Date: October 25 2019

To: Board of Commissioners

From: Benjamin M. Bentley, Secretary

Subject: AGENDA
Board Meeting of the Board of Commissioners
Thursday, October 31, 2019, 11:30 a.m.
KCDC Main Office, 901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.

2. Approval is requested of minutes for the meeting held on September 26, 2019. (Item 2 Attachment)

3. Motion to add, delete or postpone agenda items.

4. Reports of officers and special presentations.

NEW BUSINESS

REDEVELOPMENT/LEGAL SERVICES (Brad Peters)
5. Resolution authorizing the execution of documents relating to the amendment of certain tax increment financing documents in connection with the JFG Partners, LLC Project. (Item 5 Attachment)

6. Resolution regarding the formation and organizational matters of Moss Grove GP Corporation. (Item 6 Attachment)

7. Approval is requested to execute documents relating to the release of certain restrictions, covenants, and conditions pursuant to the terms of the Special Warranty Deeds from KCDC and the City. (Item 7 Attachment)

8. Approval is requested to convey an easement through 0 Patton Street (095HC008) to benefit the data center. (Item 8 Attachment)

9. Resolution authorizing the redevelopment of the Magdalen Clarke Tower. (Item 9 Attachment)

THIS MEETING AND ALL COMMUNICATIONS BETWEEN MEMBERS IS SUBJECT TO THE PROVISIONS OF THE TENNESSEE OPEN MEETINGS ACT, TENN. CODE ANN. §8-44-101, et seq.
10. Approval is requested to enter into a non-binding letter of intent to sell the real property located at 931 Langford Avenue (#095OB02701) to Dominion Development Group LLC (Item 10 Attachment)

HOUSING (Sean Gilbert)
11. Approval is requested to amend the Housing Choice Voucher Payment Standards. (Item 11 Attachment)

DEVELOPMENT/STRATEGIC PLANNING (Joyce Floyd)
12. Approval is requested to award Contract C20005 for the demolition of Austin Homes to TOA LLC. (Item 12 Attachment)

FINANCE & ADMINISTRATION (Tracee Pross)
13. Resolution to authorize implementation of KCDC’s Policy Manual. (Item 13 Attachment)

Unfinished Business
Public Forum
Adjournment

The next meeting of the KCDC Board of Commissioners will be Thursday, December 12, 2019 @ 5:00 p.m.

NO MEETING IN NOVEMBER

THIS MEETING AND ALL COMMUNICATIONS BETWEEN MEMBERS IS SUBJECT TO THE PROVISIONS OF THE TENNESSEE OPEN MEETINGS ACT, TENN. CODE ANN. §8-44-101, et seq.
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD MEETING MINUTES

The Board of Commissioners of Knoxville's Community Development Corporation met on September 26, 2019 at 901 N. Broadway, Knoxville, Tennessee.

Present: Chair John Winemiller  
Vice Chair Bob Whetsel  
Treasurer Robyn McAdoo  
Commissioner Bruce Anderson  
Commissioner Kim Henry  

Absent: Commissioner Gloria Garner  
Commissioner Sylvia Cook  

The meeting was called to order and a quorum declared present at 5:01 p.m.

Approval of the minutes for the regular meeting held on August 29, 2019. Commissioner Henry moved to approve. Commissioner Anderson seconded the motion. All other Commissioners present voted "Aye."

NEW BUSINESS

REDEVELOPMENT/LEGAL MATTERS (Brad Peters)  
Resolution authorizing the extension of the interest-only period of the Clifton Road loan. Commissioner McAdoo moved to approve. Commissioner Whetsel seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2019–22 is attached.

STRATEGIC PLANNING/DEVELOPMENT (Joyce Floyd)  
Approval to award Contract C2006 for abatement services at Austin Homes to Holm Court LLC. Commissioner Anderson moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye."

FINANCE & ACCOUNTING (Tracee Pross)  
Resolution authorizing a modification to the FHA loan with Walker & Dunlop LLC for Montgomery Village Corporation. Commissioner Anderson moved to approve. Commissioner Henry seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2019–23 is attached.

PUBLIC FORUM  
None
UNFINISHED BUSINESS
None

ADJOURNMENT
With no further business to come before the Board, the meeting adjourned at 5:20 p.m.

