



HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD

**City of Chattanooga, Tennessee
MONTHLY MEETING MINUTES**

**John P. Franklin City Council Building
Council Assembly Room
1000 Lindsay Street
Chattanooga, TN 37402**

**for
August 25, 2021
12:01 p.m.**

Present were Board Members: Richard Johnson (Chairman Pro Tem), Amanda Jelks (Secretary), Charles D. Paty, Alexa LeBoeuf, and Johnika Everhart. Absent were Hicks Armor (Chair), Gregg Gentry (Vice-Chair), and Dr. John W. Schaerer.

Also present were Phillip Noblett (Counsel to the Board); Tony Sammons and Sandra Gober (ECD); Alfred Smith (Miller & Martin); Alex Cherner (Cherner Chattanooga LLC); and Martina Guilfoil and Jake Toner (CNE).

Ms. Jelks called the meeting to order, confirmed the meeting advertisement, and established that a quorum was present to conduct business with five members of a nine-member board.

The Board's Chair and Vice-Chair are absent, and the Board needs to appoint a Chairman Pro Tem. Mr. Noblett stated that this body has adopted Robert's Rules of Order Section 37 which provides that there can be a Chairman Pro Tem elected by the members during each meeting if the Chair is absent. This is so the body can conduct business.

On motion of Mr. Paty, elected Mr. Johnson as Chairman Pro Tem, seconded by Ms. Everhart, and Mr. Johnson was elected Chairman Pro Tem for the meeting.

MINUTES APPROVAL FOR THE JULY 21, 2021, MEETING

On motion of Mr. Paty, seconded by Ms. Jelks, the minutes of the July 21, 2021, meeting, were approved as submitted.

There was no person present wishing to address the Board.

1. Mr. Johnson presented the next order of business: **"A RESOLUTION APPROVING THE EXECUTION BY THE APPROPRIATE OFFICERS OF THE BOARD OF (1) A PILOT AGREEMENT REGARDING LEASEHOLD DEED OF TRUST RIGHTS AMONG CHERNER CHATTANOOGA, LLC ("CHERNER"), THE BOARD AND CBRE MULTIFAMILY CAPITAL, INC., AND (2) A LESSOR ESTOPPEL CERTIFICATE, BOTH RELATING TO THE SALE BY WALNUT COMMONS, LLC TO CHERNER OF THE WALNUT COMMONS APARTMENTS." (HEB2021-08)**

Mr. Noblett stated that Mr. Alfred Smith and representative from the Cherner Chattanooga, LLC are present. This resolution involves the 2010 Health, Educational, and Housing Facility's Payment in Lieu of Tax Agreement that was initially done with Walnut Commons, LLC. During the term of that agreement, there has already been one transfer to the issues of the CDRC who is out of the process and had part of the property. The LLC is involved in this process who has obtained an Assignment under the Lease Agreement which has been in effect since 2010. The PILOT agreement that is involved in this matter requires continuing payments in lieu of taxes to this body through the year 2025. Based upon the PILOT agreement and the terms that are involved, there is to be a payment that is to be made for 20% in 2022 based upon the fully assessed value after all of the improvements on the property, 40% in 2023, 60% in 2024, and 80% in 2025. The Lease Agreement and Assignment involved would also require Cherner to comply with those payments. If they are not completed appropriately, this board has rights under the PILOT Agreement to request those items to be made. They will be standing in the steps of Walnut Commons, LLC.

Mr. Smith introduced Alex Cherner who is available to answer any questions about the project. This is a standard thing that happens when a project like this is sold and the new owners will get new financing. Because this board owns the fee title to the project and lease it to Walnut Commons, we have to get the lenders a Leasehold Deed of Trust on the property. They want to make sure everything is square and you commit to certain things. Members of the Board and the City are protected from any liability which is a state law provision. Mr. Smith stated that none of the material terms of the PILOT are changed. It has not extended any. It goes until the end of 2024 and starts phasing in at the end of this year to full taxation by 2025. There is no change in the deal between the City, County, and Walnut Commons.

