Item #4.4.4.



Amended for ONLY MASONRY, excluding windows and storefront improvements.

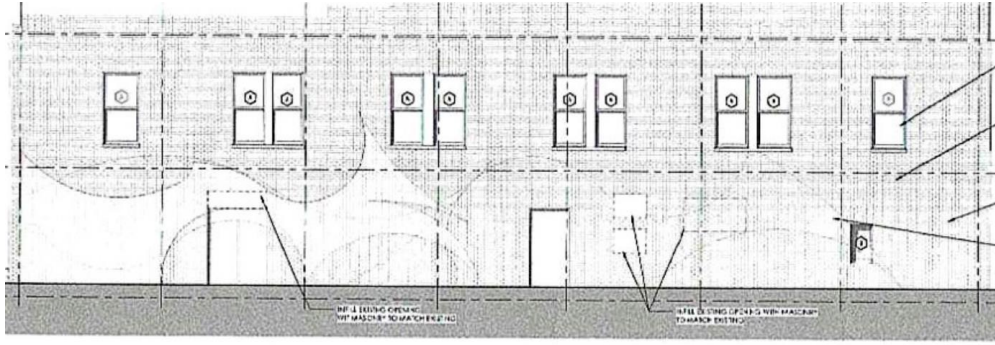


**Existing Perspective: 128-130 Spring St. & State of Franklin Road (back street facing side on next page)**



**Proposed Perspectives: Front on Spring Street, Side on State of Franklin Road**

Agenda Item #4.4.4.

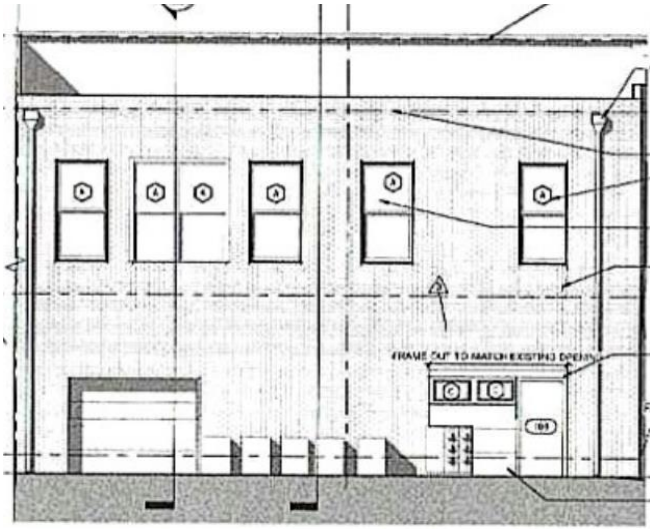


Amended for ONLY MASONRY, excluding windows and storefront improvements.

Rear Street Facing Side Wall (Visible from State of Franklin Road)



window replacement and repairs



Before

After window replacement and repairs

Staff Recommendation:

Staff recommends approving the amended request for \$20,000 for only masonry repairs of \$81,000, modifying the previous approval in order to exclude new storefronts, with door and window modifications to the primary and street facing side facades of 128 and 130 Spring Street, as presented in the JCDA application and as approved by the Historic Zoning Commission, noting that the construction occurred under an emergency order during the time TIF Façade applications were not open.

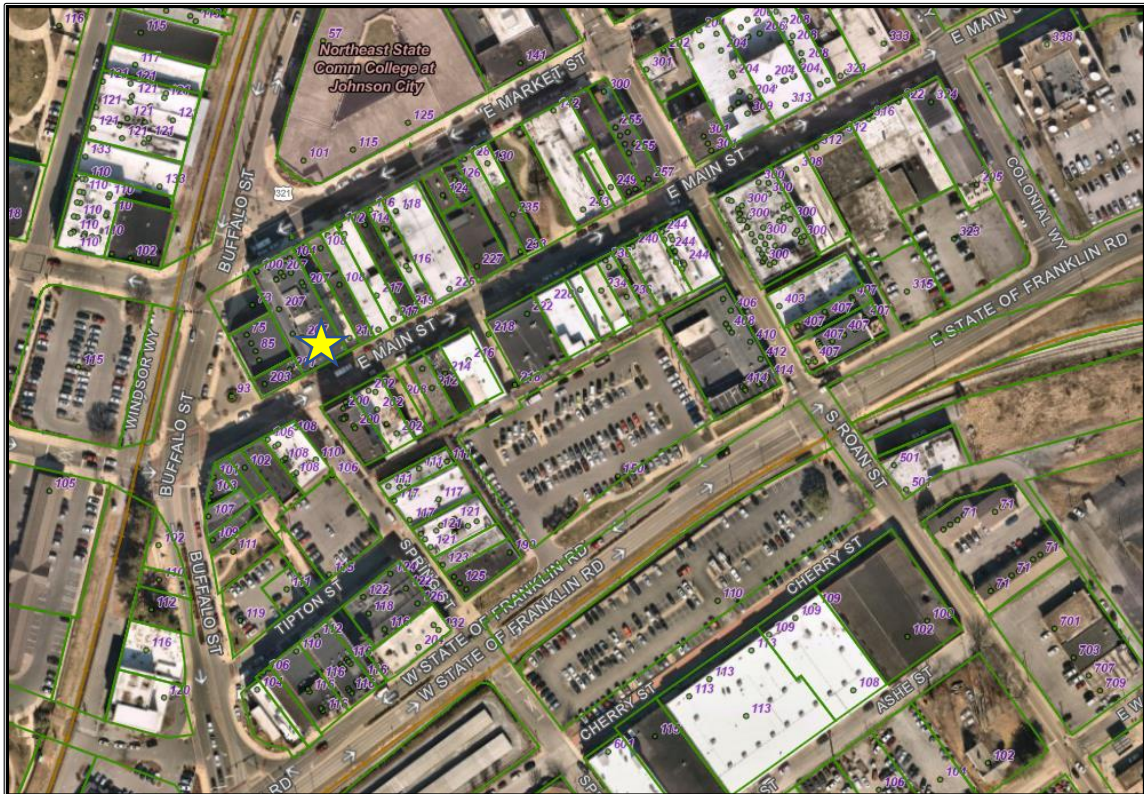
Johnson City Development Authority  
TIF Advisory Committee

**Downtown Johnson City Redevelopment Plan Area  
Façade Grant Funding Request**

**Date:** March 19, 2024 **(REVISION: REMIBURSEMENT EXTENSION REQUEST)**

**Staff:** Patricia C. Oldham, AICP, TEcD, JCDA Executive Director

<b>Tax Parcel ID</b>	<b>46N E 19.00</b>
<b>Address:</b>	<b>205 and 207 East Main Street</b>
<b>Applicant:</b>	Beacon Federal Credit Union
<b>Owner of Record:</b>	Beacon Federal Credit Union
<b>Representatives:</b>	John Michael Nelms
<b>Occupied/Vacant</b>	Vacant
<b>Taxes in Full</b>	Yes
<b>Insurance</b>	Current
<b>Redevelopment Plan Area Only</b>	No
<b>Historic Zoning District</b>	Yes
<b>Historic Zoning Certificate of Appropriateness Date Issued?</b>	February 28, 2023
<b>Primary Façade Eligible</b>	\$10,000 (see calculations and maximums)
<b>Revenue Generating Commercial Prpoery or Mixed Use?</b>	Yes – First Floor Commercial Space



Agenda Item #4.4.4.

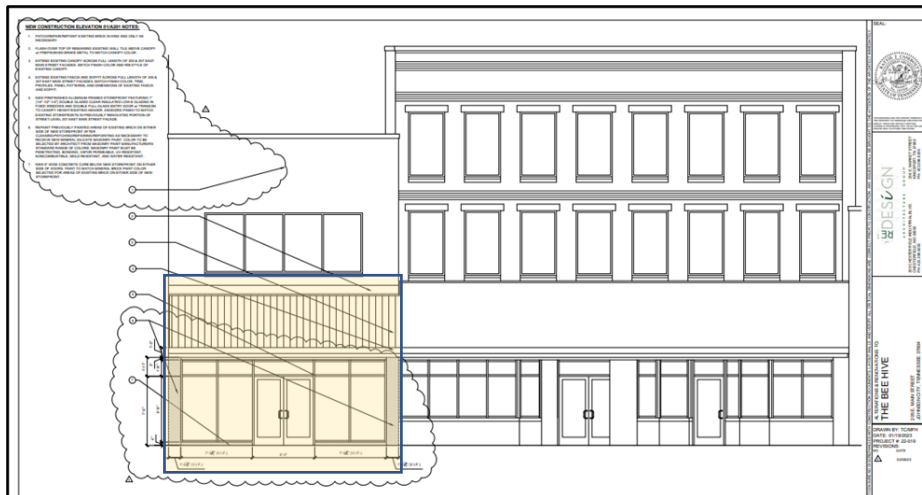


The applicant has made the proposed improvements to the property, which now is Piere’s Market Organic Grocery. Beacon Financial applicant, John Michael Nelms has requested an extension of the six month reimbursement deadline of November 2024, as the original application was approved in May 2023. The new deadline would be April 30, 2024, for a five month extension. The applicant has provided reimbursement paperwork, except for final inspection by City of Johnson City Development Services.

The primary façade is eligible for up a maximum of 50% of the cost, not to exceed \$10,000, therefore, the allowable amount is \$10,000.

Façade Area	Estimated Costs (See Max %)*	Maximum %	Mutiplied by Percentage of Reimbursement from Formula	Total final amount eligible for Reimbursement
Primary Façade A	21269	0.05	10634.5	\$10,000
Street Facing Façade B	N/A	0.25 N/A		0
Street Facing Façade C	N/A	0.25 N/A		0
Total Costs			Total request =	\$10,000
Primary Facing Façade Up to \$10K				
Street Facing Side Up to \$5K				
*Excludes and labor costs	1950			

(Will nearly cover the cost of the metal roofing and the Doors and Windows as estimated)



**Staff Recommendation:**

Staff recommends approval of a five month extension through to April 2024 for the reimbursement request for \$10,000 for masonry repairs, painting, and door and window modifications to the primary façade of 205/207 East Main Street.

**Johnson City Development Authority**

**Human Resources Report**

**March 2024**

On March 11, 2024, JCDA welcomed Tamara Garro as the Administrative Coordinator to the Executive Director. Sydni (Leonard) Robison will be assisting with training remotely through March. Daniel McIntosh will be continuing his consulting finance responsibilities, including the annual budget and upcoming audit preparations.

## **Johnson City Development Authority**

### **Finance Committee Report**

**March 2024**

The JCDA Finance Committee convened at 12:30PM on March 14, 2024, at the JCDA office, with Board of Director members Freddie Malone, 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. Chairman Shannon Castillo was absent.

Items reviewed included:

1. JCDA General Fund Financials February
2. JCDA Special Reserve TIF Fund Financials February
3. John Sevier Center Financials February
4. TIF Request and Related Short Term Loan Terms
5. Budget Submission to the City of Johnson City
6. Audit Engagement Letters from Blackburn Childers Stegall, CPA

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 FEBRUARY 2024 JCDA GENERAL FUND FINANCIALS**

##### **Summary / Action**

The February 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 Cooper/Simpson) Motion passed.

#### **5.2.1 APPROVE FEBRUARY 2024 JCDA SPECIAL RESERVE TIF FUND FINANCIALS**

##### **Summary / Action**

The February 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 FEBRUARY 2024 JOHN SEVIER CENTER FINANCIALS**

##### **Summary / Action**

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

Additional matters included:

- TIF Request and Related Short Term Loan Terms:
  - Terms provided by the bank through a letter of commitment were reviewed by the committee.
  - The commitment letter divides the full request of \$751,383 into two parts:
    - A.) \$351,383 due within 30 days of issue; 2% per annum BELOW prime rate
    - B.) \$400,000 due within 8 months of issue; 2% per annum BELOW prime rate
  - Part A funds the TIF request for John Sevier and Downtown Centre capital expenditures already invested.
  - Part B funds the TIF request for the John Sevier roof replacement upcoming.
  - Finance Committee upon review, recommends these terms to the JCDA Board for approval (***Motion Simpson/Cooper; F. Malone Abstained***).

**ACTION:** Recommendation for approval of the TIF Letter of Commitment Lending Terms

- Budget Submission to the City of Johnson City:
  - Staff and Daniel McIntosh have been working to prepare the annual budget submission to the City of Johnson City due March 15.
  - Proposed changes to this year's submission include:
    - Not requesting John Sevier Center \$120,000 security expense assistance from the City, but instead utilizing the John Sevier Center operating revenue.
    - Recognizing both increased revenue and ongoing expense related to the Downtown Centre, including deferred maintenance repairs.
    - Requesting an increase in the City appropriation to allow for managing the Downtown Centre and parking garage.
  - Fiscal Year 2024 appropriation with JSC security support was \$460,000.
  - Fiscal Year 2025 appropriation with DTC property utilization, is proposed for \$400,000.
  - Finance Committee, upon review, recommended the budget submission, contingent on changes to property expenditure naming and revenue presentation (***Motion Simpson/Cooper***).
  - Fiscal year 2025 budget after city review and proposal will be brought back to the JCDA board for final review and approval.
- Audit Engagement Letters from Blackburn, Childers & Steagall, CPAs:
  - Blackburn, Childers & Steagall, CPAs has presented audit engagement letters for fiscal year 2024.
  - Audit expenses quoted at \$42,500 divided as follows:
    - JCDA \$20,500
    - John Sevier Center \$22,000
  - Finance Committee upon review, recommends the engagement to the JCDA Board for approval (***Motion Campbell/Cooper***).

**ACTION:** Recommendation to engage Blackburn, Childers & Steagall, CPAs for the FY 2024 audit.

Johnson City Development Authority Meeting: March 22, 2024



## HomeTrust Bank

February 27, 2024

Patricia Oldham, Executive Director  
Shannon Castillo, Chairman  
Johnson City Development Authority  
P.O. Box 2482  
Johnson City, TN 37605

Re: \$351,382.00 Loan for John Sevier Center and Downtown Centre improvements  
\$400,000.00 Loan for John Sevier Center roof replacement(s)

Dear Tish and Shannon:

We are pleased to advise you that HomeTrust Bank (referred herein as "Bank," "Lender," "our" and "us") has approved your (referred herein as "Borrower", "you," and "your") requests for financing. The terms and conditions of the Loans are as follows:

**Borrower:** Johnson City Development Authority

**Loan Amount:** A.) \$351,382.00

B.) \$400,000.00

**Loan Purpose:** A.) Proceeds of the Loan shall be used solely by the Borrower to reimburse expenditures related to capital and security improvements made to the John Sevier Center and Downtown Centre.

B.) Proceeds of the Loan shall be used solely by the Borrower to reimburse expenditures related to roof replacements made to the John Sevier Center.

**Interest Rate:** A. & B.) The rate of interest for the Loan will float at a rate of **2% per annum BELOW** the Prime Rate. Prime Rate is defined as the highest Prime Rate published in the 'Money Rates' section of the Eastern edition of the Wall Street Journal. Changes in rate will become effective the next business day following a change in the Prime Rate.