______________________________
John T. Winemiller, Chair

ATTEST:

______________________________
Benjamin M. Bentley, Secretary

Approved:

Approved:
**BOARD ACTION FORM**

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution authorizing the execution of documents relating to the amendment of certain tax increment financing documents in connection with the JFG Partners, LLC project.</td>
</tr>
</tbody>
</table>
| SUBMITTED BY | Name & Title: Brad Peters, VP Redevelopment/Legal Matters  
Department: Redevelopment |
| MEETING TYPE | ☑ Regular  
☐ Special |
| AGENDA CLASSIFICATION | ☑ Resolution  
☐ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted: N/A  
Expenditure: N/A  
Source of Funds: N/A |
| APPROVAL/REVIEWS | ☑ Department Head/Vice President  
☒ Budget/Finance  
☑ Legal Counsel  
Name of Reviewer: Brad Peters  
☒ Executive Director/CEO  
☐ Other - Name & Title: |
| STAFF RECOMMENDED ACTIONS | Approve: ☑  
Deny: ☐  
Defer: ☐ |

**BACKGROUND**

1. What’s the objective of the requested action?  
KCDC, First Century Bank, JFG Partners, LLC, David W. Dewhirst and Mark R. Heinz (collectively, "Guarantors") desire to amend the TIF Note and the other loan documents related thereto to reduce the interest rate of the TIF Note.

2. Why is the action needed now?  
Desired amendment of the TIF Note will further the public purposes of KCDC by promoting redevelopment in the City of Knoxville.

3. Who are the parties involved and what are their roles (if appropriate)?  
JFG Partners, LLC - Developer; David W. Dewhirst and Mark R. Heinz - collectively, the "Guarantors"; First Century Bank - Lender; KCDC - Issuer of the tax increment note, Borrower

4. What are the long term and short term exposures to KCDC?  
N/A as this note and all obligations relating hereto are not general obligations of KCDC and are payable only from any tax increment revenues.

**HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)**  
KCDC has previously issued a tax increment revenue note to finance certain eligible costs incurred in connection with the JFG Project in the amount of $620,000 (the "TIF Note")

**ATTACHMENTS**  
Resolution
RESOLUTION NO. 2019-____

A RESOLUTION OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING TO THE AMENDMENT OF CERTAIN TAX INCREMENT FINANCING DOCUMENTS IN CONNECTION WITH A REDEVELOPMENT PROJECT LOCATED IN THE CITY OF KNOXVILLE, TENNESSEE AND KNOWN AS THE JFG PARTNERS, LLC PROJECT

WHEREAS, Knoxville’s Community Development Corporation ("KCDC") is a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13–20–101, et seq.; and

WHEREAS, pursuant to the Jackson/Depot Redevelopment & Urban Renewal Plan, as amended, KCDC is authorized to assist with the redevelopment of a project located in the City of Knoxville, Tennessee and known as the "JFG Partners, LLC Project" (the "Project"); and

WHEREAS, KCDC has previously issued a tax increment revenue note to finance certain eligible costs incurred in connection with the Project in the amount of $620,000 (the "TIF Note"); and

WHEREAS, KCDC, First Century Bank (the "Bank"), JFG Partners, LLC (the "Developer"), David W. Dewhirst and Mark R. Heinz (collectively, the "Guarantors") desire to amend the TIF Note and the other loan documents related thereto to reduce the interest rate of the TIF Note; and

WHEREAS, the Developer and Guarantors have requested that KCDC enter into that certain Second Modification of Loan Documents, a copy of which shall be filed with the records of KCDC (the "Second Modification") for the purposes set forth above; and

WHEREAS, such amendment of the TIF Note will further the public purposes of KCDC by promoting redevelopment in the City of Knoxville.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Knoxville’s Community Development Corporation, as follows:

RESOLVED, that the Chairman or the Vice Chairman of KCDC is hereby authorized and directed to execute, and, where requested, the Secretary or Assistant Secretary is authorized to attest, and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively the "Authorized Officers"), is (are) hereby authorized and empowered to (i) execute and deliver to the Bank the Second Modification in substantially the
form presented herewith and any and all other instruments, documents and agreements deemed necessary or desirable by the Bank in order to evidence the parties' obligations thereunder, all in the form required by the Bank and approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described above and to evidence the Second Modification properly in accordance with the requirements of the Developer and the Bank; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of KCDC by the Authorized Officers to execute and deliver any of the agreements, documents or instruments authorized by the foregoing resolutions, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the Authorized Officers that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