Mr. Noblett stated that this will also be a benefit to the City as far as this property involves the CDRC, a non-profit entity. The CDRC is out and the new property owner will be subject to taxation at the full amount. This is based upon the improvements that are in place. Hopefully, it will continue as a low to moderate housing facility within the terms it was created during the term of the PILOT.

Mr. Johnson stated that this is not the first time the Board has done this. This is standard and not the deviation. It benefits the City. The education taxes are not being paid. This was under a program that passed in the year 2000. There was a lot of changes in the whole apartment market since then, but that was not a requirement at that time. It is now. Full taxation is going to start - 20% a year until end of 2024.

Mr. Noblett stated that this one is a little awkward in so far as the housing portion is in one section with a step up, but it also has provisions that the commercial non-residential portions of the property were paying taxes from the beginning. That is also coming from this property as well. This is a mixed use development, but the residential portion was the only one that received the PILOT benefit.

After further discussion, a motion was made by Mr. Paty, seconded by Ms. Everhart to approve the resolution and the resolution passed unanimously by roll call vote 5-0.

2. Mr. Johnson presented the next item for business: **“A RESOLUTION ALLOCATING TWO HUNDRED FIFTY-FIVE THOUSAND DOLLARS (\$255,000.00) FROM THE AFFORDABLE HOUSING FUND TO CHATTANOOGA NEIGHBORHOOD DEVELOPMENT (CNE) TO ACQUIRE AND PROCURE FOUR (4) LOTS TOTALING APPROXIMATELY .5 ACRES ON 1805, 1807, 1809, AND 1811 S. LYERLY STREET IN WHICH FOUR (4) VACANT AND SUBSTANDARD UNITS WILL BE DEMOLISHED PRIOR TO THE SALE OF THE LOTS TO CNE FOR FUTURE AFFORDABLE HOUSING SITES.” (HEB2021-09)**

Mr. Noblett confirmed with Mr. Sammons and Ms. Gober that CNE would like to purchase the four properties located on S. Lyerly Street. Mr. Noblett asked what plans are being made for these properties. These houses are not on the condemned list right now. Mr. Johnson stated that this is essentially to get the properties ready for purchase.

Ms. Martina Guilfoil spoke on behalf of CNE.

In summary, CNE believes the future of Chattanooga is rooted in the health of all of our neighborhoods and the prosperity of all of our people. The way they go about that is investing in neighborhoods and providing programs for residents in Chattanooga.

This particular program will create a mixed income community. CNE currently has 146 rental units of mixed income properties, and 15 of the units are income restricted. The people below 60% AMI, and 12 units also at 60% AMI. There are seven income restricted units below 30%. CNE imposes without any other governmental funding restrictions another 55 units at folks below 80%. There are 57 units that have no income restrictions right now. They have 14 more units opening in the next couple of weeks and 129 more units in the current pipeline.

The demographics of their population are 16.4% of residents earn less than \$15,000 a year and another almost 20% are less than \$25,000 - 15% are at \$30,000 or less and almost 30% between 60% and 80%. A majority of the residents are under the 80% AMI, 48% is White, 36% African American, and 6% Latino. The income restricted units change. The higher percentage is African Americans and lower percentage of White and Latino population stays the same. Average income of all tenants across the portfolio is \$35,000. There are a couple of outliers from non-income restricted units that push the number high. If you take out the couple of people that are really high income, the number is more like \$32,000.

Four portfolios were presented of what CNE builds. The top left is four six-plexes that were built on Bailey Avenue. Those are funded with HOME dollars as well as CNE equity, and the bottom is a five-pack which is five six-plexes on Union Avenue. Mai Bell is one of the first projects which is 51 units, mixed income housing on Bailey Avenue. The bottom corner is a project on 5th Avenue where three houses were rehabilitated into apartments.