### Terms of

**Repayment:** A.) Borrower will repay all accrued interest plus an amount that would repay the principal of the Loan in full in 30 days.

B.) Borrower will repay all accrued interest plus an amount that would repay the principal of the Loan in full in 8 months. This Loan shall allow for advances to be made (Funding Period). The Borrower will be permitted to draw funds, so long as the maximum principal amount outstanding does not exceed the maximum amount of this Loan and no default has occurred. Once



## Agenda Item #4.4.6.

Johnson City Development Authority

February 27, 2024

Page 2 of 5

repaid by the Borrower, advances may not be re-drawn under the Loan, which will mature 8 months from origination.

**Loan Fee:** A. & B.) At closing you will be required to pay the Bank a loan fee of \$250.

**Collateral:** A.) The Loan will be collateralized by a perfected first priority assignment of HomeTrust deposit account # 598103661 in the amount of \$351,382.00.

B.) The Loan will be collateralized by a perfected first priority assignment of HomeTrust deposit account #598103661 in the amount of \$400,000.00.

**Borrower Deposit Accounts:** The proposed loan(s) are contingent upon the Borrower maintaining a deposit and treasury management relationship with the Bank during the term of the loan(s). Advances under the loan(s) will be deposited into an account at the Bank.

**Affirmative Covenants:** Borrower covenants and agrees with Lender that so long as the Loan remains in effect, the Borrower shall:

Pay all accrued tax obligations as they come due and comply with all applicable State, Federal and local Governmental statutes, laws and ordinances.

Immediately inform the Bank of any material change in the condition (financial or otherwise) of the Borrower and of any actual or threatened litigation which could substantially affect the condition (financial or otherwise) of the Borrower, or materially prejudice the payment or performance of its obligations under the Loan Documents.

**Negative Covenants:** Borrower covenants and agrees with Lender that so long as the Loan remains in effect, the Borrower shall not (without the prior written consent of the Lender) allow any of the following:

- material change in ownership or legal structure unless the Bank agrees in writing to such a change;
- the Collateral to be subject to any transaction whereby the legal or beneficial title to all or any part thereof shall be transferred to anyone other than the Borrower without the Bank's prior written approval.

If legal or equitable title to the Collateral does change without the Bank's written consent, or if there shall be a violation of any of the preceding restrictions, then the Loan shall become due and payable on demand.

**Business Documents:** You will provide a copy of any/all documentation necessary for the Bank to confirm the Borrower's authority to conduct business. This documentation may include your By-laws, Partnership Agreement, Operating Agreement, Articles of Incorporation or Organization. All documents are to be certified as to completeness and accuracy by an authorized corporate officer, The Borrower shall deliver such additional certificates and consents as the Bank may reasonably require.

**Representations and Warranties of Borrower:** By signing this letter, the Borrower represents and warrants to the Bank as follows:

The use of the Loan proceeds has been accurately and fairly represented. The Borrower has full power and authority to enter into the Loan Documents and borrow money from the Bank as contemplated by the terms of the Loan Documents. When executed and delivered to the Bank, the Loan documents will be valid, legal and binding obligations of the Borrower.

The collateral to be pledged as security for this Loan is not and will not encumber or serve as security for any other obligation except as expressly authorized in writing by the Bank.

## Agenda Item #4.4.6.

Johnson City Development Authority

February 27, 2024

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The Borrower has been validly organized, is in good standing in the state of TN and is duly authorized to transact business in all states in which they are doing business.

**Binding on Parties:** This Commitment Letter shall be binding upon the parties hereto and their successors in interest and may not be assigned by the Borrower without the written consent of the Bank, which consent may be withheld in the Bank's sole and absolute discretion. This Commitment Letter represents the complete Agreement as to the matters covered hereby and supersedes any and all prior written or oral agreements. No modification or amendment of any provision of this Commitment or in any other Loan Document executed pursuant to this Commitment will be effective unless in writing and signed by an authorized representative of the Bank, and all other parties hereto.

**Loan Documents:** The closing of the Loan is contingent upon the proper execution and delivery of the documents that the Bank determines as reasonable and appropriate for this transaction (the "Loan Documents"). The Bank, in its sole discretion, will determine the form, terms and conditions of all of the Loan Documents. The terms and conditions set forth herein are a summary of the key terms relating to the amount, term, interest rate, repayment, and collateralization of the Loan and the use of Loan proceeds. However, the terms and conditions of the Loan set forth herein are not intended to be exhaustive as to the provisions that will actually appear in the Loan Documents. Additional provisions will be of the type typically contained in the Bank's commercial loan documents and will be designed to insure the maximum protection of the Bank both in the making of the Loan, the management of the Loan through its term, and repayment of the Loan. The Borrower shall satisfy all such other terms and conditions as the Bank and its counsel deem necessary to ensure the proper documentation of the Loan, the perfection of the liens and security interests in the Collateral and compliance with all laws and regulations applicable to the Bank and the Borrower. A default under any of the provisions contained in this Commitment Letter shall constitute a default under the terms of any other Loan Document executed in connection with the Loan

**Effect of an Event of Default:** If an event of default shall occur, all obligations under the Loan Documents shall immediately terminate and the Bank will not be obligated to advance any further funds under the Loan and may declare the entire unpaid principal balance of the Loan and accrued interest immediately due and payable, without presentation, demand or notice of any kind. An event of default shall occur when any provision of any of the Loan Documents is breached in any material respect, in the sole discretion of the Bank, or if any event occurs which constitutes an event of default under the terms of any of the Loan Documents. In addition, the Bank reserves the right to increase the Interest Rate to the maximum Default Rate provided for in the Loan Documents in the event of default

**Remedies Upon Default:** If an event of default shall occur, the Bank shall have all rights, powers and remedies available under each of the Loan Documents as well as all rights and remedies available by law. No failure or delay by the Bank to exercise any right, power or privilege hereunder will operate as a waiver of any such right, power or privilege, nor will any single or partial exercise of any right, power or privilege preclude any other or future exercise thereof. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

**Loan Closing Costs:** Regardless of whether this Loan is actually executed, you will be responsible for the payment of all costs and expenses incurred in connection with the closing of this Loan. These expenses will include, without limitation, our counsel's fees.

**Survival:** The provisions of this Commitment will not survive the closing of the Loan and will not be merged into any of the other Loan Documents. This Commitment constitutes one of the Loan Documents. To the extent any terms in this Commitment are inconsistent with those of the other Loan Documents, the terms of the other Loan Documents will control. To the extent possible, the provisions of this Commitment and the other Loan

## Agenda Item #4.4.6.

Johnson City Development Authority

February 27, 2024

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Documents shall be interpreted to complement and supplement each other, and the absence of any provision in one such document shall not be deemed to be an inconsistency with the other such document which contains such provision.

**Reservation of Bank's Rights:** The Bank's obligation to fund the Loan is subject to the Borrower's full compliance with all conditions and requirements set forth in this Commitment. The Bank reserves the right to revoke or amend this Loan Commitment based upon our review of the matters described above if the Bank believes in good faith that the condition or value of the Collateral is adversely affected by any circumstance, fact or condition, if the Bank determines the documents presented fail to satisfy our underwriting standards, or if any representation or statement made or furnished to us by you or any Guarantor is untrue or misleading in any material respect.

**Legal and Regulatory Compliance:** All loans made by the Bank must be in compliance with any and all applicable laws and regulations, including, but not limited to, the identification requirements of the Bank Secrecy and USA Patriot Acts. In compliance with the Acts, the Bank is required to implement risk-based procedures to identify and verify Borrowers, Guarantors, Beneficial Owners and Controllers of applicable legal entities. The identification procedures may include, but are not limited to, obtaining the physical address, date of birth, tax identification number, identification information, and analyzing the consistency between information obtained and documents provided.

**Entire Agreement:** The Borrower expressly agrees that this Commitment and any related written Loan Documents represent the entire Agreement between the Borrower and the Bank; that to the extent any other understandings, agreements, representations, or commitments may have ever existed - whether oral or written, express or implied - they are hereby deemed to be consolidated into and/or extinguished by this Commitment. This Loan Commitment is communicated only to the Borrower and may not be transferred by the Borrower to anyone else. In addition, the terms of this Loan Commitment are **confidential**. You agree not to disclose the contents of this Loan Commitment to any party other than the Bank or closing counsel. However, it is understood and allowed that certain portions of this Loan Commitment may need to be communicated with the County Attorney and/or County Commission.

**Acceptance and Acknowledgement:** Borrower acknowledges that Borrower has read this Commitment Letter and understands the terms and conditions set forth within, and that Borrower enters into this Commitment under Borrower's own choosing and after having the opportunity to discuss the terms, conditions, and provisions with legal counsel prior to the execution hereof.

If the terms and conditions of this Commitment are acceptable, please indicate your agreement by signing in the space provided below. At the option of the Bank, this Commitment shall become null and void if not accepted within **30** calendar days of the date of this Commitment Letter. The Loan must be closed within **60** calendar days of the date of this Commitment Letter, or else the Bank may at its option terminate this Commitment.

We very much appreciate the opportunity to serve your lending needs and we look forward to working with you on this and future opportunities. Please feel free to contact me at (423) 722-9860 if you have any questions.

Yours very truly,

**HomeTrust Bank**



Corey Webb, SVP  
Market President

Agenda Item #4.4.6.

Johnson City Development Authority  
February 27, 2024  
Page 5 of 5

Each of the undersigned hereby accepts the Loan Commitment set forth above, subject to the terms and conditions set forth therein, this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

Johnson City Development Authority

By: \_\_\_\_\_  
Title

Johnson City Development Authority

By: \_\_\_\_\_  
Title

## WASHINGTON COUNTY, TENNESSEE BOARD OF COUNTY COMMISSIONERS

### RESOLUTION NO. 24-02-04

#### ***RESOLUTION APPROVING TAX INCREMENT FINANCING (TIF) TO FUND THE JOHNSON CITY DEVELOPMENT AUTHORITY'S TWO PROJECTS AT JOHN SEVIER CENTER AND DOWNTOWN CENTER***

WHEREAS, the Board of County Commissioners (the "Board") previously approved by Resolution No. 21-02-02 Adopting Amendments to the Redevelopment and Urban Renewal Plan for the Downtown and Other Identified Redevelopment Districts of Johnson City ("The TIF Plan") as implemented in 08-03-07, a redevelopment plan for the Downtown Redevelopment District of Johnson City, Tennessee, prepared by the Johnson City Development Authority (JCDA) and dated March 24, 2008; and

WHEREAS, the TIF Plan Amendments adopted in Resolution No. 21-02-02 incorporate the requirements stipulated by Resolution No. 10-08-08 that the JCDA would not enter into any agreement and/or contract redevelopment plan in excess of \$25,000 for any project concerning an individual parcel of land, or any combination of parcels owned by a single entity without first presenting the redevelopment plan or expenditure proposal to the Board for its consideration and specific approval; and

WHEREAS, the JCDA has presented a proposal for two TIF projects: (1) Johnson Sevier Center; and (2) Downtown Centre; and

WHEREAS, at the CIA Committee meeting on January 4, 2024, Patricia Oldham, Executive Director of JCDA, presented a proposal for improvements to the John Sevier Center and Downtown Center by the JCDA. At that time the proposal sought consideration and approval for an estimated amount of \$681,382.00, and

WHEREAS, at its January 4, 2024 meeting the CIA Committee recommended consideration and approval of this request subject to review by the County Attorney to ensure compliance with Tennessee's Uniformity in Tax Increment Financing Act of 2012 and related governing authority; and

WHEREAS, at the CIA Committee meeting on February 1, 2024, Director Oldham provided an update on costs and the request to approve TIF funds for the two projects for a sum total of \$751,382.00, as follows:

- John Sevier Center project totaling \$715,383.00 for capital improvements (\$315,383.00) and roof replacements (\$400,000.00) and
- Downtown Centre project for security camera system (\$35,999.00); and

WHEREAS, at its February 1, 2024 meeting the CIA Committee took now action since it had previously approved the TIF projects pending legal review by the County Attorney; and

WHEREAS, the JCDA has provided evidence of bonds, loans, or other indebtedness as required by Tennessee law; now therefore

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF WASHINGTON COUNTY, TENNESSEE THAT:

SECTION 1. The Board of County Commissioners hereby approves the Johnson City Development Authority's attached proposal (Exhibit A) to commit TIF funds for a sum total of \$751,382.00, as follows:

- John Sevier Center project totaling \$715,383.00 for capital improvements (\$315,383.00) and roof replacements (\$400,000.00) and
- Downtown Centre project for security camera system (\$35,999.00);

SECTION 2. This Resolution shall take effect from and after the date on which it is approved by the County Mayor or as indicated by certification of the County Clerk, as hereinafter set forth.

---

**Introduced by Commissioner:** *England*  
**Seconded by Commissioner:** *Wexler*  
**Commissioners Voting FOR:** *Tucker, Johnson, Matherly, England, Malone, Tomita, Jones, Wexler, Huffine, Wheeler, Carder*  
**Commissioners Voting AGAINST:** *Davenport*  
**Commissioners Abstaining:** *None*  
**Commissioners Absent:** *Fitzgerald, Edens, Williams*

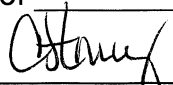
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ADOPTED BY THE COUNTY LEGISLATIVE BODY, in session duly assembled, on this the 26<sup>th</sup> day of February, 2024.

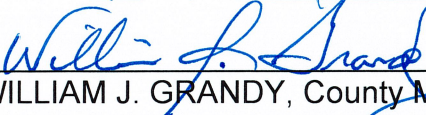
  
\_\_\_\_\_  
CHERYL STOREY, County Clerk

  
\_\_\_\_\_  
GREG MATHERLY, Chair of the Board

REFERRED to County Mayor this the \_\_\_\_ day of *March* 2024.

  
\_\_\_\_\_  
CHERYL STOREY, County Clerk

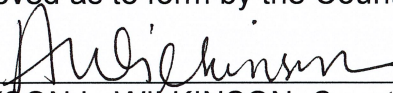
APPROVED by County Mayor on this the 1 day of March 2024.

  
WILLIAM J. GRANDY, County Mayor

The County Mayor having declined to approve this Resolution, the same became effective on the \_\_\_ day of \_\_\_\_\_ 2024, pursuant to Tennessee Code Annotated § 5-6-107(b)(5).

\_\_\_\_\_  
CHERYL STOREY, County Clerk

Approved as to form by the County Attorney this 29<sup>th</sup> day of February 2024.

