

COOPERATION AGREEMENT

**Governing Payments In Lieu of Taxes
for
Franklin Housing Authority Low Income Housing Tax Credit Sites
Completed after January 1, 2019**

COF Contract 2019-0258

THIS COOPERATION AGREEMENT (the “**Agreement**”) entered into as of this ___ day of _____, 2019, by and between the FRANKLIN HOUSING AUTHORITY, a public body corporate and politic, organized and existing under the laws of the State of Tennessee (the “**Local Authority**”) and the CITY OF FRANKLIN, TENNESSEE, on behalf of itself and on behalf of Williamson County, Tennessee (the “**Municipality**”) in connection with Payments in Lieu of Taxes for the Low Income Housing Tax Credit (LIHTC) Projects described below.

RECITALS

WHEREAS, the Local Authority and the Municipality previously entered into Cooperation Agreements governing payments in lieu of taxes and services provided in consideration thereof, for both public housing and LIHTC developments developed and operated by the Local Authority and its partners; and

WHEREAS, the Local Authority and the Municipality wish to retain those agreements for existing sites, including the Cooperation Agreement covering all Local-owned sites and those Cooperation Agreements covering Senior Residence at Reddick Street, Reddick Street Apartments, and Chickasaw Senior Community, and this Agreement does not alter the terms of those agreements; and

WHEREAS, this Agreement covers the Spring Street and Johnson Circle LIHTC Project site that is being redeveloped in accordance with LIHTC requirements, including the LIHTC Income and Rent Restrictions, both terms as defined below; and

WHEREAS, the Local Authority anticipates that additional sites will be developed or transitioned from public housing to LIHTC Projects, and the Municipality has agreed to incorporate such sites, as they are completed, into this Agreement.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto do agree as follows:

1. Whenever used in this Agreement:
 - a. The term “**LIHTC Projects**” and singularly a “**LIHTC Project**” shall mean developments that sit on real property owned by the Local Authority and that include units (each a “**Unit**”) developed in accordance with the low income housing tax credit requirements of Section 42 of the Internal Revenue Code of 1986, as amended (the “**LIHTC Requirements**”), and which Units are rented to individuals with incomes of less than eighty percent (80%) of the area

median income for Williamson County, Tennessee, MSA (as published annually by the U.S. Department of Housing and Urban Development) with an average per LIHTC Project area median income of less than sixty percent (60%) (collectively, the “**LIHTC Income and Rent Restrictions**”), in accordance with the applicable Qualified Allocation Plan of the Tennessee Housing Development Agency (“**THDA**”), all such LIHTC Projects having been determined by the Local Authority to be in furtherance of its public purposes. The current list of LIHTC Projects covered by this Agreement is Exhibit A attached hereto. Such list of LIHTC Projects shall be amended as needed to incorporate additional LIHTC Projects developed in connection with the Local Authority.

- b. The term “**Taxing Body**” shall mean the State or any political subdivision or taxing unit thereof in which the LIHTC Project is situated and which would have authority to assess or levy real or personal property taxes or to certify such taxes to a taxing body or public officer to be levied for its use and benefit with respect to the LIHTC Project if it were not exempt from taxation.
 - c. The term “**Shelter Rent**” shall mean the total of all charges to all tenants of the LIHTC Project for dwelling rents and non-dwelling rents (excluding all other income of the LIHTC Project), less the cost to the Local Authority of all dwelling and non-dwelling utilities.
2. The Local Authority and its partners have secured low income housing tax credits or equivalent governmental financing from THDA covering a portion of the construction of the LIHTC Projects in order to develop or acquire and administer the LIHTC Project.
 3.
 - a. Under the constitution and statutes of the State of Tennessee, each LIHTC Project is exempt from all real and personal property taxes levied or imposed by any Taxing Body. With respect to the LIHTC Project, so long as either (i) the LIHTC Project is leased or owned by the Local Authority and remains subject to the LIHTC Income and Rent Restrictions, or (ii) any contract remains in effect between the Local Authority or the State of Tennessee, or any agencies thereof (the “**Government**”) for loans or annual contributions, or both, in connection with the LIHTC Project, or (iii) any bonds issued in connection with the LIHTC Project or any monies due to the Government in connection with the LIHTC Project remain unpaid, whichever period is the longest, the Municipality agrees that it will not levy or impose any real or personal property taxes upon the LIHTC Project or upon the Local Authority with respect thereto. During such period, the Local Authority shall make annual payments (herein called Payments in Lieu of Taxes) in lieu of such taxes.
 - b. Each such Payment in Lieu of Taxes (“**PILOT**”) shall be made annually on or before the date such taxes are due (currently February 28), and shall be in an amount equal to the lesser of: (i) ten percent (10%) of the Shelter Rent actually collected but in no event to exceed ten percent (10%) of the Shelter