Today's request is to demolish these four houses that are in Oak Grove that have been in dilapidated, boarded-up condition for years and develop them into affordable rentals and in a newly developed Mill Town neighborhood. Mill Town is an Ethan Collier project where he is developing all of the property around the Standard Coosa Thatcher Mill. He is building around 260 units of

housing of which he has committed 20% affordable to CNE. There will be 60 affordable units somewhere within the development. These four properties are not a part of that number. These properties are across the street from his property. He is going to be building a field within his development and it is adjacent to that building. Green space will be incorporated into the neighborhood. This is an opportunity for affordable housing in a neighborhood that is going to be full of amenities, park, and neighborhood investment. CNE's request is money to purchase the land. They have a lot of development over the last several years, and 126 units are in development. Their capital is getting diminished. CNE has come to the HEB before to request affordable housing funds but now they have to be more strategic in terms of leveraging the resources to capitalize on opportunities like this one to be able to buy a piece of property in a neighborhood where they want affordable housing.

CNE has not decided on the product type whether or not it be a rental or a six-plex product. When they do a small apartment format building, they do not know if it will be somewhere between 20-24 units. The criteria under this program is to maintain a 20-year affordability. The beautiful thing about CNE is that this is their mission. CNE is about healthy neighborhoods and affordable housing. Even though there is a 20-year affordability period, some of the projects that have burned off affordability, they still maintain as affordable units. That is what they are required to do under the program parameters.

As mentioned, 24 units can be built. This is 20% units affordable at \$30,000. It really works out to be 20% of the money represented as part of the deal. If it costs \$2 million and the HEB is putting in \$200,000, that would be whatever percentage. The rest of the units are in households under 80%. Which is currently \$39,000. The rents look something like \$650 for three units, and the CNE imposed restricted rents 13 that are equal to or less than \$800. Some of this is a moving target because rents in Oak Grove right now are lower than across the City. It is also because the neighborhood is distressed. Based upon how soon Ethan Collier builds out, the market looks like the rates are based upon what the market will bear. It may not be \$800. They have to see once they build and put those out for rent. The two-bedroom units hover around \$1,100 to \$1,200 in their current portfolio for a total of 24 units.

The average rent right now in Chattanooga is about \$1,100. In downtown, it is higher than that at a little almost \$1,300. When you look at the rents that CNE charges across their portfolio, this is pretty standard. CNE is really creating a savings of \$4,000 to \$5,000 per family, per year, because of the rents that they charge. The return on investment is really creating affordable housing in an increasingly desirable area. It provides long-term affordable housing that supports racially and economically diverse communities. They often get asked if it is important to put faces on the people that need their housing.

Jobs that qualify for affordable housing would be a Good Will truck driver, public sanitation driver, assistant management trainee, part-time sales associate, leasing agent, almost any non-profit worker, certified primary veterinary assistant, certified nursing assistant, etc. It is really important when you think about maintaining a city for all of us and not just some of us that we continue to provide as much affordable housing as possible.

Mr. Johnson stated that as his time on this board that CNE has been a great partner. We all know that affordable housing is desperately needed throughout the community in particular to this up and coming community. There is a lot of interest there. Mr. Johnson thanked CNE for taking an active role.

Mr. Johnson asked regarding the four-plexes, if they are doing six or four, what will dictate when you do six or four? Mr. Jake Toner answered this question. Life size and life depth, building codes, zoning, go into it. Those are the critical path items which comes down to what options are available after you look at those items. They want something that is going to blend into the neighborhood and get a long-term product.

Mr. Johnson asked in terms of the site preparation, what is the site, has it been prepared, how long before CNE breaks ground? Mr. Toner said that is a really good question. Mr. Johnson asked, when the site is ready, how long after that does CNE plan? Mr. Toner said that is a really good question. Right now they are in pre-development. They have to decide what exactly they are going to put in and do physical diligence. Also make sure the site is not contaminated, go to design, then permitting, and get budgeted, and then build it. Probably a year. Right now in this environment with construction costs the way they are and permitting, it may swing six months.