  
ALLYSON L. WILKINSON, County Attorney



February 1, 2024

# Request to Approve TIF Funds: John Sevier Center and Downtown Centre Investments

The Johnson City Development Authority requests approval for two projects from the JCDA Tax Increment Financing Special Fund for a Total Amount of: **\$751,382**

### John Sevier Center TIF Request

Capital Improvements **\$315,383**

Roof Replacements **\$400,000**

**JSC Total \$715,383**

### Downtown Centre TIF Request

Security Camera System **\$35,999**

**DTC Total \$35,999**

## Capital Improvement Results

- Substantially improved the safety & condition of 150 multi-family units, that twice had failed inspections, for seniors & those with disabilities in Washington County;
- Increased federal funding for the property & operations budget, twice;
- Passed required U.S. HUD inspections and improved building life safety;
- Obtained approval for moving federal housing funding to a new multi-family development;
- Continued to prepare & protect the building for residents, investment, & redevelopment.

### Phase I Stabilization

JCDA acquired John Sevier Center

Capital investments made to stabilize the building & the financials

Living conditions & safety improved for seniors & those with disabilities in 150 units

### Phase 2 Approvals

JCDA continues to stabilize finances & budget to improve property condition soundness.

U.S. HUD approves moving federal housing funding from John Sevier Center to new development, upon completion.

Developers secure financing & acquire land.

### Phase 3 Construction and Unit Transfer

Construction begins in February 2024

JCDA continues operation of John Sevier Center through 2025

Assess & market John Sevier Center property and surrounding area for redevelopment.

## Tax Increment Finance Funding Utilization

- Funds are not from the regular count budget or assets. The project is not a new funding request.
- These improvements would not occur except for using TIF funding to support and spur investment.
- Tennessee law permitted these funds, also with city and county approval, to be allocated for the Redevelopment Plan (2011) area in downtown Johnson City to advance property redevelopment.
- The increases in property value will benefit the county property tax base long term and solve a highly challenging property redevelopment that impacts the property values and environment downtown.





## Tax Increment Funding Analysis

City & County TIF 2023 Revenue	1,098,743
TIF 2023 Interest Revenue	58,167
<b>Total TIF 2023 Revenue</b>	<b>1,156,910</b>

<b>2024 Calendar Year Estimated Revenue</b>	
Tax Year 2023 Washington County	500,000
Tax Year 2023 City of Johnson City	600,000
2024 Interest	75,000
<b>Est 2024 Revenue</b>	<b>1,175,000</b>

<b>2023 TIF Façade Dedicated</b>	
05.22.23 Beacon FCU; 205/207 E. Main	10,000
08.25.23 J. Corbin; 128/130 Spring St.	20,000
02.23.24 J. Shelton; 117 W. Fairview Ave	8,250
<b>Total</b>	<b>38,250</b>

<b>2024 TIF Project Dedicated</b>	
Feb 2024 John Sevier and Downtown C.	751,383
<b>Prior Years TIF Project Dedicated</b>	
May 2017 Buffalo St. Boardwalk	45,000
<b>Total</b>	<b>796,383</b>

<b>Estimated 2024 TIF Debt Service Expense</b>	
<b>Total 2024 Debt P &amp; I</b>	<b>712,317</b>

<i>rates</i>		<b>TIF Project Debt Outstanding at 12/31/23</b>
0%	Tipton Street	-
7.00%	University Edge*	2,750,000
3.58%	Downtown Centre TIF	899,867
2.56%	Downtown Pavillion	738,375
3.72%	Cherry Street	110,612
4.25%	Model Mill*	900,000
5.50%	Triple G	190,908
5.25%	MMM Enterprises	120,889
	<b>Total TIF Project Debt Outstanding 12/31/23</b>	<b>5,710,651</b>
	<b>TIF Debt Ceiling (10% Real Property Value: 105,227,691)</b>	<b>10,522,769</b>
<b>Projected TIF Funds Available for Investment Thru 2030</b>		
	December 2023 Ending Cash Balance	2,066,762
<i>add</i>	Est. TIF Revenue Remaining Thru Tax Year 2029	7,447,917
<i>subtract</i>	Est. Debt Service Remaining Thru Year 2030	(4,340,096)
<i>subtract</i>	TIF Façade & Project Dedicated	(834,633)
<i>add</i>	Downtown Centre TIF (ending 12/31/23) Released 2029	207,531
	<b>Estimated Total TIF Funds Available for Investment Thru 2030</b>	<b>4,547,481</b>
<p><small>*University Edge agreement pays only increment against P&amp;I annually; once 20 years are complete (2030) agreement ends regardless of outstanding principal unpaid.</small></p> <p><small>* Model Mill agreement established before sundown clause in Redevelopment Plan. Debt contract ends 2038. City and County contracted to pay debt service till loan completion.</small></p>		

**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 Eight Months Ended February 29, 2024**

**JOHNSON CITY DEVELOPMENT AUTHORITY  
GENERAL FUND  
BALANCE SHEET  
February 29, 2024**

<b>ASSETS</b>		
Cash		
HomeTrust Operating	\$ 51,452	
Home Trust Savings	<u>202,181</u>	
Total Cash		253,633
Current Assets		
Rental Security Deposits	600	
Lease Income Receivable	28,637	
Due to/From Other Funds	458,403	
John Sevier Capital Repair Loan	<u>78,534</u>	
Total Current Assets		<u>566,174</u>
Total Assets		<u><u>\$ 819,807</u></u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,345	
Due to JSC Security Fund	<u>10,000</u>	
Total Liabilities		<u>13,345</u>
<b>FUND BALANCES</b>		
Unassigned	<u>806,462</u>	
Total Fund Balances		<u>806,462</u>
Total Liabilities and Fund Balances		<u><u>\$ 819,807</u></u>

**JOHNSON CITY DEVELOPMENT AUTHORITY  
GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
For the Eight Months Ended February 29, 2024**

**REVENUE**

Operating Revenue - City of JC	\$	255,000	
Lease Income - Downtown Centre		23,001	
Administrative Fees - TIF		29,917	
Other Income		7,637	
Interest Income		4,646	
Total Revenue			320,201

**EXPENSE**

Salaries	\$	125,972	
Audit Fees		16,000	
Office Rent		15,464	
Payroll Taxes		9,721	
Downtown Centre Expenses:			
Contract Labor IT		3,580	
Property and Liability Insurance		6,286	
Camera and IT Equipment		31,062	
Contract Labor Property Management		4,634	
Contract Labor Others		2,883	
Utilities		21,518	
Other Expenses		2,459	
Accounting Fees		10,195	
Employee Benefits		4,885	
Insurance - Directors and Officers		3,966	
Computer/IT Support		2,798	
Internet		1,200	
Cell and Office Phones		1,093	
Office Supplies		1,002	
Printing Services		839	
Payroll Service Fees		730	
Outside Contract Services		664	
Meals & Entertainment		658	
Legal Fees		635	
Bank Fees		560	
Membership/Dues/Subscriptions		530	
Worker's Compensation		504	
Legal Advertising		375	
Furniture and Equipment		319	
Miscellaneous		202	
Employee Parking		150	
Postage and Shipping		66	
Total Expenses			270,950

Excess (Deficiency) of Revenues Over (Under) Expenditures		49,251
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Fund Balances, Beginning of Fiscal Year		757,211
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Fund Balances, End of Eight Months		\$ 806,462
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JOHNSON CITY DEVELOPMENT AUTHORITY

BUDGET TO ACTUAL

For the Eight Months Ended February 29, 2024

	February Actual	February Budget	February Variance	Year to Date Actual	Year to Date Budget	Variance
<b>REVENUE</b>						
Operating Revenue - City of JC	\$ -	\$ -	\$ -	\$ 255,000	\$ 255,000	\$ -
Lease Income - Downtown Centre	10,500	-	10,500	23,001	2,000	21,001
Administrative Fees - TIF	29,917	-	29,917	29,917	30,000	(83)
Other Income	7,637	-	7,637	7,637	-	-
Interest Income	669	29	640	4,646	233	4,413
<b>Total Revenue</b>	<b>48,723</b>	<b>29</b>	<b>41,057</b>	<b>320,201</b>	<b>287,233</b>	<b>32,968</b>
<b>EXPENSE</b>						
Salaries	15,819	18,432	(2,613)	125,972	147,455	(21,483)
Office Rent	1,933	1,933	-	15,464	15,464	-
Audit Fees	-	1,333	(1,333)	16,000	10,667	5,333
Payroll Taxes	1,228	1,410	(182)	9,721	11,280	(1,559)
Employee Benefits	444	1,650	(1,206)	4,885	13,200	(8,315)
Internet	50	121	(71)	1,200	967	233
Accounting Fees	-	1,167	(1,167)	10,195	9,333	862
Insurance - Directors and Officers	-	-	-	3,966	4,000	(34)
Computer/IT Support	225	718	(493)	2,798	5,749	(2,951)
Property Coverage	-	-	-	-	6,375	(6,375)
Outside Contract Services	100	667	(567)	664	5,333	(4,669)
Printing Services	174	150	24	839	1,200	(361)
Miscellaneous	-	83	(83)	202	822	(620)
Flood Policy	-	-	-	-	1,500	(1,500)
Legal Fees	-	167	(167)	635	1,333	(698)
Furniture and Equipment	35	333	(298)	319	2,667	(2,348)
Cleaning Supplies	-	83	(83)	-	667	(667)
Professional Services	-	42	(42)	-	333	(333)
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	600	-	600	4,634	-	4,634
Contract Labor Others	-	-	-	2,883	-	2,883
Utilities	-	-	-	21,518	-	21,518
Other Expenses	180	-	180	2,459	-	2,459
Conference/Education	-	167	(167)	-	1,333	(1,333)
Office Supplies	95	167	(72)	1,002	1,333	(331)
Cell and Office Phones	-	149	(149)	1,093	1,193	(100)
Payroll Service Fees	88	117	(29)	730	933	(203)
Legal Advertising	-	42	(42)	375	333	42
Retirement Contributions	-	553	(553)	-	4,424	(4,424)
Bank Fees	35	42	(7)	560	333	227
Transportation/Mileage	-	42	(42)	-	333	(333)
Memberships/Dues/Subscriptions	-	83	(83)	530	667	(137)
Meals & Entertainment	36	83	(47)	658	667	(9)
Marketing/Advertising	-	42	(42)	-	333	(333)
Benefits Administration	-	18	(18)	-	147	(147)
Postage and Shipping	-	32	(32)	66	100	(34)
<b>Total Expenses</b>	<b>21,042</b>	<b>29,826</b>	<b>(8,784)</b>	<b>270,950</b>	<b>250,924</b>	<b>20,026</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 27,681	\$ (29,797)	\$ 49,841	\$ 49,251	\$ 36,309	\$ 12,942

**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 Eight Months Ended February 29, 2024**

**JOHNSON CITY DEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUND-TIF  
BALANCE SHEET  
February 29, 2024**

ASSETS

Current Assets

Cash

HomeTrust Bank Money Market	\$	2,037,648
HomeTrust Bank Downtown Centre Fund		208,894
Eastman Credit Union Savings		<u>5</u>

Total Current Assets		<u>\$ 2,246,547</u>
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Total Assets		<u><u>\$ 2,246,547</u></u>
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FUND BALANCES

Restricted for Tax Increment Financing Projects	\$	2,201,547
Assigned		<u>45,000</u>

Total Fund Balances		<u>2,246,547</u>
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Total Fund Balances		<u><u>\$ 2,246,547</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 Eight Months Ended February 29, 2024**

REVENUE		
City of Johnson City Funding	\$	448,429
Interest Income		<u>61,173</u>
Total Revenue		\$ 509,602
EXPENSE		
Administrative		
Legal Fees	\$	338
Administrative Fees		29,917
Downtown Development - Facade Grants		10,000
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>416,141</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		93,461
Fund Balances, Beginning of Fiscal Year		<u>2,153,086</u>
Fund Balances, End of Eight Months		<u><u>\$ 2,246,547</u></u>



**JOHNSON CITY DEVELOPMENT AUTHORITY  
SPECIAL REVENUE FUND-TIF  
BUDGET TO ACTUAL  
For the Eight Months Ended February 29, 2024**

	February Actual	February Budget	February Variance	Year to Date Actual	Year to Date Budget	Variance
<b>REVENUE</b>						
City of Johnson City Funding	\$ -	\$ -	\$ -	\$ 448,429	\$ 450,000	\$ (1,571)
Interest Income	7,196	417	6,779	61,173	3,333	57,840
<b>Total Revenue</b>	<b>7,196</b>	<b>417</b>	<b>6,779</b>	<b>509,602</b>	<b>\$ 453,333</b>	<b>56,269</b>
<b>EXPENDITURES</b>						
Administrative						
Legal Fees	-	833	(833)	338	6,667	(6,329)
Administrative Fees	29,917	-	29,917	29,917	-	29,917
Downtown Development - Facade Grants	-	18,750	(18,750)	10,000	56,250	(46,250)
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	9,775	10,427	(652)	29,289	31,238	(1,949)
Triple G - Interest	2,683	3,067	(384)	8,029	9,175	(1,146)
MMM Enterprises - Interest	1,622	1,854	(232)	4,853	5,546	(693)
Buffalo Street Boardwalk	-	-	-	-	33,750	(33,750)
<b>Total Expenditures</b>	<b>43,997</b>	<b>34,931</b>	<b>9,066</b>	<b>416,141</b>	<b>477,025</b>	<b>(60,884)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (36,801)	\$ (34,514)	\$ (2,287)	\$ 93,461	\$ (23,692)	\$ 117,153

# John Sevier Center

## Monthly Financial Reports

Balance Sheet  
Income Statement

February 29, 2024

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

Accrual YE13

Feb 2024

3/7/2024 10:48

**ASSETS**

CASH

Current Assets

Cash-Operating	126,980.82
Cash-Petty Cash	100.00
Tenant AR	2,995.32
Allowance Doubtful Accts	(863.58)
AR/AP-HUD	13,492.00
Security Deposits	35,593.13
Prepaid Expenses	6,371.26
Prepaid Insurance	618.00
Replacement Reserve	<u>186,165.07</u>

TOTAL CURRENT ASSETS 371,452.02

FIXED ASSETS

Land	79,300.00
Buildings	5,086,483.00
Furniture for Project Use	34,952.00
Accumulated Depreciation	<u>(516,027.75)</u>

TOTAL FIXED ASSETS 4,684,707.25

OTHER ASSETS

TOTAL OTHER ASSETS 0.00

**TOTAL ASSETS** 5,056,159.27

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

**Accrual YE13**

**Feb 2024**

3/7/2024 10:48

**LIABILITIES & CAPITAL**

LIABILITIES

Current Liabilities

AP - Operations	17,300.25
AP - Other	11,431.21
AP-Failure to Report Claims	608.00
AP-Failure to Report Repayments	(508.00)
Accrued Wages Payable	7,989.01
Accrued Mgmt Fee Payable	11,564.52
Accrued Interest-1st Mort	13,849.90
Accrued Property Taxes	48,967.36
Accrued Expenses	6,886.15
Accrued Audit Fees	16,300.00
AP-Related Party	5,687.26
Security Deposit	31,850.00
Pet Deposit	1,190.00
Prepaid/Unearned Rent	7,896.41
Prepaid HUD	<u>11,719.00</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>192,731.07</b>