APPROVED this 31st day of October, 2019.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ____________________________

Secretary

27228533.1
SECOND MODIFICATION OF LOAN DOCUMENTS

THIS SECOND MODIFICATION OF LOAN DOCUMENTS (this "Modification"), dated as of ________________, 2019, is made and entered into by FIRST CENTURY BANK, a Tennessee banking corporation and assignee of CapitalMark Bank & Trust ("Lender"), KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13–20–101, et seq. ("KCDC"), JFG PARTNERS, LLC, a Tennessee limited liability company (in its capacity as Developer under the hereinafter defined Development Agreement, the "Developer"), DAVID W. DEWHIRST, an individual resident of Knox County, Tennessee ("Dewhirst"), and MARK R. HEINZ, an individual resident of Knox County, Tennessee ("Heinz"; Dewhirst and Heinz are each a "Guarantor" and collectively the "Guarantors").

RECITALS:

A. KCDC and Lender are parties to a certain Loan Agreement dated as of April 14, 2008 (as the same heretofore may have been or hereafter may be amended, restated, supplemented, extended, renewed, replaced or otherwise modified from time to time, the "Loan Agreement").

B. Pursuant to the Loan Agreement, KCDC issued its Tax Increment Revenue Note (JFG Partners, LLC Project) dated as of April 14, 2008 in the original principal amount of $620,000 payable to the order of Lender (as the same heretofore may have been or hereafter may be amended, restated, supplemented, extended, renewed, replaced or otherwise modified from time to time, the "TIF Note").

C. Each Guarantor entered into a Guaranty Agreement with Lender dated as of April 14, 2008 (as each heretofore may have been or hereafter may be amended, restated, supplemented, extended, renewed, replaced or otherwise modified from time to time, collectively, the "Guaranty Agreements").

D. The proceeds of the TIF Note were used for eligible costs of a redevelopment project located at 200 W. Jackson Avenue, Knoxville, Tennessee, as more fully described in that certain Development and Financing Agreement dated as of April 14, 2008 between KCDC and the Developer (as the same heretofore may have been or hereafter may be amended, restated, supplemented or otherwise modified from time to time, the "Development Agreement"). The Loan Agreement, the TIF Note, the Guaranty Agreements, the Development Agreement and the other documents required by or delivered in connection with the Loan Agreement, the TIF Note, the Guaranty Agreements and/or the Development Agreement are collectively referred to herein as the "Loan Documents."
E. The parties hereto desire to amend the Loan Documents in certain respects, as more particularly hereinafter set forth, to, among other things, modify the interest rate of the TIF Note.

NOW, THEREFORE, in consideration of the foregoing, the agreements contained herein, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** Except as otherwise defined herein, terms used herein and defined in the Loan Agreement are used herein as so defined. All references in the Loan Documents to the "Loan Agreement" and the "TIF Note" shall hereafter respectively refer to the Loan Agreement and the TIF Note, each as amended by this Modification.

2. **Modification of the Loan Agreement.** Section 2.3 of the Loan Agreement is hereby amended and restated as follows:

   **Section 2.3 Interest Rate.** The TIF Note shall bear interest at a fixed rate of 4.67% per annum.

3. **Modification of the TIF Note.**

   (a) The first sentence of the TIF Note (and of the form of the TIF Note attached as Exhibit A to the Loan Agreement) is hereby deleted and restated as follows:

   FOR VALUE RECEIVED, KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13–20–101, et seq. (the "Borrower"), promises and agrees to pay to the order of FIRST CENTURY BANK, a Tennessee banking corporation (the "Lender"), or at such other place as may be designated in writing by the holder, in lawful money of the United States of America, the principal sum of SIX HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS ($620,000.00), together with interest from the date hereof on the unpaid principal balance outstanding from time to time through and including April 1, 2025, at a fixed rate of interest equal to 4.67% per annum; provided, however, that the interest rate payable hereunder shall in no event exceed the maximum rate of interest permitted to be charged under applicable law.