Mr. Noblett stated that whenever these properties become ownership by CNE, they will not be subject to taxation? Ms. Guilfoil said yes, they will. They will be paying taxes. This is not a PILOT agreement in connection with this matter. This is an allocation of funding. Those properties will be subject to taxation. The other confusion that Mr. Noblett has is that our office was involved in lawsuits that Mr. Collier filed in connection as to blighted properties. These properties at 1805, 1807, 1809, and 1811 were dismissed in the lawsuit on June 22, 2021. What was the purpose of bringing that action? Ms. Guilfoil stated that CNE was not part of that action at all but was just able to take advantage because the property owners decided to put them on the market and sell them. CNE was able to purchase the properties. CNE has not selected a contractor. Mr. Collier is going to do the demolition. He is out there with his bulldozers. CNE has not selected any contractor to build on the units. Mr. Noblett stated that we have a number of lawsuits Mr. Collier has filed in this area and is trying to make sure that his involvement would be building these properties. Ms. Guilfoil said no.

Ms. Everhart stated that when you are discussing affordable housing, does that include Section 8? Ms. Guilfoil stated they accept Section 8 vouchers. Ms. Everhart's concern is about gentrification, but in this case, she knows that the houses are already dilapidated and not existing, so it does not matter for these particularly. When you improve neighborhoods for people that are already, that do not have the funds and economics are slim, then you displace a lot of people, Ms. Everhart knows a 20-year plan was mentioned and made a comment saying that after the 20-years you continue to give affordable housing. That is just being gracious? You do not have to do that? Ms. Guilfoil stated they are a non-profit organization with a mission to provide affordable housing. Unless their mission changes and the Board goes in a different direction, that is why CNE exists. Neighborhood reinvestment and affordable housing. Ms. Everhart is trying to clarify. She has friends and family so it is a concern. We want to improve the property that they are living in. It is a concern that this \$1,100 for a unit, there are people that are not making \$15 an hour. There are people making \$13. Ms. Everhart wanted to make sure that we are covering those individuals.

Ms. Guilfoil thinks that CNE shares Ms. Everhart's concern. Everyone on the Board shares her concern and thinks it is important that 30% of the units are going to be people that are less than \$25,000 per year. It is really a spectrum of income. The lower the income, the bigger subsidy needed to make that unit affordable. As they start looking at strategic planning for housing in the City under the new administration, Ms. Guilfoil thinks those are the sort of conversations they have to have, what is the right number to provide x-number of units to help people who are at minimum wage, which has not changed since 2006. There is a huge problem. CNE built and it is not that they do not want to serve the lower of the income spectrum, it is a function of how much money can they get to make those numbers work.

Ms. LeBouef asked how does AMI changes over time? How does CNE envision that changing a year or a year and a half from now at the time the ground is broken and know that the salary of AMI is increasing over time? Ms. Guilfoil stated that AMI has gone up dramatically. From the time that they opened the Mai Bell, which has 11 home units, the AMI has gone up from \$30,000 at 80% and now it is \$39,000. They have not raised their rents. They have kept their rents where they were when they opened four years ago. CNE kept their rents flat. They are projecting what their rents are going to be based upon today's costs. If things go up like they have over the last year, it makes it hard. CNE still has not projected increased rents. The PILOT for Mai Bell helps with affordability. One of the changes is they pay taxes on all of their properties. It is almost like they are returning an investment on your investment. They are giving it back through property taxes. Ms. Guilfoil does not envision that the rents would go up because of the neighborhood. Whoever is going to move into this initial phase will be almost pioneers in terms of going into a neighborhood that is really in the beginning stages of transformation in terms of investment. They can only charge what the market would bear. Ms. Guilfoil is not sure if that market right now would bear one-bedroom \$800. They will have to see - \$600 seems fair.