OTHER LIABILITIES

Mortgage Payable - 1st	3,776,976.10
Mortgage Payable - 2nd	<u>536,936.50</u>
<b>TOTAL OTHER LIABILITIES</b>	<b><u>4,313,912.60</u></b>

**TOTAL LIABILITIES** **4,506,643.67**

CAPITAL

Owner Equity	278,231.90
Net Profit (Loss)	<u>271,283.70</u>
<b>TOTAL CAPITAL</b>	<b>549,515.60</b>

**TOTAL LIABILITIES & CAPITAL** **5,056,159.27**

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

Accrual^YE13  
For the period ending February 29, 2024

3/7/2024 10:57

Account	Actual	Current Period Budget	Variance	Actual	Year-To-Date Budget	Variance
Revenue						
Tenant Rent Revenue	38,836.00	164,340.00	(125,504.00)	290,961.00	1,302,525.00	(1,011,564.00)
HUD Assistance	125,504.00	0.00	125,504.00	1,011,564.00	0.00	1,011,564.00
<b>Total Gross Potential</b>	<b>164,340.00</b>	<b>164,340.00</b>	<b>0.00</b>	<b>1,302,525.00</b>	<b>1,302,525.00</b>	<b>0.00</b>
VACANCY LOSS & CONCESSIONS						
Special Claims Revenue	4,539.00	2,953.25	1,585.75	19,439.00	23,626.00	(4,187.00)
Apartment Vacancy	(8,445.00)	(4,474.62)	(3,970.38)	(45,082.00)	(35,796.96)	(9,285.04)
<b>Total Vacancy Loss &amp; Concessions</b>	<b>(3,906.00)</b>	<b>(1,521.37)</b>	<b>(2,384.63)</b>	<b>(25,643.00)</b>	<b>(12,170.96)</b>	<b>(13,472.04)</b>
OTHER INCOME						
Laundry & Vending Revenue	0.00	108.33	(108.33)	1,828.01	866.64	961.37
Misc Tenant Charges	276.50	600.00	(323.50)	3,617.78	4,800.00	(1,182.22)
Late Fees	122.00	333.33	(211.33)	1,344.58	2,666.64	(1,322.06)
Damages	449.50	281.25	168.25	5,663.36	2,250.00	3,413.36
Other Income	10,204.94	10,205.75	(0.81)	83,868.46	81,646.00	2,222.46
<b>Total Other Income</b>	<b>11,052.94</b>	<b>11,528.66</b>	<b>(475.72)</b>	<b>96,322.19</b>	<b>92,229.28</b>	<b>4,092.91</b>
BAD DEBT						
Bad Debts	(5.00)	(1,306.59)	1,301.59	(20,315.77)	(10,452.72)	(9,863.05)
Bad Debts - Admin	(852.00)	0.00	(852.00)	(9,346.00)	0.00	(9,346.00)
Allowance for Bad Debts	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Bad Debt</b>	<b>(857.00)</b>	<b>(1,306.59)</b>	<b>449.59</b>	<b>(29,661.77)</b>	<b>(10,452.72)</b>	<b>(19,209.05)</b>
<b>Effective Gross Income (EGI)</b>	<b>170,629.94</b>	<b>173,040.70</b>	<b>(2,410.76)</b>	<b>1,343,542.42</b>	<b>1,372,130.60</b>	<b>(28,588.18)</b>
Expense						
OPERATING EXPENSES						
UTILITIES						
Electricity	1,961.80	2,608.70	646.90	17,369.99	26,008.38	8,638.39
Electricity-Vacants	902.84	0.00	(902.84)	3,764.35	0.00	(3,764.35)
Water	2,355.53	3,656.50	1,300.97	17,276.73	24,591.40	7,314.67
Gas	175.74	192.95	17.21	1,342.27	1,770.66	428.39
Sewer	5,126.22	8,392.44	3,266.22	35,951.92	54,198.02	18,246.10
<b>Total Utilities</b>	<b>10,522.13</b>	<b>14,850.59</b>	<b>4,328.46</b>	<b>75,705.26</b>	<b>106,568.46</b>	<b>30,863.20</b>

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

Accrual^YE13  
For the period ending February 29, 2024

3/7/2024 10:57

Account	Actual	Current Period Budget	Variance	Actual	Year-To-Date Budget	Variance
<b>CONTRACT SERVICES</b>						
Contract-Exterminating	1,530.00	2,900.20	1,370.20	10,145.00	23,201.60	13,056.60
Contract-Elevator	900.00	950.00	50.00	8,995.50	7,600.00	(1,395.50)
Contract-Fire Alarm	1,127.54	1,849.54	722.00	8,199.02	14,796.32	6,597.30
Contract-Plumbing	1,170.00	300.42	(869.58)	2,800.00	2,403.36	(396.64)
Contract-Cable TV	9,346.41	8,547.83	(798.58)	54,296.14	68,382.64	14,086.50
Contract-Other	12,876.92	2,151.88	(10,725.04)	40,506.13	17,215.04	(23,291.09)
Garbage & Trash Removal	1,475.47	2,734.17	1,258.70	12,643.93	21,873.36	9,229.43
Contract-Security	11,953.63	10,000.00	(1,953.63)	99,218.51	80,000.00	(19,218.51)
<b>Total Contract Services</b>	<b>40,379.97</b>	<b>29,434.04</b>	<b>(10,945.93)</b>	<b>236,804.23</b>	<b>235,472.32</b>	<b>(1,331.91)</b>
<b>REPAIRS &amp; MAINTENANCE</b>						
Janitorial Supplies	617.45	721.00	103.55	6,479.10	5,768.00	(711.10)
Maintenance Supplies	478.07	1,511.44	1,033.37	6,955.12	12,091.52	5,136.40
Decorating Supplies	1,031.58	333.33	(698.25)	2,063.16	2,666.64	603.48
Plumbing Supplies	1,922.86	1,525.50	(397.36)	11,058.77	12,204.00	1,145.23
Electrical Supplies	810.39	493.33	(317.06)	3,236.57	3,946.64	710.07
HVAC R & M	434.12	412.83	(21.29)	2,477.67	3,302.64	824.97
Appliances	46.75	833.33	786.58	4,192.85	6,666.64	2,473.79
Carpentry	32.95	143.75	110.80	2,422.86	1,150.00	(1,272.86)
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	16,666.64	15,694.31
<b>Total Repairs &amp; Maintenance</b>	<b>5,374.17</b>	<b>8,057.84</b>	<b>2,683.67</b>	<b>40,621.52</b>	<b>65,501.72</b>	<b>24,880.20</b>
<b>TURNOVER</b>						
Painting & Paint Supplies	1,057.08	739.58	(317.50)	4,778.35	5,916.64	1,138.29
Contract-Janitorial	0.00	125.00	125.00	1,101.00	1,000.00	(101.00)
Contract-Paint	0.00	108.33	108.33	1,284.00	866.64	(417.36)
<b>Total Turnover</b>	<b>1,057.08</b>	<b>972.91</b>	<b>(84.17)</b>	<b>7,163.35</b>	<b>7,783.28</b>	<b>619.93</b>
<b>ADMINISTRATIVE</b>						
Conventions & Meetings	0.00	200.00	200.00	159.80	800.00	640.20
Office Equipment-Lease & Maint	119.88	66.67	(53.21)	676.11	533.36	(142.75)
Office Supplies	0.00	304.83	304.83	2,157.84	2,438.64	280.80
Postage	181.94	112.50	(69.44)	997.10	900.00	(97.10)
Telephone/Data/Cable/Answering Svc	762.10	425.00	(337.10)	5,131.29	3,400.00	(1,731.29)
Legal Exp-Collection/Evictions	0.00	483.33	483.33	2,334.29	3,866.64	1,532.35
Misc Admin Expense	166.86	256.17	89.31	1,817.79	2,049.36	231.57
Meals & Entertainment	19.89	215.92	196.03	434.88	1,727.36	1,292.48
Computer Expense	1,070.40	1,168.49	98.09	8,422.72	9,347.92	925.20

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

Accrual^YE13  
For the period ending February 29, 2024

3/7/2024 10:57

Account	Actual	Current Period Budget	Variance	Actual	Year-To-Date Budget	Variance
Travel Expenses	0.00	393.83	393.83	119.07	3,150.64	3,031.57
Bank Charges	364.59	308.33	(56.26)	3,349.81	2,466.64	(883.17)
Dues & Subscriptions	120.00	19.58	(100.42)	355.00	156.64	(198.36)
Professional Fees	0.00	0.00	0.00	243.08	0.00	(243.08)
Mileage	654.52	375.00	(279.52)	3,741.03	3,000.00	(741.03)
<b>Total Administrative</b>	<b>3,460.18</b>	<b>4,329.65</b>	<b>869.47</b>	<b>29,939.81</b>	<b>33,837.20</b>	<b>3,897.39</b>
<b>MARKETING &amp; RESIDENT RETENTION</b>						
Advertising & Marketing	511.21	4.17	(507.04)	791.74	33.36	(758.38)
Screening Expense	0.00	366.67	366.67	3,239.00	2,933.36	(305.64)
Tenant Promotions	326.74	541.67	214.93	4,409.14	4,333.36	(75.78)
<b>Total Marketing &amp; Resident Retention</b>	<b>837.95</b>	<b>912.51</b>	<b>74.56</b>	<b>8,439.88</b>	<b>7,300.08</b>	<b>(1,139.80)</b>
<b>PERSONNEL</b>						
Office Payroll	(531.90)	3,166.00	3,697.90	19,028.66	22,602.68	3,574.02
Office Payroll CC	352.85	542.53	189.68	3,967.65	4,340.24	372.59
Manager Payroll	7,992.72	5,680.55	(2,312.17)	49,734.78	45,888.85	(3,845.93)
Payroll Processing Fees	52.88	117.07	64.19	637.73	936.56	298.83
Repairs & Maint Payroll	13,579.96	11,652.72	(1,927.24)	90,182.45	83,485.36	(6,697.09)
Payroll Tax Expense	1,690.45	1,596.98	(93.47)	12,305.81	11,851.33	(454.48)
Employee Benefits & Insur	4,069.34	7,373.87	3,304.53	32,823.09	58,990.96	26,167.87
<b>Total Personnel</b>	<b>27,206.30</b>	<b>30,129.72</b>	<b>2,923.42</b>	<b>208,680.17</b>	<b>228,095.98</b>	<b>19,415.81</b>
<b>Total Controllable Operating Expenses</b>	<b>88,837.78</b>	<b>88,687.26</b>	<b>(150.52)</b>	<b>607,354.22</b>	<b>684,559.04</b>	<b>77,204.82</b>
<b>Controllable NOI</b>	<b>81,792.16</b>	<b>84,353.44</b>	<b>(2,561.28)</b>	<b>736,188.20</b>	<b>687,571.56</b>	<b>48,616.64</b>
<b>AUDIT EXPENSE</b>						
Audit Expense	2,037.50	2,037.50	0.00	16,300.00	16,300.00	0.00
<b>Total Audit Expense</b>	<b>2,037.50</b>	<b>2,037.50</b>	<b>0.00</b>	<b>16,300.00</b>	<b>16,300.00</b>	<b>0.00</b>
<b>MANAGEMENT &amp; BOOKKEEPING</b>						
Management Fees	11,564.52	12,041.71	477.19	87,152.76	96,333.68	9,180.92
<b>Total Management &amp; Bookkeeping</b>	<b>11,564.52</b>	<b>12,041.71</b>	<b>477.19</b>	<b>87,152.76</b>	<b>96,333.68</b>	<b>9,180.92</b>
<b>TAXES &amp; INSURANCE</b>						
Real Estate Taxes	3,497.67	3,497.67	0.00	27,981.36	27,981.36	0.00

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

Accrual^YE13  
For the period ending February 29, 2024

3/7/2024 10:57

Account	Actual	Current Period Budget	Variance	Actual	Year-To-Date Budget	Variance
Property & Liability Insu	15,805.96	8,459.10	(7,346.86)	56,171.08	57,803.10	1,632.02
Workers Compensation Insu	309.00	262.83	(46.17)	2,471.67	2,102.64	(369.03)
License & Permits	180.00	0.00	(180.00)	290.00	285.00	(5.00)
Taxes-Other	0.00	41.67	41.67	317.00	333.36	16.36
<b>Total Taxes &amp; Insurance</b>	<b>19,792.63</b>	<b>12,261.27</b>	<b>(7,531.36)</b>	<b>87,231.11</b>	<b>88,505.46</b>	<b>1,274.35</b>
<b>TOTAL NON-CONTROLLABLE OPERATING</b>	<b>33,394.65</b>	<b>26,340.48</b>	<b>(7,054.17)</b>	<b>190,683.87</b>	<b>201,139.14</b>	<b>10,455.27</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>122,232.43</b>	<b>115,027.74</b>	<b>(7,204.69)</b>	<b>798,038.09</b>	<b>885,698.18</b>	<b>87,660.09</b>
<b>NET OPERATING INCOME</b>	<b>48,397.51</b>	<b>58,012.96</b>	<b>(9,615.45)</b>	<b>545,504.33</b>	<b>486,432.42</b>	<b>59,071.91</b>
<b>NON-OPERATING EXPENSES</b>						
Depreciation	9,217.81	0.00	(9,217.81)	73,742.48	0.00	(73,742.48)
Cap Ex-Appliances	0.00	500.00	500.00	10,116.28	4,000.00	(6,116.28)
Cap Ex-Unit Floorina	7,467.72	1,166.67	(6,301.05)	39,182.56	9,333.36	(29,849.20)
Cap Ex-Electrical	0.00	291.67	291.67	0.00	2,333.36	2,333.36
Cap Ex-Plumbing	0.00	166.67	166.67	4,600.00	1,333.36	(3,266.64)
Cap Ex-HVAC	2,677.28	666.67	(2,010.61)	9,188.92	5,333.36	(3,855.56)
Cap Ex-Upgrades-Building	1,382.48	0.00	(1,382.48)	19,930.46	255,000.00	235,069.54
Mortgage Interest-1st	13,849.90	14,311.21	461.31	117,426.64	115,407.32	(2,019.32)
Interest - Other	7.88	0.00	(7.88)	33.29	0.00	(33.29)
<b>Total Non-Operating Expenses</b>	<b>34,603.07</b>	<b>17,102.89</b>	<b>(17,500.18)</b>	<b>274,220.63</b>	<b>392,740.76</b>	<b>118,520.13</b>
<b>NET INCOME</b>	<b>13,794.44</b>	<b>40,910.07</b>	<b>(27,115.63)</b>	<b>271,283.70</b>	<b>93,691.66</b>	<b>177,592.04</b>
<b>CASH FLOW ITEMS</b>						
Deposits-RR	21,250.00	21,250.00	0.00	170,000.00	170,000.00	0.00
Releases-RR	0.00	0.00	0.00	0.00	(127,500.00)	(127,500.00)
Principal Pmts-1st Mortga	8,218.61	8,709.12	490.51	66,273.72	68,758.77	2,485.05
Principal Pmts-2nd Mortga	9,750.00	9,750.00	0.00	78,000.00	78,000.00	0.00
Depreciation	(9,217.81)	0.00	9,217.81	(73,742.48)	0.00	73,742.48
<b>TOTAL CASH FLOW ITEMS</b>	<b>30,000.80</b>	<b>39,709.12</b>	<b>9,708.32</b>	<b>240,531.24</b>	<b>189,258.77</b>	<b>(51,272.47)</b>
<b>Net Income after Cap Ex and DS</b>	<b>(16,206.36)</b>	<b>1,200.95</b>	<b>(17,407.31)</b>	<b>30,752.46</b>	<b>(95,567.11)</b>	<b>126,319.57</b>