   (b) The second and third sentences of the TIF Note (and of the form of the TIF Note attached as Exhibit A to the Loan Agreement) are hereby deleted.
4. **Consent and Agreements Regarding Intercreditor Agreement.** Lender, Developer and KCDC, in their capacities as parties to that certain Intercreditor and Subordination Agreement (the "Intercreditor Agreement") dated April 14, 2008, (a) consent in all respects to the modification of the TIF Note and the Loan Agreement, (b) agree that all references in the Intercreditor Agreement to the "CapitalMark Loan Agreement" and the "CapitalMark Note" shall hereafter respectively refer to the Loan Agreement and the TIF Note, each as amended by this Modification and (c) agree that allocation of the Tax Increment Revenues (as defined in the Intercreditor Agreement) in Section 5 of the Intercreditor Agreement and all other provisions of the Intercreditor Agreement shall continue in full force and effect and shall remain unchanged other than to reflect the modifications to the Loan Agreement and the TIF Note, each as amended by this Modification.

5. **Representations and Warranties of Guarantors.** As an inducement to Lender to enter into this Modification, the Guarantors hereby represent and warrant that, on and as of the date hereof:

   (a) After giving effect to this Modification, the representations and warranties contained in the Guaranty Agreements and the other Loan Documents to which the Guarantors are a party are true and correct, except for (1) representations and warranties that expressly relate to an earlier date, which remain true and correct as of said earlier date and (2) representations and warranties that have become untrue or incorrect solely because of changes permitted by the terms of the Loan Documents.

   (b) After giving effect to this Modification and the transactions contemplated hereby, no default or event of default has occurred and is continuing under any Loan Document.

   (c) Guarantors have the requisite power and authority to execute and deliver this Modification and to enter into and perform their respective obligations hereunder and under the Loan Documents (as modified hereby). The execution, delivery and performance by the Guarantors of this Modification and the Loan Documents (as modified hereby) and the transactions contemplated hereby and thereby have been duly approved by all necessary corporate or other organizational action, and no other corporate or other organizational proceedings are necessary to consummate such transactions.

   (d) The Guarantors hereby enter into this Modification in order to consent to the terms and conditions contained herein and to reaffirm their obligations under their respective guarantees and obligations under the Loan Agreement and the Guaranty Agreements and hereby represent and warrant that all representations and warranties made by each of them as set forth in the Loan Documents are true and correct on and as of the date of this Modification, and that no default or event of default exists under the
Loan Documents. All references in the Guaranty Agreements to the "TIF Loan Agreement" and the "TIF Note" shall hereafter respectively refer to the Loan Agreement and the TIF Note, each as amended by this Modification. Nothing herein contained shall be deemed to release any Guarantor of its obligations under the Guaranty Agreements, and the Guarantors shall continue to be liable for the payment of their obligations under the Guaranty Agreements, as herein modified.

6. **Representations and Warranties of Developer.** As an inducement to Lender and KCDC to enter into this Modification, the Developer hereby represents and warrants that, on and as of the date hereof:

   (a) After giving effect to this Modification, the representations and warranties contained in the Development Agreement and the other Loan Documents to which the Developer is a party are true and correct, except for (1) representations and warranties that expressly relate to an earlier date, which remain true and correct as of said earlier date and (2) representations and warranties that have become untrue or incorrect solely because of changes permitted by the terms of the Loan Documents.

   (b) After giving effect to this Modification and the transactions contemplated hereby, no default or event of default has occurred and is continuing under any Loan Document.

   (c) The Developer has the requisite power and authority to execute and deliver this Modification and to enter into and perform its obligations hereunder and under the Loan Documents (as modified hereby). The execution, delivery and performance by the Developer of this Modification and the Loan Documents (as modified hereby) and the transactions contemplated hereby and thereby have been duly approved by all necessary corporate or other organizational action, and no other corporate or other organizational proceedings are necessary to consummate such transactions.