Rent charged by the Owner in respect to the LIHTC Project during such fiscal year; and (ii) fifty dollars (\$50.00) per Unit per year. A copy of the certified audit shall accompany the PILOT submittal, which shall be submitted no later than sixty (60) days after HUD accepts the audit.

- c. No payment for any year shall be made to the Municipality in excess of the amount of the real property taxes that would have been paid to the Municipality for such year if the LIHTC Project were not exempt from taxation.
 - d. Upon failure of the Local Authority to make any PILOT when due, the Municipality shall provide notice to the Local Authority. In the event that Owner fails to cure the nonpayment default within ten (10) days, the Municipality shall pursue its rights and remedies arising under the applicable ground lease.
4. During that period in which PILOT payments are made for each LIHTC Project, the Municipality, without cost or charge to the Local Authority or the tenants of the LIHTC Project (other than the PILOT) shall:
- a. furnish or cause to be furnished to the Local Authority and the tenants of the LIHTC Project public services and facilities of the same character and to the same extent as are furnished from time to time without cost or charge to other dwellings and inhabitants in the Municipality,
 - b. accept grants or easements necessary for the development of the LIHTC Project, and
 - c. cooperate with the Local Authority by such other lawful action or ways as the Municipality and the Local Authority may find necessary in connection with the development and administration of the LIHTC Project.
5. In respect to the LIHTC Project, the Municipality further agrees that within a reasonable time after receipt of a written request from the Local Authority:
- a. Upon request of the Local Authority, and after all improvements conform to the Municipality's ordinances and requirements, the Municipality will accept the dedication of all interior streets, roads, alleys, and adjacent sidewalks within the area of the LIHTC Project, together with all storm and sanitary sewer mains in such dedicated areas, after the Owner, at its own expense, has completed the grading, improvement, paving, and installation in accordance with specifications acceptable to the Municipality;
 - b. The Municipality will accept necessary dedications of land for, and will grade, improve, pave, and provide sidewalks for, all streets bounding the LIHTC Project or as necessary to provide adequate access; and

- c. At the Local Authority's expense, the Municipality will provide, or cause to be provided, water mains, and storm and sanitary sewer mains, leading to the LIHTC Project and serving the bounding streets.

- 6. No Cooperation Agreement entered into between the Municipality and the Local Authority shall be construed to apply to the LIHTC Projects covered by this Agreement.

- 7. No member of the governing body of the Municipality or any other public official of the Municipality who exercises any responsibilities or functions with respect to the LIHTC Projects during his tenure or for one (1) year after shall have any interest, direct or indirect, in the LIHTC Projects or any property included or planned to be included in the LIHTC Projects, or any contracts in connection with the LIHTC Projects or property. If any such governing body member or such other public official of the Municipality involuntarily acquires or had acquired prior to the beginning of his tenure any such interest, he shall immediately disclose such interest to the Local Authority.

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IN WITNESS WHEREOF, the Municipality and the Local Authority have respectively signed this Agreement and caused their seals to be affixed and attested as of the day and year first above written.

**MUNICIPALITY:
CITY OF FRANKLIN, TENNESSEE**

By: _____
Dr. Ken Moore, Mayor

Attest:

By: _____
Eric S. Stuckey, City Administrator

**LOCAL AUTHORITY
FRANKLIN HOUSING AUTHORITY,
a Tennessee public body corporate and politic**

By: Derwin Jackson
Name: Derwin Jackson
Title: President/CEO

Approved as to Form:

Shauna R. Billingsley, City Attorney

Exhibit A
LIHTC Projects
As of 06-28-2019

<u>Owner</u>	<u>Address</u>	<u>Total Units</u>	<u>LIHTC Units</u>
1. Spring Johnson, L.P.,	200 Spring Street	64	64