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RESOLUTION AUTHORIZING AND APPROVING ALL DOCUMENTS AND INSTRUMENTS TO BE EXECUTED AND DELIVERED BY THE JOHNSON CITY DEVELOPMENT AUTHORITY, AND ALL ACTIONS AND MATTERS NECESSARY OR APPROPRIATE FOR, OR PERTAINING TO, THE LOAN WITH HOMETRUST BANK IN THE PRINCIPAL AMOUNT OF \$751,382.00 AND THE LOAN AGREEMENT RELATING THERETO EVIDENCING AND/OR SECURING TERM LOANS TO PROVIDE FUNDS TO REIMBURSE THE JOHNSON CITY DEVELOPMENT AUTHORITY FOR CAPITAL IMPROVEMENTS TO THE JOHN SEVIER CENTER AND A SECURITY CAMARA SYSTEM FOR THE DOWNTOWN CENTRE AND TO PROVIDE FUNDS FOR THE ROOF REPAIR AND REPLACEMENT FOR THE JOHN SEVIER CENTER

WHEREAS, the Johnson City Development Authority (“JCDA”) was established pursuant to Chapter 82 of the Private Acts of 1985, as amended by Chapter 96 of the Private Acts of 1989 (collectively the “Private Act”); and

WHEREAS, the JCDA is authorized by the Private Act to develop or redevelop any office or public building for any city, county or state governmental use or public utility, authority or agency or instrumentality of the State of Tennessee or the United States of America; and

WHEREAS, the JCDA is authorized by Tennessee Code Annotated (“T.C.A”). § 13-20-202(c) to exercise redevelopment powers set forth in T.C.A. 13-20-201 et seq. (the “Act”), which include planning, acquiring land, financing with tax increment revenue and redeveloping blighted areas within the boundaries of the City of Johnson City; and

WHEREAS, the JCDA developed the Redevelopment Plan for the Downtown Redevelopment District of Johnson City, Tennessee (the “Redevelopment Plan”) for a portion of the City of Johnson City known as the Downtown Redevelopment District (the “Redevelopment District”) under the terms of the Redevelopment Plan; and

WHEREAS, after the JCDA conducted a public hearing on September 28, 2006 in accordance with T.C.A. §§ 13-20-203 and 13-20-205, the Redevelopment Plan was approved by the City Commission of the City of Johnson City, Tennessee by Resolution on October 19, 2006, and by Washington County by Resolution 07-03-05, adopted on March 26, 2007, by Resolution No. 08-03-07, adopted on March 24, 2008 and by Resolution 10-08-09, adopted on August 23, 2010; and

WHEREAS, the Redevelopment Plan was amended by Redevelopment and Urban Renewal Plan for the Downtown and Other Identified Redevelopment Districts of Johnson City, Tennessee, dated August, 2011 (the “Redevelopment and Urban Renewal Plan”), and the Redevelopment and Urban Renewal Plan was approved by the City Commission of the City of Johnson City, Tennessee by Resolution on October 6, 2011, and by Washington County by Resolution No. 11-08-05, adopted on August 29, 2011 and by Resolution No. 11-09-11 adopted on September 26, 2011 (the Redevelopment Plan, as amended by the Redevelopment and Urban Renewal Plan, being hereinafter referred to as the “Redevelopment Plan”); and

WHEREAS, the JCDA has expended \$315,383.00 for capital improvements to the John Sevier Center owned by the JCDA (the “JSC Phase One Project”) and plans to expend an additional \$400,000.00 for roof repairs and/or replacements to the John Sevier Center (the “JSC Phase Two Project”); and

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WHEREAS, the JCDA has expended \$35,999.00 for a security camera system at the Downtown Centre owned by the JCDA (the “Downtown Centre Project”); and

WHEREAS, the JSC Phase One Project, the JSC Phase Two Project and the Downtown Centre Project are all within the Redevelopment District that was created by the Redevelopment Plan; and

WHEREAS, JCDA and HomeTrust Bank (the “Lender”) propose to enter into a Loan Agreement whereby Lender will make loans to JCDA in the principal amount of \$351,382.00 to reimburse the JCDA for the funds expended for the JSC Phase One Project and the Downtown Centre Project, and in the principal amount of \$400,000.00 to fund the JSC Phase Two Project (the “TIF Loans”); and

WHEREAS, pursuant to the Loan Agreement, the JCSD will issue its Taxable Tax Increment Revenue Note in the principal amount of \$351,382.00 (the “Series 2024A Tax Increment Note”) to finance costs associated with the JSC Phase One Project and the Downtown Centre Project, and (2) its Taxable Tax Increment Revenue Note in the principal amount of \$400,000.00 (the “Series 2024B Tax Increment Note”) to finance costs associated with the JSC Phase Two Project; and

WHEREAS, to secure the Series 2024A Tax Increment Note, the JCDA and Lender will enter into an Assignment of Deposit Account for Loan No. 2468117359 (the “Loan No. 2468117359 Assignment”); and

WHEREAS, to secure the Series 2024B Tax Increment Note, the JCDA and Lender will enter into an Assignment of Deposit Account for Loan No. 2468117367 (the “Loan No. 2468117367 Assignment”); and

WHEREAS, Washington County approved the commitment of TIF funds received from Washington County in excess of Twenty Five Thousand Dollars (\$25,000) in any one of more combination of years for the TIF Loans by Resolution No. 24-02-04, adopted on February 26, 2024; and

WHEREAS, the Board of Commissioners of JCDA hereby finds and determines that entering into the Loan Agreement, issuing the Series 2024A Tax Increment Note and the Series 2024B Tax Increment Note and entering into the Loan No. 2468117359 Assignment and the Loan No. 2468117367 Assignment will be in accordance with the provisions, and will further the purposes and the policies, of the Redevelopment Plan, the Private Act and the Act.

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

1. Findings. The Board of Commissioners of JCDA hereby finds and determines that entering into the into the Loan Agreement, issuing the Series 2024A Tax Increment Note and the Series 2024B Tax Increment Note and entering into the Loan No. 2468117359 Assignment and the Loan No. 2468117367 Assignment will be necessary and advantageous to JCDA in furthering the purposes of the Redevelopment Plan, the Private Act and the Act.

2. Authorization of the TIF Loans. Under and pursuant to the provisions of the Private Act and the Act, and in accordance with terms and provisions set forth in that certain

proposed Loan Agreement (herein the “Loan Agreement”), that certain Series 2024A Tax Increment Note, that certain Series 2024B Tax Increment Note, that certain Loan No. 2468117359 Assignment and that certain Loan No. 2468117367 Assignment, the Chair of JCDA, Shannon K. Castillo, and the Vice Chair of JCDA, Jack Simpson, or any one of them, acting alone, for and on behalf of JCDA, are hereby authorized, empowered and directed to execute and to deliver the Loan Agreement, the Series 2024A Tax Increment Note, the Series 2024B Tax Increment Note, the Loan No. 2468117359 Assignment and the Loan No. 2468117367 Assignment, the Loan Agreement, the Series 2024A Tax Increment Note, the Series 2024B Tax Increment Note, the Loan No. 2468117359 Assignment and the Loan No. 2468117367 Assignment to contain such terms and provisions as shall be approved by the representative of JCDA executing and delivering the same, the execution and delivery thereof to constitute conclusive evidence of such approval.

3. Miscellaneous Acts. The Chair and the Vice Chair of JCDA, or any one of them, acting alone, for and on behalf of JCDA, are hereby authorized, empowered and directed to do any and all such acts and things, and to execute, acknowledge, deliver and, if applicable, file or record, or cause to be filed or recorded, in any appropriate public offices, all such documents, instruments and certifications as may, in the discretion of such representative of JCDA, be necessary or desirable to implement or comply with the intent of this Resolution or any of the documents herein authorized and approved.

4. Limitation of Liability. Neither the City of Johnson City, Tennessee, nor Washington County, Tennessee, nor the State of Tennessee, nor any political subdivision thereof, other than JCDA (and, as to JCDA, subject to the limitations described herein), shall be liable for the payment of the principal of or the interest on the TIF Loans, or for the performance of any pledge, mortgage, obligation, agreement or certification of any kind whatsoever of JCDA, and neither such TIF Loans, the instruments or documents evidencing and/or securing the same nor any of the pledges, mortgages, agreements, obligations or certifications of JCDA related thereto shall be construed to constitute an indebtedness or obligation of, or a pledge of the faith and credit or any taxing power of, the City of Johnson City, Tennessee, Washington County, Tennessee, the State of Tennessee or any political subdivision thereof, other than JCDA (and, as to JCDA, subject to the limitations described herein), within the meaning of any constitutional or statutory provisions whatsoever. Neither the faith and credit nor the taxing power of the City of Johnson City, Tennessee, Washington County, Tennessee, the State of Tennessee or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, or interest on such TIF Loans or other costs incident thereto. JCDA has no taxing power.

No recourse under or upon any statement, obligation, covenant, agreement or certification contained in any of the documents executed and delivered in connection with the TIF Loan, including, without limitation, the instruments or documents evidencing and/or securing the same, or any other document or certification whatsoever or under any judgment obtained against JCDA or by the enforcement of any assessment or by any legal or equitable proceeding or by virtue of any constitution or statute or otherwise, or under any circumstances, under or independent of the documents executed and delivered in connection with the TIF Loans, including, without limitation, the instruments or documents evidencing and/or securing the same, or any other document or certification, whatsoever, shall be had against any incorporator, member, director, commissioner or officer, as such, past, present or future, of JCDA, either directly or through JCDA, or otherwise, for the payment for, or to, JCDA, or any receiver thereof, or from or to, the holder of the instruments or documents evidencing and/or securing the TIF Loans, for any sum that may be due and unpaid by JCDA upon such instruments or documents, or the interest

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payable thereon. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner or officer, as such, to respond by reason of any act or omission on his or her part or otherwise for, directly or indirectly, the payment for, or to, JCDA or any receiver thereof, or for, or to, the holders of the instruments or documents evidencing and/or securing the TIF Loans, or the interest payable thereon, shall be deemed to have been waived and released as a condition of, and consideration for, the execution and delivery of the aforesaid instruments and documents.

Further, and not by way of limitation of the preceding paragraphs of this Section 4, the instruments and documents evidencing and/or securing the TIF Loans, and the interest payable thereon, are special limited and not general obligations of JCDA giving rise to no pecuniary liability of JCDA, are payable solely from the tax increment revenues and other funds pledged therefor and are a valid claim of the holders and owners thereof only against the tax increment revenues and other funds pledged therefor. Notwithstanding the foregoing provisions of this Section 4., JCDA shall be fully liable (a) for fraud, misrepresentation, or waste by JCDA, and (b) for the misapplication or misappropriation by JCDA of any proceeds of the TIF Loans or any collateral securing the TIF Loans.

5. Authority. Lender is authorized and directed, without limitation or inquiry, irrespective of the circumstances, to honor and carry out all orders, directions or instructions of the Chair and the Vice Chair of JCDA, or any one of them, acting alone, for and on behalf of JCDA, as to the disposition of any amounts borrowed or credit obtained on behalf of JCDA hereunder, and the Lender shall be under no obligation or liability for the use or disposition of any amounts borrowed or credit obtained.

6. Ratification. Any and all acts previously taken by the Executive Director, the Chair and the Vice Chair of JCDA, or any of them, acting alone, for and on behalf of JCDA, in connection with the foregoing, including, without limitation, in negotiating the Loan Agreement, the Series 2024A Tax Increment Note, the Series 2024B Tax Increment Note, the Loan No. 2468117359 Assignment and the Loan No. 2468117367 Assignment, are hereby ratified and affirmed.

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

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

9. Repealing Clause. All resolutions or parts thereof of the JCDA in conflict with the provisions herein contained are, to the extent of such conflict, hereby suspended and repealed.

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

Approved and adopted this \_\_\_\_\_ day of March, 2024.

JOHNSON CITY DEVELOPMENT AUTHORITY

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By: \_\_\_\_\_  
Title: Shannon K. Castillo, Chair

By: \_\_\_\_\_  
Title: Patricia C. Oldham, Executive Director

**LOAN AND SECURITY AGREEMENT**

**THIS LOAN AND SECURITY AGREEMENT** (this “Loan Agreement”) is made and entered into as of March \_\_, 2024, between **HOMETRUST BANK**, (the “Lender”), and **JOHNSON CITY DEVELOPMENT AUTHORITY** (“JCDA”), a public body and body corporate and politic organized and existing in accordance with the provisions of T.C.A. 13-20-101, et seq., and an instrumentality of the City of Johnson City, Tennessee.