Ms. Jelks asked if CNE is planning for these to be one-bedroom or two-bedroom units? Ms. Guilfoil said both. A six-plex has two, two-bedrooms in each unit and three and four one-bedrooms. The four-plexes they are building are all two-bedrooms. It just depends on what they eventually land on. Their small apartment format also has a mixture of one and two bedrooms. Ms. Jelks asked for the two-bedrooms, does CNE reserve those for families or allow two adults who may be rooming? Ms. Guilfoil said both occupied. The affordable income restricted through HOME funds, those are all families. Ms. Jelks asked if any utilities were included in the rent prices. Ms. Guilfoil said in the HOME restricted units the \$615 rent reflects the utility allowance.

Ms. LeBouef asked with the issue of gentrification for displacement, are there any initiatives or strategies underway to try to encourage existing Oak Grove residents to move into these units? Ms. Guilfoil said this is a brand new project and until it is materialized, there is nothing in the market. The short answer would be no. However, CNE is working with Oak Grove, with community engagement personnel, and bringing the community to table and working with some existing residents who are threatened by being displaced not through the CNE project, but through Ethan Collier. CNE is trying to help them to try to stay in the neighborhood. They are actively on the ground with the residents and also own another house that they know they can help someone to move into in the neighborhood. They are actively trying to figure out how do they position properties and people and provide opportunities for people to move or to stay if they want.

Ms. Jelks asked if these are furnished units. Ms. Guilfoil said no. All of the units have laundry in the units.

Mr. Noblett asked Mr. Sammons if the HEB has \$255,000 in the Affordable Housing Fund to be able to go towards this project? Mr. Sammons said that for that amount he would say yes. Mr. Noblett wanted to make sure. Mr. Noblett asked Mr. Sammons if he had any numbers about how much is in that Affordable Housing Fund that this body has to allocate? Ms. Gober stated about \$1.3 million. As soon as CNE can get permits, demolition will take place.

Ms. Everhart spoke with Mr. Noblett about a conflict of interest. Mr. Noblett stated that the City Attorney's Office got multiple lawsuits involving Lyerly Street. Those lawsuits were not naming the City as a party but was informing the City that there was blight in the neighborhood and was brought under the Blight statute in an attempt to try to make property owners get those properties up and in good shape. In this case, apparently the property owners have gone to CNE and requested CNE to buy their property. It is not Mr. Collier who brought the action in court. It had gone to a third party CNE. Based upon that, CNE is offering to purchase that property so this half acre area for \$255,000 from the property owners. If Mr. Collier were in front of you right now, that would be a difficult choice since he was actually trying to bring that to you. CNE is the third party and that lawsuit has been dismissed without prejudice. There are about eight or nine other lawsuits out there. That was the reason that Lyerly Street caught Mr. Noblett's attention. Mr. Noblett does not believe there is a conflict with this body doing that. If Mr. Collier was, it might be another one. That is the other question of Mr. Collier's involvement in building.

Ms. Jelks stated that it sounds like Mr. Collier got the ball rolling on these properties by filing the suit which he then dismissed in part with respect to these properties only, and the others are still pending. Mr. Noblett said yes. Ms. Jelks asked if Mr. Collier served as a contractor for CNE on the prior property on the presentation? Ms. Guilfoil said no. Eight years ago properties for CNE, but their only involvement with him recently has been in the planning stages of the Oak Grove for the Mill Town development and their projection of 60 units of housing. Ms. Jelks asked if those properties were occupied when he filed the lawsuit?

Ms. Guilfoil gave a little background information even though CNE was not involved. If anyone has toured Oak Grove, it is the most neglected neighborhood in the City. It is very third world condition. If you have not been there, she encourages you to drive through. Ethan Collier, as part of his work in Mill Town, obviously very interested, he is going to be spending millions and millions of dollars there. As part of this effort, he thinks that it is really a travesty that there are hazards over there that have been boarded up and some condemned for years with no action. He found something on the books that said if a property has been abandoned and boarded up for over a year, then a private party can sue another private party for loss of potential revenue as being a nuisance. That is why in the area where he is building, he has eight lawsuits, and he has said he does not want the properties, he does not care. His only interest is getting these properties demolished or brought back to life. One or the other, it does not have to be Ethan Collier who does it. His interest is in removing blighted properties that have been that way in the neighborhood for many, many years.