   (d) The Developer hereby enters into this Modification in order to consent to the terms and conditions contained herein and to reaffirm its obligations under the Development Agreement and the other Loan Documents to which it is a party and hereby represents and warrants that all representations and warranties made by it is as set forth in the Loan Documents are true and correct on and as of the date of this Modification, and that no default or event of default exists under the Loan Documents. All references in the Development Agreement to the "CapitalMark Loan Agreement" and the "CapitalMark Note" shall hereafter respectively refer to the Loan Agreement and the TIF Note, each as amended by this Modification. Nothing herein contained shall be deemed to release the Developer of its obligations under the Development Agreement, and the Developer shall continue to be liable for its obligations under the Development Agreement, as herein modified.
7. **Limited Obligations of KCDC.** This Modification shall be executed on behalf of KCDC with the manual signature of the Chairman, Vice Chairman or other duly authorized officer of KCDC. The obligations of KCDC under this Modification and the other Loan Documents (as modified hereby), shall not constitute an indebtedness of the City or the County within the meaning of the Constitution and statutes of the State or the charter or ordinances of the City or the County. In the event that a default occurs under this Modification or the other Loan Documents (as modified hereby), no judgment for any deficiency for the obligations of KCDC thereunder shall be sought or obtained against KCDC, except for any Tax Increment Revenues or other revenues or funds pledged to or designated for the payment of such obligations. Nothing contained in this Section shall (x) be deemed to be a release or impairment of the indebtedness evidenced by the TIF Note (as modified hereby) or the lien of the other Loan Documents (as modified hereby), or (y) preclude Lender from (1) realizing on the collateral described in the Loan Documents in the event of a default, or (2) enforcing any other rights of Lender against third parties other than KCDC, including, without limitation, any remedies Lender may have under the Guaranty Agreements.

8. **No Liability of Officers.** No recourse under or upon any obligation, covenants or agreement contained in this Modification shall be had against any incorporator, member, employee, director or officer, as such, past, present or future, of KCDC, either directly or through KCDC. 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 or officer is hereby expressly waived and released as a condition of and consideration for the execution of this Modification.

9. **No Liability of City, County, Officers, Etc.** The City, the County and all of their respective officers and agents shall not, in any event, be liable for the performance of any obligation or agreement of any kind whatsoever herein, and none of the agreements or obligations of KCDC contained in this Modification or otherwise shall be construed to constitute an indebtedness of the City, the County or any of their respective officers or agents, within the meaning of any constitutional or statutory provision whatsoever.

10. **No Novation.** KCDC, the Developer and the Guarantors hereby agree and intend that this Modification does not constitute a discharge or novation of any Loan Document and such Loan Documents shall continue in full force and effect and shall be fully binding upon all parties thereto.

11. **Effect of Modification; Continuing Effectiveness of Loan Agreement and Loan Documents.**

   (a) Neither this Modification nor any other indulgences that may have been granted to KCDC or any Guarantor by Lender shall constitute a course of dealing or
otherwise obligate Lender to modify, expand or extend the agreements contained herein, to agree to any other amendments to the Loan Documents or to grant any consent to, waiver of or indulgence with respect to any other noncompliance with any provision of the Loan Documents.

(b) Except to the extent amended or modified hereby, the Loan Agreement, the other Loan Documents and all terms, conditions and provisions thereof shall continue in full force and effect in all respects and shall be construed in accordance with the modifications of the Loan Documents affected hereby.

12. **Further Actions.** Each of the parties to this Modification agrees that at any time and from time to time upon written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party reasonably may request in order to affect the intents and purposes of this Modification.

13. **Counterparts.** This Modification may be executed in multiple counterparts or copies, each of which shall be deemed an original hereof for all purposes.

14. **Miscellaneous.**

(a) This Modification shall be governed by, construed and enforced in accordance with the laws of the State of Tennessee, without reference to the conflicts or choice of law principles thereof.

(b) The headings in this Modification and the usage herein of defined terms are for convenience of reference only, and shall not be construed as amplifying, limiting or otherwise affecting the substantive provisions hereof.

[SIGNATURE PAGES FOLLOW]
IN WITNESS WHEREOF, the parties hereto have executed this Modification, or have caused this Modification to be executed by their duly authorized officers or representatives, as of the day and year first above written.

KCDC:

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: 

Chairman

LENDER:

FIRST CENTURY BANK

By: 
Name: 
Title: 
DEVELOPER:

JFG PARTNERS, LLC

By: ____________________________________________
Name: __________________________________________
Title: __________________________________________

GUARANTORS:

________________________
DAVID W. DEWHIRST

________________________
MARK R. HEINZ
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution regarding the formation and organizational matters of Moss Grove GP Corporation.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: James Hatfield, Redevelopment/Real Estate Director</td>
</tr>
<tr>
<td></td>
<td>Department: Redevelopment</td>
</tr>
<tr>
<td>MEETING TYPE</td>
<td>☒ Regular ☐ Special</td>
</tr>
<tr>
<td>AGENDA CLASSIFICATION</td>
<td>☒ Resolution ☐ Regular</td>
</tr>
<tr>
<td>BUDGET / FINANCIAL IMPACT</td>
<td>Budgeted: N/A Expenditure: N/A</td>
</tr>
<tr>
<td>Source of Funds:</td>
<td>KHDC</td>
</tr>
<tr>
<td>APPROVAL/REVIEWS</td>
<td>☒ Department Head /Vice President ☐ Budget/Finance</td>
</tr>
<tr>
<td></td>
<td>☒ Legal Counsel Name of Reviewer: Jordana Nelson</td>
</tr>
<tr>
<td></td>
<td>☒ Executive Director/CEO ☐ Other - Name &amp; Title:</td>
</tr>
<tr>
<td>STAFF RECOMMENDED ACTIONS</td>
<td>Approve: ☒ Deny: ☐ Defer: ☐</td>
</tr>
</tbody>
</table>

## BACKGROUND

1. **What's the objective of the requested action?**
   To approve and authorize such documentation as is necessary for KCDC to form the Corporation.

2. **Why is the action needed now?**
   The Corporation must be formed in order to allow Elmington Capital to prepare and submit a tax credit application to THDA.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   The Corporation is an instrumentality of KCDC. The Corporation will serve as the sole GP of a to-be-formed ownership entity of the project and will serve as a member of the developer entity. Elmington Capital through their affiliate entities, will be responsible for sourcing deal capital, construction of the development and property management of the project.

4. **What are the long term and short term exposures to KCDC?**
   Elmington Capital will insure the project and will broadly indemnify KCDC and the Corporation. If KCDC and Elmington are unable to come to agreement on the final details of the development partnership, KCDC will dissolve the entity.

## HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

<table>
<thead>
<tr>
<th>HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)</th>
<th>KCDC is currently partnered with Elmington Capital on two affordable housing development deals in Knoxville located at Hollywood Rd and Young High Pike. It is anticipated that the deal structure for this Project will mirror the structure of two aforementioned projects.</th>
</tr>
</thead>
</table>

## ATTACHMENTS

| ATTACHMENTS | Resolution Development Agreement |
RESOLUTION NO. ________

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT
CORPORATION AUTHORIZING THE EXECUTION OF A
DEVELOPMENT AGREEMENT AND THE FORMATION OF
MOSS GROVE GP CORPORATION RELATING TO THE
DEVELOPMENT OF MOSS GROVE FLATS

WHEREAS, Knoxville's Community Development Corporation ("KCDC") is the housing,
redevelopment and urban renewal authority of the City of Knoxville, Tennessee (the "Municipality") and
is duly incorporated pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated; and

WHEREAS, pursuant to Tenn. Code Ann. § 13-20-104(b), housing and redevelopment
authorities in Tennessee are authorized to cause the formation of corporations; and

WHEREAS, pursuant to Tenn. Code Ann. § 13-20-104(a)(6), housing and redevelopment
authorities in Tennessee are authorized to own, operate, assist, or otherwise participate in (directly or
through a partnership, a limited liability company, or other entity in which the authority, or an entity
affiliated with an authority, is a general partner, managing member, or otherwise participates in the
activities of the entity) one (1) or more mixed-finance projects (including projects financially assisted by
low-income housing tax credits); and

WHEREAS, Elmington Capital Group, LLC ("Elmington") has requested KCDC's assistance in
the development of affordable housing on real property located at 265 and 266 Moss Grove Boulevard,
Knoxville, Tennessee (collectively, the "Properties"); and

WHEREAS, in exchange for KCDC's assistance in planning and implementing the development
of affordable housing on the Properties, Elmington has proposed to pay twenty percent (20%) of the
development fee and cash flow resulting from the development of each of the Properties to KCDC or an
affiliate of KCDC; and

WHEREAS, the Board desires to authorize the officers of KCDC to negotiate and execute a
Development Agreement (the "Development Agreement") with Elmington including the terms described
above and such other terms as are deemed necessary and appropriate by the officers of KCDC and
counsel to the Board; and

WHEREAS, for the purpose of facilitating financing and development of the Properties (the
"Project"), KCDC desires to form a corporation known as Moss Grove GP Corporation (the
"Corporation"); and

WHEREAS, the Board desires to approve, authorize and ratify such documentation as is
necessary for KCDC to form the Corporation (the "Corporate Documents"), including, but not limited to,
the charter (the "Charter") and bylaws (the "Bylaws") of the Corporation, drafts of which have been
submitted to KCDC and shall be filed with the records of KCDC; and

WHEREAS, as set forth in the draft of the Charter submitted to KCDC, KCDC desires to
appoint its Chairman, Vice-Chairman and Treasurer as the initial Board of Directors of the Corporation; and
WHEREAS, for the purpose of facilitating financing and development of the Project, the Corporation has formed a limited partnership known as ECG Moss Grove, LP (the "Limited Partnership"); and

WHEREAS, the Board desires to approve, authorize and ratify the execution of such documentation as is necessary for the Corporation to form the Limited Partnership (the "Partnership Documents").