**RECITALS:**

- A. JCDA was established pursuant to Chapter 82 of the Private Acts of 1985, as amended by Chapter 96 of the Private Acts of 1989 (collectively the “Private Act”); and
- B. JCDA is authorized by Tennessee Code Annotated (“T.C.A”). § 13-20-202(c) to exercise redevelopment powers set forth in T.C.A. 13-20-201 et seq. (the “Act”) which include planning, acquiring land, financing with tax increment revenue and redeveloping blighted areas within the boundaries of the City of Johnson City, Tennessee (the “City”); and
- C. JCDA developed the Redevelopment Plan for the Downtown Redevelopment District of Johnson City, Tennessee (the “Redevelopment Plan”) for the redevelopment of a portion of the City known as the Downtown Redevelopment District (the “Redevelopment District”) under the terms of the Redevelopment Plan; and
- D. JCDA conducted a public hearing on September 28, 2006 in accordance with T.C.A. §§ 13-20-203 and 13-20-205, the Redevelopment Plan was approved by the City Commission of the City by Resolution on October 19, 2006, and by the County Commission of Washington County (the “County”) by Resolution 07-03-05, adopted on June 26, 2007, by Resolution No. 08-03-07, adopted on June 24, 2008 and by Resolution 10-08-08, adopted on August 23, 2010; and
- E. The Redevelopment Plan was amended by Redevelopment and Urban Renewal Plan for the Downtown and Other Identified Redevelopment Districts of Johnson City, Tennessee, dated August, 2011 (the “Redevelopment and Urban Renewal Plan”), and the Redevelopment and Urban Renewal Plan was approved by the City Commission of the City by Resolution on October 6, 2011, and by the County Commission of the County by Resolution No. 11-08-05, adopted on August 29, 2011 and by Resolution No. 11-09-11 adopted on September 26, 2011 (the Redevelopment Plan, as amended by the Redevelopment and Urban

Renewal Plan, being hereinafter referred to as the “Redevelopment Plan”); and

- G. JCDA has the responsibility and the authority to implement the Redevelopment Plan on behalf of the City and the County; and
- H. JCDA has expended \$315,383.00 for capital improvements to the John Sevier Center (the “JSC Phase One Project”) and plans to expend an additional \$400,000.00 for roof repairs and/or replacements to the John Sevier Center (the “JSC Phase Two Project”); and
- I. JCDA has expended \$35,999.00 for a security camera system at the Downtown Centre (the “Downtown Centre Project”); and
- J. The County has approved the use of incremental County property taxes for the JSC Phase One Project, the JSC Phase Two Project and the Downtown Centre Project pursuant to Resolution No. 24-02-04, adopted on February 26, 2024; and
- K. Pursuant to the Act and the Redevelopment Plan, JCDA is authorized to issue and secure (1) its Taxable Tax Increment Revenue Note in the principal amount of \$351,382.00 (the “Series 2024A Tax Increment Note”) to finance costs associated with the JSC Phase One Project and the Downtown Centre Project, and (2) its Taxable Tax Increment Revenue Note in the principal amount of \$400,000.00 (the “Series 2024B Tax Increment Note”) to finance costs associated with the JSC Phase Two Project; and
- L. The Lender has indicated its interest in making direct loans to JCDA as described herein and as evidenced by the Series 2024A Tax Increment Note and the Series 2024B Tax Increment Note (herein individually, a “2024 Note,” and collectively, the “2024 Notes”).

**NOW, THEREFORE**, in consideration of the recitals set forth above, the premises and the mutual covenants and undertakings below, the parties hereto covenant, agree and bind themselves as follows:

**ARTICLE I**  
**DEFINITIONS**

In addition to the terms defined elsewhere in this Loan Agreement, the following words and phrases shall have the following meanings.

“Business Day” means any day on which the Lender is regularly open for business in Johnson City, Tennessee.

“Closing” means the initial advancement of funds under both of the 2024 Notes.

“Closing Date” means the date on which the 2024 Notes are issued by JCDA to the Lender and the Closing occurs.

“Default” means any Default under this Loan Agreement as specified in and defined in Article VI hereof.

“Disbursement Certificate” means a certificate executed by JCDA in the form of Exhibit A hereto with respect to the disbursement of proceeds of the 2024 Notes hereunder.

“Loan Documents” shall mean this Loan Agreement, the 2024 Notes and all other instruments and documents to be executed and delivered by JCDA pursuant hereto.

“State” means the State of Tennessee.

## **ARTICLE II** **THE TAX INCREMENT NOTES**

### **Section 2.1. Designation.**

(a) The Series 2024A Tax Increment Note shall be designated “Johnson City Development Authority \$351,382.00 Taxable Tax Increment Revenue Note, Series 2024A (JSC Phase One Project and Downtown Centre Project).” The Series 2024A Tax Increment Note shall be issuable as a fully registered note without coupons and shall be in substantially the form set forth in Exhibit B attached hereto, with appropriate variations, omissions and insertions as permitted or required by this Loan Agreement, with such changes being conclusively approved by execution of the Series 2024A Tax Increment Note by JCDA and the acceptance thereof by the Lender.

(b) The Series 2024B Tax Increment Note shall be designated “Johnson City Development Authority \$400,000.00 Taxable Tax Increment Revenue Note, Series 2024B (JSC Phase Two Project).” The Series 2024B Tax Increment Note shall be issuable as a fully registered note without coupons and shall be in substantially the form set forth in Exhibit C attached hereto, with appropriate variations, omissions and insertions as permitted or required by this Loan Agreement, with such changes being conclusively approved by execution of the Series 2024B Tax Increment Note by JCDA and the acceptance thereof by the Lender.



**Section 2.2. Principal Amount.**

(a) The Series 2024A Tax Increment Note shall be in the original principal amount of Three Hundred Fifty-One Thousand Three Hundred Eighty-Two and No/100 Dollars (\$351,382.00). The entire principal amount of the loan evidenced by the Series 2024A Tax Increment Note will be advanced by the Lender to JCDA at Closing.

(b) The Series 2024B Tax Increment Note shall be in the original principal amount of Four Hundred Thousand and No/100 Dollars (\$400,000.00). The principal amount of the loan evidenced by the Series 2024B Tax Increment Note will be advanced by the Lender as requested from time to time by JCDA subject, however, to written certification by JCDA as to the progress of the JSC Phase Two Project and JCDA's continuing compliance with all performance conditions and covenants required of JCDA in this Loan Agreement.

**Section 2.3. Interest Rate.** Each of the 2024 Notes shall bear interest on the outstanding principal balance thereof at the per annum rate equal to the Prime Rate (as hereinafter defined), as it may change from time to time, less two percent (2%). The "Prime Rate" is defined to mean the interest rate published in the "Money Rates" table of the Eastern edition of The Wall Street Journal as such rate (or if a range of rates is published, then the highest rate in such range) and shall be computed on the daily outstanding principal balance of the indebtedness evidenced by the 2024 Notes. If at any time or from time to time the Prime Rate increases or decreases, then the rate of interest on the 2024 Notes shall be correspondingly increased or decreased, effective on the next Business Day following the date on which such increase or decrease of the Prime Rate is announced. In the event that The Wall Street Journal, during the term hereof, shall abolish or abandon the practice of publishing a Prime Rate, or should the same become unascertainable, the Lender shall designate a comparable reference rate which shall be deemed to be the Prime Rate for purposes hereof.

**Section 2.4. Maturity.**

(a) The Series 2024A Tax Increment Note shall mature on the date that is thirty (30) days after the Closing Date, unless prepaid earlier as provided below or unless accelerated as provided in this Loan Agreement or in the Series 2024A Tax Increment Note.

(b) The Series 2024B Tax Increment Note shall mature on the date that is eight (8) months after the Closing Date, unless prepaid earlier as provided below or unless accelerated as provided in this Loan Agreement or in the Series 2024B Tax Increment Note.

**Section 2.5. Payments of Interest and Principal.** JCDA shall pay all accrued interest plus an amount that will repay the unpaid principal amount of each of the 2024 Notes on the respective maturity dates of such 2024 Notes.

**Section 2.6. Prepayment.** JCDA may prepay the 2024 Notes in whole or in part at any time, and no prepayment premium or penalty shall be required. To exercise the prepayment option granted in this Section, JCDA shall give written notice to the Lender which shall specify therein (i) the date of the intended prepayment, which shall not be less than fifteen (15) nor more than sixty (60) days from the date the notice is mailed and (ii) the principal amount to be prepaid.

**Section 2.7. Delivery of the Tax Increment Notes.** In connection with the delivery of the 2024 Notes, there shall be delivered to or deposited with the Lender:

(a) the amount of any out-of-pocket costs and attorneys' fees incurred by the Lender, along with the Lender's loan fee in the amount of Two Hundred Fifty and No/100 Dollars (\$250.00);

(b) copies, certified by the Secretary of JCDA, of the Bylaws of JCDA and the resolutions authorizing the issuance of the 2024 Notes and the execution, delivery and performance of the 2024 Notes and this Loan Agreement;

(c) a certified copy of the Charter of JCDA and a Certificate of Existence for JCDA, both issued by the Tennessee Secretary of State within fifteen (15) days prior to the Closing Date;

(d) original executed counterpart of the closing certificates and other closing documentation as reasonably required by the Lender in connection with the issuance of the 2024 Notes and the execution, delivery and performance of the 2024 Notes and this Loan Agreement;

(e) original executed counterpart of this Loan Agreement; and

(f) the original 2024 Notes, duly executed and issued by JCDA, together with duly executed Disbursement Certificates with respect the disbursement of funds thereunder.

**Section 2.8. Execution of 2024 Notes; Limited Obligation.** The 2024 Notes shall be executed on behalf of JCDA with the manual signature of the Chair, the Vice Chair, the Secretary/Executive Director, or other duly authorized officer of JCDA. The 2024 Notes, and the obligations of JCDA thereunder and under this Loan Agreement and the other documents described herein that evidence or secure the 2024 Notes, shall not constitute an indebtedness of the City or the County within the meaning of the constitution and statutes of the State of Tennessee or the Charter or ordinances of the City or the County. In the event that a default occurs under the 2024 Notes or this Loan Agreement, no judgment for any deficiency for the obligations of JCDA under the 2024 Notes, this Loan Agreement, or any other documents described herein that evidence or secure the 2024 Notes shall be sought or obtained against JCDA, except for any collateral securing the 2024 Notes as described herein; provided, however,

that notwithstanding the foregoing provisions of this Section 2.8, JCDA shall be fully liable (a) for fraud, misrepresentation, or waste by JCDA, and (b) for the misapplication or misappropriation by JCDA of any proceeds of the 2024 Notes or any collateral securing the 2024 Notes. Nothing contained in this Section 2.8 shall be deemed to be a release or impairment of the indebtedness evidenced by the 2024 Notes or the security interest created by this Loan Agreement or any other document, or preclude the Lender from (1) realizing on the collateral securing the 2024 Notes as described herein in the event of a Default, or (2) enforcing any other rights of the Lender against third parties other than JCDA, including any remedies the Lender may have under this Loan Agreement or any document. The amounts specifically pledged or designated therefor under this Loan Agreement shall be used for no other purpose than to pay the principal of and interest on the 2024 Notes until they are paid in full, except as may be otherwise expressly authorized in this Loan Agreement.

**Section 2.9. Note Registration.** Each 2024 Note shall be registered initially in the name of the Lender as the owner thereof on a note register to be provided for that purpose by JCDA in the office of JCDA as note registrar. JCDA hereby agrees to serve without compensation as note registrar for the 2024 Notes. No transfer of a 2024 Note shall be valid unless made on said note register at the request of the registered owner or its duly authorized attorney and noted thereon, and such registration shall not be unreasonably withheld, conditioned or delayed. The person in whose name a particular 2024 Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the interest on or the principal of such 2024 Note shall be made only to or upon the order of the registered owner thereof or its legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such 2024 Note to the extent of the sum or sums so paid.

**ARTICLE III**  
**COLLATERAL SECURING THE 2024 NOTES**

**Section 3.1. Deposit Account.** JCDA and the Lender acknowledge and confirm that JCDA has established with the Lender that certain deposit account with account number [REDACTED] (the “Deposit Account”), and Lender agrees to segregate and treat as a separate subaccount (the “2024 Notes Subaccount”) within the Deposit Account Seven Hundred Fifty-One Thousand Three Hundred Eighty-Two and No/100 Dollars (\$751,382.00) of the funds held in the Deposit Account. As collateral for the payment of all principal, interest and other sums hereafter due under the 2024 Notes, JCDA hereby pledges to the Lender, and grants to the Lender a security interest in, all moneys now or hereafter deposited and held in the 2024 Notes Subaccount, including all earnings thereon and proceeds thereof; provided, however, such pledge and security interest shall be limited to a total amount (excluding earnings thereon) of Seven Hundred Fifty-One Thousand Three Hundred Eighty-Two and No/100 Dollars (\$751,382.00), of which Three Hundred Fifty-One Thousand Three Hundred Eighty-Two and No/100 Dollars (\$351,382.00) shall secure the Series 2024A Tax Increment Note and Four Hundred Thousand and No/100 Dollars (\$400,000.00) shall secure the Series 2024B Tax Increment Note.

**Section 3.2. Waiver of Rights.** Other than as provided in Section 6.2 and as may be subsequently provided in a separate written instrument, the Lender shall not have any right of set-off against any funds of JCDA maintained with the Lender, including the Deposit Account and the 2024 Notes Subaccount therein, and, other than with respect to the rights set forth in Section 6.2 and any such right of set-off hereafter expressly granted therein, Lender expressly waives all such rights.

**ARTICLE IV**  
**DISBURSEMENT OF LOAN PROCEEDS**

**Section 4.1. Disbursement of Loan Proceeds.** On the Closing Date, all proceeds of the Series 2024A Tax Increment Note shall be disbursed to JCDA to reimburse JCDA for costs incurred to provide the JSC Phase One Project or the Downtown Centre Project. On the Closing Date or at such time thereafter as JCDA shall request disbursements, all proceeds of the Series 2024B Tax Increment Note shall be disbursed to JCDA to pay costs, or to reimburse JCDA for costs, incurred to provide the JSC Phase Two Project, either prior to Closing or after Closing. JCDA shall provide the Lender with a completed Disbursement Certificate for each disbursement of the proceeds of the 2024 Notes.

**ARTICLE V**  
**REPRESENTATIONS, WARRANTIES AND COVENANTS**

**Section 5.1. Representations and Warranties of JCDA.** JCDA represents and warrants to the Lender that:

(a) JCDA is a public body corporate and politic, duly established, organized and existing under the laws of the State of Tennessee pursuant to T.C.A. 13-20-101 et seq., and is an instrumentality of the City of Johnson City, Tennessee.

(b) JCDA has all requisite power, authority and legal right to execute and deliver the 2024 Notes, this Loan Agreement and all other Loan Documents, to borrow money from the Lender as contemplated by the terms hereof and thereof, to perform and observe the provisions hereof and thereof and to carry out the transactions contemplated hereby and thereby. All corporate action on the part of JCDA which is required for the execution, delivery, performance and observance by JCDA of the 2024 Notes, this Loan Agreement and the other Loan Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by JCDA do not contravene applicable law or any contractual restriction binding on or affecting JCDA.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by JCDA of, and performance by JCDA of its obligations under, the 2024 Notes, this Loan Agreement and all other Loan Documents.

(d) When executed and delivered, this Loan Agreement, the 2024 Notes and all other Loan Documents will be legal, valid and binding special obligations of JCDA, enforceable against JCDA in accordance with their respective terms.

(e) There is no default of JCDA in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been incurred which does or could affect the validity and enforceability of the 2024 Notes, this Loan Agreement or any of the other Loan Documents or the ability of JCDA to perform its obligations hereunder and thereunder, and no event has occurred and is continuing under the provisions of any such instrument or agreement which constitutes or, with the lapse of time or the giving of notice, or both, would constitute such a default.

(f) There is not pending or, to the knowledge of the undersigned officer of JCDA, threatened any action or proceeding before any court, governmental agency or arbitrator (i) to restrain or enjoin the issuance or delivery of the 2024 Notes or the grant of a security interest in any of the collateral pledged under this Loan Agreement, (ii) in any way contesting or affecting the authority for the issuance of the 2024 Notes, the availability of funds in the 2024 Notes Subaccount to pay and secure the 2024 Notes, or the validity of the grant of a security interest in any of the collateral pledged under this Loan Agreement, or (iii) in any way contesting the existence or powers of JCDA which could have an adverse effect on the validity or enforceability of this Loan Agreement, the 2024 Notes or any of the other Loan Documents or on the ability of JCDA to carry out its obligations hereunder and thereunder.