Ms. Jelks stated the properties are being purchased from the actual owners, the same people before the lawsuit was filed? Ms. Guilfoil said correct. Ms. Jelks asked if they were purchased for fair market value? Ms. Guilfoil stated \$60,000 each. The demolition is not taking place prior to the sale. Mr. Noblett asked would someone be demolishing the properties before CNE purchased them? Ms. Guilfoil said no. That was part of the presentation.

Ms. Jelks asked if there were any other projects currently that have submitted their applications for the funds that the HEB has in the Affordable Housing Fund? Ms. Jelks asked Ms. Gober if there were any other projects in the pipeline for that small amount of funds available in the Affordable Housing Fund? Ms. Jelks asked are there any other projects that have submitted applications for the funds? Ms. Gober said yes. She thinks it was over almost two years ago, the Board allocated \$200,000 to Habitat for acquisition of 15 lots over in Alton Park. The Board allocated \$25,000 to Caleb for a study on the Community Land Trust. The Board allocated \$240,000 to Adamson Developers for a 12-unit project over on Cheek Street. Ms. Jelks asked future projects. Are any other projects in the works that are submitting applications that we know of? Ms. Gober stated the most recent one was the \$25,000 allocation to Caleb for the study. This is the one following that.

Ms. Everhart stated you have somebody that has filed a lawsuit and then in the midst of filing the lawsuit they brought in a third party, it could be anybody, to either direct what they want which is to – nobody just wants to – they have this passion to make these houses nice. There is a reason. Which is usually property. Which is okay. You can want property. That is not a bad thing, but then they got CNE involved to be the third party. It is not them coming before the person that they are suing and then they potentially can do work for you because that is what they do. They are a contractor that put buildings together and now CNE is the third party, they drop that suit, bring CNE in, and then put it before the HEB. As a lawyer, it appears that there could be a conflict because whether it is Mr. Collier or Mr. Smith or whoever, if the goal was the same, which was to get the properties demolished to create this housing someone can do the work. It makes her a little nervous without doing more research. This is her first introduction of this and it looks like what CNE is doing is great, but it makes Ms. Everhart a little nervous to be a part of approving something that could potentially be a conflict of interest.

Mr. Johnson stated that CNE has not contracted with anyone to do the building. Ms. Guilfoil said correct. There is nothing in writing, spoken or unspoken where Mr. Collier would do the work. Ms. Everhart said he is doing some work. He is doing the demolition. Ms. Guilfoil said at a fair price she might add. CNE has done a lot of demolition. Ms. Everhart stated whether he is building specifically or demolishing, he is getting a profit at a fair market value that he is doing the work.

Ms. Jelks asked Mr. Noblett what is the request for relief in those lawsuits? Mr. Noblett stated the request was not to the City but to the Court to be able to appoint a person to monitor those properties and to require those properties to either be demolished or to be built up appropriately so that they were no longer an issue for the neighborhood. That was the issue. The Court, in Mr. Noblett's experience so far, does not issue any orders as to any of those properties on Lyerly Street, but there were a number of those suits filed.

Ms. Jelks asked what happens when the family or the owner is not financially able to demolish those properties or build them up? Mr. Noblett stated the request under the Blight statute which was asserted in that case was for the Court to appoint a Receiver, and the Receiver would go and do what is necessary for the property and assess the cost as to the value of the land. If the land is worth \$20,000 and the cost of demolition is \$30,000, then it would be done there with a loss to the property owner. Mr. Johnson asked from the City's perspective, does it see any potential for a conflict of interest or is it clean? Mr. Noblett stated he guesses it is up to the folks with the Affordable Housing Fund. That is PILOT money that goes into that fund to generate that amount. Ms. Gober stated the money is allocated from the City General Fund to the Affordable Housing Fund.