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION:

RESOLVED, that the Chairman, Vice Chairman, Secretary, Assistant Secretary and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively the "Authorized Officers"), is/are authorized and empowered to execute and cause to be filed or recorded, as applicable, the Development Agreement, the Charter, the Bylaws, and the Partnership Documents; and, further

RESOLVED, that the Development Agreement, the Charter, the Bylaws, and the Partnership Documents shall be in substantially the forms submitted, which are hereby approved, with such completions, omissions, insertions and changes as may be approved by the officers executing them, their execution to constitute conclusive evidence of their approval of any such completions, omissions, insertions and changes; and, further

RESOLVED, that the Chairman, Vice Chairman, Secretary, Assistant Secretary and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively the "Authorized Officers"), is/are authorized and empowered to execute and cause to be filed or recorded, as applicable, any and all other instruments, documents and agreements deemed necessary or desirable by the Authorized Officers in order to form the Corporation and the Limited Partnership, all in the form approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same; and, further

RESOLVED, that it is in the best interest of KCDC to enter into, file and/or record the Development Agreement, the Charter, the Bylaws and the Partnership Documents with respect to the Project; and, further,

RESOLVED, that any and all other actions heretofore taken on behalf of KCDC by the Authorized Officers to execute and deliver any of the agreements, documents or instruments authorized by the foregoing resolutions, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the Authorized Officers that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Adopted this ____ day of ______________, 2019.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

By:_________________________________________________
Secretary
DEVELOPMENT AGREEMENT FOR MOSS GROVE PROJECT

By and Among

Knoxville’s Community Development Corporation

And

Elmington Capital Group, LLC

Dated as of

October _____, 2019
DEVELOPMENT AGREEMENT FOR MOSS GROVE PROJECT

This Development Agreement for Moss Grove Project (the "Agreement") dated and made effective this ___ day of October, 2019 entered into by and among the Knoxville's Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq. (the "Authority") and ELMINGTON CAPITAL GROUP, LLC, a Tennessee limited liability company, having its offices at 118 16th Avenue, Suite 200, Nashville, Tennessee 37203 (the "Developer", and the Developer together with the Authority, the "Parties"): 

WITNESSETH

WHEREAS, the Developer is under contract to acquire the fee title to property in the City of Knoxville located on Moss Grove Boulevard (the "Property" or the "Project"), being more fully described on Exhibit A attached hereto and incorporated herein by reference; and

WHEREAS, the Parties have agreed to a general plan to develop affordable rental housing for low-income residents on the Property; and

WHEREAS, it is anticipated that Authority, the Developer and/or their affiliates shall jointly form and become partners in one to be formed Tennessee limited liability company and/or limited partnership which shall be a single purpose entity formed to undertake the development of the Property (the "Project Entity"); and

WHEREAS, the Project shall be financed from one or more of the following sources, among others: (i) Section 8 Project Based Voucher rental assistance, (ii) an award of 4% Low Income Housing Tax Credits from the Tennessee Housing Development Agency ("THDA"), (iii) HOME Funds, (iv) HUD Community Development Block Grant ("CDBG") Funds, (v) conventional financing from private commercial lenders, and (vi) construction and/or permanent financing through THDA (collectively, the "Project Financing"); and

WHEREAS, the Project Entity shall add one or more tax credit equity investors as limited partners to enhance the Project Financing by syndicating the above-referenced tax credits.

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Parties hereto, each binding itself, its successors and assigns, do mutually promise, covenant, and agree as follows:

Article I

Definitions and Interpretation

Section 1.1 Definitions. (a) The following terms shall have the meanings ascribed to them in the Preamble and Recitals to this Agreement:
<table>
<thead>
<tr>
<th>Agreement</th>
<th>Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority</td>
<td>Project Financing</td>
</tr>
<tr>
<td>Developer</td>
<td>Project</td>
</tr>
<tr>
<td>THDA</td>
<td>Project Entity</td>
</tr>
<tr>
<td>HUD</td>
<td></td>
</tr>
</tbody>
</table>

(b) In this Agreement, unless a different meaning clearly appears from the context:

"AHAP" means collectively those Agreements to Enter into a Housing Assistance Payments Contract for the Project to be issued by HUD.