(g) In connection with the authorization, issuance and sale of the 2024 Notes, JCDA has complied with all provisions of the constitution and laws of the State of Tennessee, including the Act and Sections 8-44-104, et seq., of Tennessee Code Annotated (the "Public Meetings Act").

(h) JCDA has not assigned or pledged and will not assign or pledge its interest in those amounts in the 2024 Notes Subaccount pledged to secure the 2024 Notes for any purpose other than to secure the 2024 Notes under this Loan Agreement. The 2024 Notes constitute the only notes or obligations of JCDA in any manner payable from the amounts in the 2024 Notes Subaccount pledged to secure the 2024 Notes.

(i) JCDA has held all legally required public hearings with respect to the creation of the Redevelopment Plan, at which members of the public were afforded a reasonable opportunity to be heard. Notice of such public hearing was duly published in accordance with T.C.A. § 13-20-201, et. seq.

(j) The use of the proceeds of the 2024 Notes as described herein has been accurately and fairly represented to the Lender, and all of the costs incurred by JCDA to

be paid from proceeds of the 2024 Notes are eligible for tax increment financing under the applicable provisions of the Act and the Redevelopment Plan.

**Section 5.2. Covenants of JCDA.** JCDA covenants with the Lender as follows:

(a) JCDA will not allow the 2024 Notes Subaccount to become subject to any lien, security interest or right of set-off in favor of any lender, creditor or claimant of JCDA, other than the Lender pursuant to this Loan Agreement.

(b) JCDA will not enter into any agreement or instrument which will prevent or materially impair its ability to perform its obligations hereunder.

(c) So long as the 2024 Notes shall remain outstanding, JCDA will do the following:

(i) take all action and do all things which it is authorized by law to take and do in order to perform and observe all covenants and agreements on its part to be performed and observed under this Loan Agreement, the 2024 Notes and the other Loan Documents;

(ii) pay all accrued tax obligations as they come due and comply with all applicable State, federal and local governmental statutes, laws and ordinances;

(iii) Immediately inform the Lender of any material change in the condition (financial or otherwise) of JCDA and of any actual or threatened litigation which could substantially affect the condition (financial or otherwise) of JCDA, or materially prejudice the payment or performance of its obligations under the Loan Documents; and

(iv) execute, acknowledge where appropriate, and deliver from time to time promptly at the request of the Lender all such instruments and documents as in the reasonable opinion of the Lender are necessary or desirable to carry out the intent and purpose of this Loan Agreement, the 2024 Notes or any of the other Loan Documents.

(d) So long as the 2024 Notes shall remain outstanding, JCDA will not, without the prior written consent of Lender, take or allow to be taken:

(i) any action which, directly or indirectly, adversely affects its existence or status as a public corporation under the laws of the State or changes its ownership or legal status;

(ii) any action which would adversely affect the availability of the funds in the 2024 Notes Subaccount for the payment of the 2024 Notes;

(iii) any action whereby legal or beneficial title to all or any part of the funds in the 2024 Notes Subaccount shall be transferred to anyone other than JCDA; or

(iv) any action whereby any interest in the 2024 Notes Subaccount is pledged to any person other than the Lender.

**ARTICLE VI**  
**DEFAULTS AND REMEDIES**

**Section 6.1. Defaults.** Each of the following events constitutes a “Default” hereunder:

(a) Default in the due and punctual payment of the principal of or the interest on the 2024 Notes on the due date thereof after thirty (30) days written notice thereof in accordance with Section 6.6; or

(b) Default in the performance or observance of any of the other covenants, agreements or conditions on the part of JCDA contained in this Loan Agreement, the 2024 Notes or the other Loan Documents and the failure to remedy the same within thirty (30) days after written notice thereof in accordance with Section 6.6.

**Section 6.2. Acceleration.** Upon the occurrence of any Default under Section 6.1, the Lender may declare the principal of the 2024 Notes and all interest accrued thereon to be immediately due and payable. Upon any acceleration hereunder, the Lender shall immediately be entitled to set-off or disburse to itself all amounts in the 2024 Notes Subaccount.

**Section 6.3. Other Remedies.**

(a) Upon the occurrence of a Default, and subject to the provisions of Section 2.8 and Section 3.2 hereof, the Lender may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest on the outstanding 2024 Notes and to enforce the provisions of Section 3.1 hereof and all rights derived therefrom.

(b) No remedy conferred upon or reserved to the Lender by the terms of this Loan Agreement or the other Loan Documents is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Lender hereunder or now or hereafter existing at law or in equity.

(c) No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

(d) No waiver of any Default hereunder, whether by the Lender or by any other holder of the 2024 Notes, shall extend to or shall affect any subsequent Default or shall impair any rights or remedies consequent thereon.

**Section 6.4. Waiver.** Upon the occurrence of a Default, to the extent that such rights may then lawfully be waived, neither JCDA nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any stay, or extension laws of any jurisdiction now or hereafter in force, in order to prevent or hinder the enforcement of this Loan Agreement or the other Loan Documents, and JCDA, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws.

**Section 6.5. Application of Moneys.** All moneys received by the Lender pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees of, and expenses, liabilities and advances incurred or made by, the Lender, be allocated to and applied first to interest, then to principal due on the 2024 Notes.

**Section 6.6. Notice of Defaults.** Anything herein to the contrary notwithstanding, no event or occurrence that would otherwise constitute a Default under Section 6.1 hereof shall be deemed a Default until notice of such Default shall be given to JCDA, and JCDA shall have had thirty (30) days after receipt of such notice to correct said Default or to cause said Default to be corrected and shall not have corrected said Default or caused said Default to be corrected within the applicable period; provided, however, if any said Default under Section 6.1(b) hereof be such that it cannot be corrected within the applicable period, it shall not constitute a Default if corrective action is instituted by JCDA reasonably satisfactory to the Lender within the applicable period and diligently pursued until the Default is corrected. In no event shall any cure period exceed ninety (90) days without the express written consent of the Lender, which may be withheld for any reason or no reason. With regard to any Default concerning which notice is given to JCDA under the provisions of this Section 6.6, JCDA hereby grants to the Lender the full authority for the account of JCDA to perform any covenant or obligation alleged in said notice to constitute a Default, in the name and stead of JCDA with full power to do any and all things and acts to the same extent that JCDA could do and perform any such things and acts and with power of substitution.



**ARTICLE VII**  
**MISCELLANEOUS**

**Section 7.1. Term of Loan Agreement.** This Loan Agreement shall remain in full force and effect from the date hereof to and including such time as the 2024 Notes and the fees and expenses of the Lender shall have been fully paid.

**Section 7.2. Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand-delivered or mailed by registered or certified mail, postage prepaid, or delivered by courier (such as Federal Express), all charges prepaid, addressed as follows:

<u>If to JCDA:</u>	Johnson City Development Authority 300 East Main Street Suites 102 & 103 Johnson City, Tennessee 37601-5708 Attention: Executive Director
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<u>If to the Lender:</u>	HomeTrust Bank 320 Ridgefield Ct Asheville, NC 28806 Attn: Corey Webb, SVP
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JCDA and the Lender may, by written notice given hereunder, designate any other or different addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 7.3. Binding Effect.** This Loan Agreement shall inure to the benefit of and shall be binding upon JCDA and the Lender and their respective successors and assigns.

**Section 7.4. Severability.** In any event any provision of this Loan Agreement or any other Loan Document shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or thereof.

**Section 7.5. Amendments, Changes and Modifications.** This Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Lender and JCDA in accordance with the provisions hereof.

**Section 7.6. Execution in Counterparts.** This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 7.7. Applicable Law.** This Loan Agreement shall be governed by and construed in accordance with the laws of the State, and the venue of any litigation with respect hereto shall be exclusively in the United States District Court for the Eastern District of Tennessee (Northeastern Division) or state court in Washington County, Tennessee.

**Section 7.8. Captions.** The captions and headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Loan Agreement.

**Section 7.9. Payment or Performance on Business Days.** If the date for any payment hereunder, or the last date for performance of any act or the exercising of any right as provided in this Loan Agreement, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day.

**Section 7.10. No Liability of Officers.** No recourse under or upon any obligation, covenant, or agreement of JCDA, or under any judgment obtained against JCDA, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, employee, commissioner or officer, as such, past, present, or future, of JCDA, either directly or through JCDA, or otherwise, for the payment for or to JCDA or any receiver thereof, or for or to any holder of the 2024 Notes, of any sum that may be due and unpaid by JCDA upon the 2024 Notes. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, employee, commissioner or officer, as such, to respond by reason of any act or omission on his/her part or otherwise, for the payment for or to JCDA or any receiver thereof, or for or to any holder of the 2024 Notes, of any sum that may remain due and unpaid upon the 2024 Notes, is hereby expressly waived and released as a condition of and consideration for the execution of this Loan Agreement and the issuance of the 2024 Notes.

**Section 7.11. No Liability of the City or the County.** The City and the County shall not in any event be liable for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever herein or indebtedness by JCDA, and neither the 2024 Notes nor any of the agreements or obligations of JCDA contained in this Loan Agreement or otherwise shall be construed to constitute an indebtedness of the City or the County within the meaning of any constitutional or statutory provision whatsoever.

**Section 7.12. No Usury.** No provision in this Loan Agreement shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any excess interest in such respect is hereby provided for, or shall be adjudicated to be so provided for herein, the provisions of this paragraph shall govern, and JCDA shall not be obligated to pay the amount of such interest to the extent that it is in excess of the amount permitted by law. In the event the Lender shall collect monies hereunder or otherwise which are deemed to constitute interest which would increase any effective interest rate to a rate in excess of that permitted to be

charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall be immediately returned to the payer thereof upon such determination.

**IN WITNESS WHEREOF**, JCDA has caused this Loan Agreement to be executed in its name and the Lender has caused this Loan Agreement to be executed in its name, all as of the first above written.

**JOHNSON CITY  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**HOMETRUST BANK**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Exhibit A**

**FORM OF DISBURSEMENT CERTIFICATE**

To: HomeTrust Bank

Attention: Corey Webb, SVP

Re: Loan evidenced by Johnson City Development Authority [\$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)], dated as of March \_\_, 2040 (the "Loan"), made pursuant to a Loan Agreement dated as of March \_\_, 2024 (the "Loan Agreement") between Johnson City Development Authority and HomeTrust Bank

Pursuant to Section 4.1 of the Loan Agreement, HomeTrust Bank is hereby authorized and instructed to disburse Loan proceeds in the amount of \$\_\_\_\_\_ to pay the costs described in Schedule 1 attached hereto. In connection with such disbursement, the undersigned hereby certifies as follows:

(a) All amounts disbursed shall be applied to the payment of costs incurred to provide [the JSC Phase One Project or the Downtown Centre Project][the JSC Phase Two Project].

(b) All requirements for disbursement of amounts pursuant to this request under Article IV of the Loan Agreement have been satisfied.

(c) All of the costs described in Schedule 1 are eligible for tax increment financing under the applicable provisions of the Act and the Redevelopment Plan.

Please disburse such amounts [directly to JCDA][to \_\_\_\_\_].

All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Loan Agreement.

Dated as of \_\_\_\_\_, 2024.

**JOHNSON CITY DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Exhibit A

**Exhibit B**

**[FORM OF SERIES 2024A TAX INCREMENT NOTE]**

Exhibit B

**EXHIBIT C**

**[FORM OF SERIES 2024B TAX INCREMENT NOTE]**

Exhibit C

**JOHNSON CITY DEVELOPMENT AUTHORITY**

**\$351,382.00 Taxable Tax Increment Revenue Note, Series 2024A  
(JSC Phase One Project and Downtown Centre Project)**

No. R-1

March \_\_, 2024

1. **Promise to Pay.** FOR VALUE RECEIVED, JOHNSON CITY DEVELOPMENT AUTHORITY, a public body corporate and politic, organized and existing under the laws of the State of Tennessee, pursuant to Tennessee Code Annotated §13-20-101, et. seq., and an instrumentality of the City of Johnson City, Tennessee (hereinafter called the “Issuer”) hereby promises to pay, but solely from the sources as hereinafter provided and not otherwise, to **HOMETRUST BANK** or its registered assigns (hereinafter the “Lender”), the principal sum of Three Hundred Fifty-One Thousand Three Hundred Eighty-Two and No/100 Dollars (\$351,382.00), together with interest on the outstanding principal balance due hereunder from the date hereof until paid in full at the per annum rate equal to the Prime Rate (as hereinafter defined), as it may change from time to time, less two percent (2%).

Principal and interest are due and payable in full on the date that is thirty (30) days after the date hereof, unless prepaid earlier as provided herein or unless accelerated as provided herein or in the Loan Agreement (as hereinafter defined).

The “Prime Rate” is defined to mean the interest rate published in the “Money Rates” table of the Eastern edition of The Wall Street Journal as such rate (or if a range of rates is published, then the highest rate in such range) and shall be computed on the daily outstanding principal balance of the indebtedness evidenced by this Note. If at any time or from time to time the Prime Rate increases or decreases, then the rate of interest on this Note shall be correspondingly increased or decreased, effective on the next Business Day following the date on which such increase or decrease of the Prime Rate is announced. In the event that The Wall Street Journal, during the term hereof, shall abolish or abandon the practice of publishing a Prime Rate, or should the same become unascertainable, the Lender shall designate a comparable reference rate which shall be deemed to be the Prime Rate for purposes hereof.

A late charge of five percent (5%) of any delinquent installment shall accrue and be payable with respect to any installment not paid within ten (10) days of its due date. This Note is payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payments due hereunder shall be by check or draft to the registered owner hereof.

Notwithstanding any provision to the contrary, it is the intent of the Lender and the Issuer that neither the Lender nor any subsequent holder shall be entitled to receive, collect, reserve or apply, as interest, any amount in excess of the maximum lawful rate of interest permitted to be charged by applicable law or regulations, as amended or enacted from time to time. In the event this Note calls for an interest payment that exceeds the maximum lawful rate of interest then applicable, such interest shall not be received, collected, charged, or reserved until such time as that interest, together with all other interest then payable, falls within the then

applicable maximum lawful rate of interest. In the event the Lender, or any subsequent holder, shall receive any such interest in excess of the then maximum lawful rate of interest, such amount which would be excessive interest shall be deemed a partial prepayment of principal and treated hereunder as such, or, if the principal indebtedness evidenced hereby is paid in full, any remaining excess funds shall immediately be paid to the Issuer. The term “maximum lawful rate of interest” as used herein shall mean a rate of interest equal to the higher or greater of the following: (a) the “applicable formula rate” defined in Tennessee Code Annotated Section 47-14-102(2), or (b) such other rate of interest as may be charged under other applicable laws or regulations.