Ms. Guilfoil stated if it makes it easier, they can go out and bid the project for demolition. CNE just thought it was easier. Mr. Collier is there if you go over there. He has his bulldozers and is doing work. It is literally just going across the street. He has been taking down houses right and left and clearing those lots in the Mill Town area. Ms. Guilfoil said they do not have to use Mr. Collier. If that is a concern, go out and find someone else. Mr. Collier gave a good price and reminded her that when you are doing affordable housing, every dollar is crucial. If she has to pay more, they have bids for the house took down on Bailey across from Redemption Point. They ranged from \$10,000 to \$16,000 per house. Mr. Collier's price was \$9,200. Mr. Toner said \$38,200 for four houses. Mr. Toner has not asked for backup for that, but it is a straight pass through if he does not make any money. Mr. Collier is giving it to them at his cost.

Mr. Johnson stated that from the Mayor's Department of Affordable Housing Fund Administration, do you see a conflict of interest? Ms. Gober stated they would rely on Mr. Noblett. When they allocate the funding as they did with Habitat, they put a restrictive covenant on the property for the period of affordability. They use the same agreement that they do with other affordable housing projects. The agreement is technically between the City and the organization. Mr. Noblett asked would the Affordable Housing funds be awarded by the City of Chattanooga or would they be awarded by this body? Ms. Gober said by this body. When the fund was established or created, Donna Williams came to this body and asked if they would serve as the approving body for projects under the Affordable Housing Fund.

Mr. Noblett stated that he is the attorney for this board and also the Deputy City Attorney for the City in this process. His involvement in this matter is to bring this to the Board's attention. Mr. Noblett brought to the Board's attention that he saw a lawsuit he had never seen before. That lawsuit in connection with this matter was at least naming the City as an entity at least as to it occurring within the City limits. The City was not sued in that matter, and it was brought on behalf of the properties that are located at 1805, 1807, 1809, and 1811 S. Lyerly Street. Because that occurred, Mr. Noblett was also aware that there were notices and Orders of Voluntary Dismissal that were entered into the Court on June 22, 2021, regarding this matter. Apparently, that was because there were operations going on at that point in time where CNE was being requested to purchase. Based upon that, CNE is now here before the Board today.

The Board has options here. If you want to learn more concerning this matter, there could be a motion to defer at least until you get more information concerning the development or you can move to approve if you think that the aspect of Mr. Collier's involvement in this matter is not a conflict. The entity that is involved, CNE, is not Mr. Collier. Apparently, Mr. Collier does have some arrangement where he would be demolishing these properties and that is one of the things that he was requesting in the lawsuit to be able to demolish. Mr. Noblett has that involvement in this matter because he is aware of those lawsuits that are pending before the body and it is up to the body to decide whether you want to hear it today or if you want to have more information. The Board can do that also at the end of next month.

Ms. Jelks stated her concern has nothing to do with CNE. CNE does amazing work in our community. She has volunteered with CNE on a number of instances and this has nothing to do with CNE, but her concern involves the potential precedent that the Board may be setting. Mr. Noblett has been an attorney with the City going back to the 80's and has told the Board that this is the first time he has seen these sorts of lawsuits. If the Board goes forward with this, is the Board encouraging not only this particular contractor but other contractors to file these sorts of suits to acquire properties in the community just because families are not able to maintain them. For whatever reason, it could be they are disabled, who knows, whatever the reason may be. In this particular circumstance, the properties were vacant. We are not talking about pushing homeowners out of their homes. From the outside, it seems like a really good idea, but Ms. Jelks is not sure that this is only going to happen this one time if this blight lawsuit picks up and now we know that the grass is overgrown or they have not painted in accordance with City Code did they file this to get them out so that we can further the gentrification issue or pushing the people out that live there.

Ms. Everhart made a motion to defer this item for further information. Ms. Guilfoil wanted to know what information they would bring back. It is important to note that the property owners in these cases are all very wealthy. Which in her mind makes it more frustrating because they have every resource, but they do not care because of the neighborhood. The population who live in the neighborhood just do not care and never have been made to care. Ms. Guilfoil thinks that was Mr. Collier's intention was to get people to start paying attention and caring about the neighborhood. You would never find those properties on the North Shore and the new South Side. Ms. Guilfoil offered if it is between deferring this or CNE saying they will not use Mr. Collier as a way to move this forward, Ms. Guilfoil is fine with that. Going forward, CNE is also in negotiations with other property owners that have had dilapidated properties in that neighborhood for years. That is going to be a condition of using money to provide affordable housing is going to set them back.

Ms. Jelks asked are those property owners that were included in these lawsuits that he filed? Ms. Jelks stated that Ms. Guilfoil mentioned that CNE was in discussions with other property owners to acquire those dilapidated properties as well, and Ms. Jelks is asking if those property owners are people that are also parties to this lawsuit. Ms. Guilfoil does not know everyone who Mr. Collier has filed suit against, but she does know that there is one property owner in particular that owns numerous properties that they have been trying to talk to them for the last year and a half.

Ms. Everhart stated her motion is not to get more information from Ms. Guilfoil but to get more information in regards to the lawsuits and who all are parties and read over that and see whatever these exchanges that are behind the scenes where somebody is approaching CNE. What CNE does is a great thing but just to make sure that there is no conflict on the Board's end. It is not requesting anything from CNE but just being able to re-look at the suits, the parties to those suits, the owners, and make sure there is no conflict. That is what Ms. Everhart is reserving the issue to do is more research.

Mr. Johnson stated there is a motion to defer this decision pending additional research of the existing lawsuits as they may pertain to a conflict of interest for the Board. Mr. Noblett stated there are other lawsuits involving at least 1903 and 2008 S. Lyerly Street now pending. There may be more lots associated with those, but that is all the reference Mr. Noblett has right now. Mr. Noblett will provide that to the body if the Board wishes by the next meeting.

Ms. LeBouef stated that the question is Mr. Noblett will be looking into more of the lawsuits to assess conflict of interest. Mr. Noblett will provide all the information he has, and the Board can determine if the Board wants to allocate \$255,000 to CNE based upon that.

Ms. Jelks seconded Ms. Everhart's motion to defer, Mr. Paty responded no, Mr. Johnson responded no, and the motion passed 3-2 in favor of the deferral. At the next meeting, Mr. Noblett will bring the Board up-to-date about additional lawsuits. Ms. Guilfoil is welcome to come back and find out what the Board's ultimate decision will be or how this impacts what CNE is going to do forward.

DISCUSSION

Discussion was had about changing the regular monthly meeting date to the Third Monday of the month at 12:30 p.m. beginning in September 2021. The reason for the change is that Mr. Armor has conflicts with Tuesdays, Wednesdays, and Thursdays. The Board was polled, and the majority was the third Monday of the month. Mr. Paty made a motion to approve the meeting date change, seconded by Ms. LeBouef, and the motion was unanimously approved. Meeting reminders will be circulated, and the notice will be advertised in accordance with the Open Meetings Act.

Mr. Paty has a question that if the pandemic gets worse, is there any way for the meeting notices to say virtual and/or live or in attendance? Mr. Noblett stated he is trying to make the Board compliant with what the Mayor and Governor are saying right now. It is a little difficult. Last year, we were pretty easy in this process because the provisions of the Open Meetings Act were put into abeyance while the pandemic was stemming. Thus far, the Governor has not given us any relief on that. Mr. Noblett wishes that the Governor would consider as the numbers continue to escalate, but that is where we are right now. We will try to do anything possible. As long as we are not making a recommendation or advice to the governing body of the City, we may be able to do some things that way. Mr. Noblett wants to make sure that whatever we do at these meetings does not have to be redone because it is outside of the Sunshine law.

Mr. Johnson thanked everyone for their input. There being no further business, the meeting adjourned at 1:05 p.m.

Respectfully submitted,



Richard Johnson, Secretary

APPROVED:



Hicks Armor, Chair