**2. Issuance of Note.** This Note is the Issuer’s duly authorized Johnson City Development Authority Taxable Tax Increment Revenue Note, Series 2024A (JSC Phase One Project and Downtown Centre Project) issued in the principal amount of Three Hundred Fifty-One Thousand Three Hundred Eighty-Two and No/100 Dollars (\$351,382.00). This Note is issued pursuant to that certain Loan Agreement dated as of March \_\_, 2024 between the Issuer and the Lender (the “Loan Agreement”). Also pursuant to the Loan Agreement, the Issuer has issued its Taxable Tax Increment Revenue Note, Series 2024B (JSC Phase Two Project) in the principal amount of Four Hundred Thousand and No/100 Dollars (\$400,000.00) (the “Series 2024B Tax Increment Note”) (this Note and the Series 2024B Tax Increment Note being referred to herein collectively as the “2024 Notes”). The 2024 Notes are secured both as to principal and interest as provided in the Loan Agreement, to which reference is hereby made for a description of the nature and extent of the security, the terms and conditions upon which the 2024 Notes are issued and secured and the rights of the holder hereof. Capitalized terms used but not defined herein shall have the same meaning as set forth in the Loan Agreement

**3. Source of Payment of Note.** This Note is issued in full compliance with the constitution and statutes of the State of Tennessee, including among others, of Tennessee Code Annotated §13-20-101, et. seq. Pursuant to law and the proceedings under which this Note is issued, this Note is payable solely out of the funds pledged therefor as provided in the Loan Agreement. It is the intent of the parties that all funds pledged to secure this Note shall be made available for and applied to debt service on this Note, and to no other purpose or use until the indebtedness evidenced by this Note has been paid in full.

**4. Modification of Rights and Obligations of Issuer and Noteholders.** As provided in, and to the extent permitted by, the Loan Agreement or any agreements supplemental thereto, the rights and obligations of the Issuer and of the holders of the 2024 Notes may be modified by the Issuer with the written consent of the holders of the 2024 Notes; provided, however, that no such modification shall effect the reduction of or the extension of the stated time of payment of, the principal hereof or of the interest or premium, if any, hereon or permit the creation of any lien on the collateral pledged to secure this Note prior to or on a parity with the lien on such collateral provided in the Loan Agreement or deprive the holder hereof of the lien created by the Loan Agreement on such collateral without the written consent of the holder of this Note.

**5. Prepayment of Note.** This Note is subject to optional prepayment by the Issuer in whole or in part, at any time without premium or penalty.



**6. Notice of Prepayment.** Notice of optional prepayment, unless waived, shall be given to the registered holder hereof in the time and manner required in the Loan Agreement.

**7. Registration or Exchange.** This Note is transferable by the registered holder hereof, in person or by its attorney duly authorized in writing, at the main office of the Issuer at 300 East Main Street, Suites 102 & 103, Johnson City, Tennessee 37601, or at such other place as the Issuer may designate from time to time, in the manner, subject to the limitations and upon payment of the charges provided in the Loan Agreement, and upon surrender and cancellation of this Note. Upon such transfer a new fully registered Note or Notes, in the outstanding principal amount then due, will be issued to the transferee by the Issuer in exchange therefor. At all times the Issuer shall cause to be maintained a record of ownership interests in this obligation or any substitutions therefor.

The Issuer may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and neither the Issuer nor any paying agent shall be affected by any notice to the contrary.

**8. Default; Remedies.** Upon the occurrence of a Default as provided in the Loan Agreement, the Lender may exercise all rights and remedies provided for in the Loan Agreement.

**9. Limitation of Liability.** No recourse under or upon any obligation, covenant or agreement with respect to this Note or the Loan Agreement, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Note or the Loan Agreement, shall be had against any incorporator, member, commissioner or officer, as such, past, present or future, of the Issuer, either directly or through the Issuer, or otherwise, or against any public official or elected representative approving or consenting to the issuance of this Note, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Note issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Note. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, commissioner or officer, as such, to respond by reason of any act or omission on his/her part or otherwise, of any such incorporator, member, director or officer, as such, to respond by reason of any act or omission on his/her part or otherwise for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Note issued thereunder or otherwise of any sum that may remain due and unpaid upon this Note thereby secured or any of them, is hereby expressly waived and released as a condition of and consideration for the issuance of this Note.

Neither the City of Johnson City, Tennessee, Washington County, Tennessee, nor any public official or elected representative consenting to or approving the issuance of this Note shall in any event be personally liable for the payment of principal of, premium, if any, or interest on this Note or for the performance of any pledge, mortgage, obligations or agreements

of any kind whatsoever of the Issuer, and neither this Note nor any of the Issuer's agreements or obligations shall be construed to constitute an indebtedness of the City of Johnson City, Tennessee, Washington County, Tennessee, or any such public official or elected representative within the meaning of any constitutional or statutory provisions whatsoever.

**10. Limited Obligations.** This Note and the obligations of Issuer under the Loan Agreement and the other documents that evidence or secure this Note shall not constitute an indebtedness of the City of Johnson City, Tennessee or Washington County, Tennessee within the meaning of the constitution and statutes of the State of Tennessee or the Charter or ordinances of the City or the County. In the event that a default occurs under the Loan Agreement, no judgment for any deficiency for the obligations of the Issuer under this Note or the Loan Agreement shall be sought or obtained against the Issuer, except for any collateral securing this Note as provided in the Loan Agreement; provided, however, that notwithstanding the foregoing provisions of this Section 10, the Issuer shall be responsible (a) for fraud, misrepresentation, or waste by the Issuer, and (b) for the misapplication or misappropriation by Issuer of any funds or other collateral securing this Note.

*[Signature on following page]*

**IN WITNESS WHEREOF**, Johnson City Development Authority has caused this Note to be duly executed in its name by the signature of its Chair the date of actual issuance of this Note being the date set forth on the first page hereof.

**JOHNSON CITY DEVELOPMENT  
AUTHORITY**

By: \_\_\_\_\_  
Chair

**JOHNSON CITY DEVELOPMENT AUTHORITY**

**\$400,000.00 Taxable Tax Increment Revenue Note, Series 2024B  
(JSC Phase Two Project)**

**No. R-1**

**March \_\_, 2024**

**1. Promise to Pay. FOR VALUE RECEIVED, JOHNSON CITY DEVELOPMENT AUTHORITY**, a public body corporate and politic, organized and existing under the laws of the State of Tennessee, pursuant to Tennessee Code Annotated §13-20-101, et. seq., and an instrumentality of the City of Johnson City, Tennessee (hereinafter called the “Issuer”) hereby promises to pay, but solely from the sources as hereinafter provided and not otherwise, to **HOMETRUST BANK** or its registered assigns (hereinafter the “Lender”), the principal sum of Four Hundred Thousand and No/100 Dollars (\$400,000.00), together with interest on the outstanding principal balance due hereunder from the date hereof until paid in full at the per annum rate equal to the Prime Rate (as hereinafter defined), as it may change from time to time, less two percent (2%).

Principal and interest are due and payable in full on the date that is eight (8) months after the date hereof, unless prepaid earlier as provided herein or unless accelerated as provided herein or in the Loan Agreement (as hereinafter defined).

The “Prime Rate” is defined to mean the interest rate published in the “Money Rates” table of the Eastern edition of The Wall Street Journal as such rate (or if a range of rates is published, then the highest rate in such range) and shall be computed on the daily outstanding principal balance of the indebtedness evidenced by this Note. If at any time or from time to time the Prime Rate increases or decreases, then the rate of interest on this Note shall be correspondingly increased or decreased, effective on the next Business Day following the date on which such increase or decrease of the Prime Rate is announced. In the event that The Wall Street Journal, during the term hereof, shall abolish or abandon the practice of publishing a Prime Rate, or should the same become unascertainable, the Lender shall designate a comparable reference rate which shall be deemed to be the Prime Rate for purposes hereof.

A late charge of five percent (5%) of any delinquent installment shall accrue and be payable with respect to any installment not paid within ten (10) days of its due date. This Note is payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payments due hereunder shall be by check or draft to the registered owner hereof.

Notwithstanding any provision to the contrary, it is the intent of the Lender and the Issuer that neither the Lender nor any subsequent holder shall be entitled to receive, collect, reserve or apply, as interest, any amount in excess of the maximum lawful rate of interest permitted to be charged by applicable law or regulations, as amended or enacted from time to time. In the event this Note calls for an interest payment that exceeds the maximum lawful rate of interest then applicable, such interest shall not be received, collected, charged, or reserved until such time as that interest, together with all other interest then payable, falls within the then

applicable maximum lawful rate of interest. In the event the Lender, or any subsequent holder, shall receive any such interest in excess of the then maximum lawful rate of interest, such amount which would be excessive interest shall be deemed a partial prepayment of principal and treated hereunder as such, or, if the principal indebtedness evidenced hereby is paid in full, any remaining excess funds shall immediately be paid to the Issuer. The term “maximum lawful rate of interest” as used herein shall mean a rate of interest equal to the higher or greater of the following: (a) the “applicable formula rate” defined in Tennessee Code Annotated Section 47-14-102(2), or (b) such other rate of interest as may be charged under other applicable laws or regulations.

**2. Issuance of Note.** This Note is the Issuer’s duly authorized Johnson City Development Authority Taxable Tax Increment Revenue Note, Series 2024B (JSC Phase Two Project) issued in the principal amount of Four Hundred Thousand and No/100 Dollars (\$400,000.00). This Note is issued pursuant to that certain Loan Agreement dated as of March \_\_, 2024 between the Issuer and the Lender (the “Loan Agreement”). Also pursuant to the Loan Agreement, the Issuer has issued its Taxable Tax Increment Revenue Note, Series 2024A (JSC Phase One Project and Downtown Centre Project) in the principal amount of Three Hundred Fifty-One Thousand Three Hundred Eighty-Two and No/100 Dollars (\$351,382.00) (the “Series 2024A Tax Increment Note”) (this Note and the Series 2024A Tax Increment Note being referred to herein collectively as the “2024 Notes”). The 2024 Notes are secured both as to principal and interest as provided in the Loan Agreement, to which reference is hereby made for a description of the nature and extent of the security, the terms and conditions upon which the 2024 Notes are issued and secured and the rights of the holder hereof. Capitalized terms used but not defined herein shall have the same meaning as set forth in the Loan Agreement

**3. Source of Payment of Note.** This Note is issued in full compliance with the constitution and statutes of the State of Tennessee, including among others, of Tennessee Code Annotated §13-20-101, et. seq. Pursuant to law and the proceedings under which this Note is issued, this Note is payable solely out of the funds pledged therefor as provided in the Loan Agreement. It is the intent of the parties that all funds pledged to secure this Note shall be made available for and applied to debt service on this Note, and to no other purpose or use until the indebtedness evidenced by this Note has been paid in full.

**4. Modification of Rights and Obligations of Issuer and Noteholders.** As provided in, and to the extent permitted by, the Loan Agreement or any agreements supplemental thereto, the rights and obligations of the Issuer and of the holders of the 2024 Notes may be modified by the Issuer with the written consent of the holders of the 2024 Notes; provided, however, that no such modification shall effect the reduction of or the extension of the stated time of payment of, the principal hereof or of the interest or premium, if any, hereon or permit the creation of any lien on the collateral pledged to secure this Note prior to or on a parity with the lien on such collateral provided in the Loan Agreement or deprive the holder hereof of the lien created by the Loan Agreement on such collateral without the written consent of the holder of this Note.

**5. Prepayment of Note.** This Note is subject to optional prepayment by the Issuer in whole or in part, at any time without premium or penalty.

**6. Notice of Prepayment.** Notice of optional prepayment, unless waived, shall be given to the registered holder hereof in the time and manner required in the Loan Agreement.

**7. Registration or Exchange.** This Note is transferable by the registered holder hereof, in person or by its attorney duly authorized in writing, at the main office of the Issuer at 300 East Main Street, Suites 102 & 103, Johnson City, Tennessee 37601, or at such other place as the Issuer may designate from time to time, in the manner, subject to the limitations and upon payment of the charges provided in the Loan Agreement, and upon surrender and cancellation of this Note. Upon such transfer a new fully registered Note or Notes, in the outstanding principal amount then due, will be issued to the transferee by the Issuer in exchange therefor. At all times the Issuer shall cause to be maintained a record of ownership interests in this obligation or any substitutions therefor.

The Issuer may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof, premium, if any, and interest due hereon and for all other purposes, and neither the Issuer nor any paying agent shall be affected by any notice to the contrary.

**8. Default; Remedies.** Upon the occurrence of a Default as provided in the Loan Agreement, the Lender may exercise all rights and remedies provided for in the Loan Agreement.

**9. Limitation of Liability.** No recourse under or upon any obligation, covenant or agreement with respect to this Note or the Loan Agreement, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Note or the Loan Agreement, shall be had against any incorporator, member, commissioner or officer, as such, past, present or future, of the Issuer, either directly or through the Issuer, or otherwise, or against any public official or elected representative approving or consenting to the issuance of this Note, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Note issued thereunder or otherwise, of any sum that may be due and unpaid by the Issuer upon any such Note. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, commissioner or officer, as such, to respond by reason of any act or omission on his/her part or otherwise, of any such incorporator, member, director or officer, as such, to respond by reason of any act or omission on his/her part or otherwise for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Note issued thereunder or otherwise of any sum that may remain due and unpaid upon this Note thereby secured or any of them, is hereby expressly waived and released as a condition of and consideration for the issuance of this Note.

Neither the City of Johnson City, Tennessee, Washington County, Tennessee, nor any public official or elected representative consenting to or approving the issuance of this Note shall in any event be personally liable for the payment of principal of, premium, if any, or interest on this Note or for the performance of any pledge, mortgage, obligations or agreements

of any kind whatsoever of the Issuer, and neither this Note nor any of the Issuer's agreements or obligations shall be construed to constitute an indebtedness of the City of Johnson City, Tennessee, Washington County, Tennessee, or any such public official or elected representative within the meaning of any constitutional or statutory provisions whatsoever.

**10. Limited Obligations.** This Note and the obligations of Issuer under the Loan Agreement and the other documents that evidence or secure this Note shall not constitute an indebtedness of the City of Johnson City, Tennessee or Washington County, Tennessee within the meaning of the constitution and statutes of the State of Tennessee or the Charter or ordinances of the City or the County. In the event that a default occurs under the Loan Agreement, no judgment for any deficiency for the obligations of the Issuer under this Note or the Loan Agreement shall be sought or obtained against the Issuer, except for any collateral securing this Note as provided in the Loan Agreement; provided, however, that notwithstanding the foregoing provisions of this Section 10, the Issuer shall be responsible (a) for fraud, misrepresentation, or waste by the Issuer, and (b) for the misapplication or misappropriation by Issuer of any funds or other collateral securing this Note.

*[Signature on following page]*

**IN WITNESS WHEREOF**, Johnson City Development Authority has caused this Note to be duly executed in its name by the signature of its Chair the date of actual issuance of this Note being the date set forth on the first page hereof.

**JOHNSON CITY DEVELOPMENT  
AUTHORITY**

By: \_\_\_\_\_  
Chair