"Applicable Laws" shall mean all federal, state and local laws, ordinances, approvals, rules, regulations and requirements applicable thereto including, but not limited to, relevant construction codes including construction codes governing access for people with disabilities, and such zoning, sanitary, pollution and other environmental safety ordinances, laws and such rules and regulations promulgated thereunder, and all applicable environmental laws and applicable federal and state labor standards.

"City" means the City of Knoxville, Tennessee.

"Closing" means, with respect to the Project, the date of execution and or recording of all documentation regarding title to and financing of the Project.

"Concept Plan" shall mean the basic conceptual plan for the Project prepared by the Project Architect showing the development of housing units on the Property.

"Credit Allocation" shall have the meaning ascribed to it in Section 4.1(c).

"Event of Default" shall mean one of the events enumerated at Section 9.1 hereof, which does not arise from the existence of a Force Majeure Event.

"Force Majeure Event" shall mean any act or occurrence beyond the reasonable control of the Party claiming the existence of such occurrence or event and without its faults or negligence including, but not limited to, acts of nature, fires, floods, or other unavailable casualties, epidemics, acts of public enemies, quarantine restrictions, freight or energy shortages or embargos, labor disputes or litigation instituted by a third party and delays by HUD, the City, THDA or any other governmental entity not otherwise attributed to the defaulting Party’s gross negligence that directly affects the ability of the defaulting Party to carry its obligations under the Agreement.

"HAP Contract" shall mean the Section 8 Project Based Voucher contract or contracts for the Project as described more particularly in Section 7.1.
“THDA Requirements” shall mean, in connection with the financing, construction, operation and maintenance of the Property to the extent that an allocation of 4% or 9% competitive low income housing tax credits have been awarded therefor, the requirements set forth in each of the following: (i) a reservation letter with attachments from THDA to the Sponsors or Developers reserving an allocation of 4% non-competitive low income housing tax credits; (ii) the 2018 (as applicable) THDA Qualified Allocation Plan; (iii) a low income housing tax credit application submitted to THDA for the Project; and (iv) Section 42 of the Internal Revenue Code.

“HUD” shall mean the United States Department of Housing and Urban Development.

“HUD Act” shall mean the United States Housing Act of 1937 (42 U.S.C. §1437 et seq.), as amended from time to time, any successor legislation, and all regulations issued thereunder or in furtherance thereof.

“HUD Documents” shall mean all documents executed in connection with the financial, equity and HUD closing of the Project, including the HAP Contract.

“HUD Requirements” shall mean, in connection with the Project: (i) ______________________, and (ii) the HUD Documents.

“PILOT” shall have the meaning ascribed to it in Section 4.2(c).

“Project Architect” shall mean architect selected by the Developer in its sole discretion.

“Project Approvals” shall have the meaning ascribed to it in Section 3.2.

“Project Schedule” shall mean the project schedule attached hereto as Exhibit B.

“HUD Use Agreement” shall refer to the Regulatory Agreement, Form HUD-92466M or such successor form, between HUD and Owner with respect to the Project and recorded in the land records of the City.

Section 1.2 Interpretation. Whenever the context may require, any pronoun that is used in this Agreement shall include the corresponding masculine, feminine and neuter forms, and the singular shall include the plural and vice versa. Unless otherwise noted, the words “include,” “includes” and “including” when used in this Agreement shall be deemed to be followed by the phrase “without limitation”. All references to Articles, Sections, and Schedules shall, unless the context specifies otherwise, refer to this Agreement.

Article II

General Representations and Warranties
Section 2.1  **Representations and Warranties by Developer.** Developer hereby makes the following representations and warranties:

(1)  Developer has the legal capacity to enter into this Agreement and perform each of the undertakings set forth herein with respect to implementing the Project as of the date of this Agreement.

(2)  Developer is duly organized and a validly existing legal entity under the laws of, and authorized to do business in, the State of Tennessee, and all necessary resolutions or other corporate or company actions have been duly adopted or taken to authorize the execution and delivery of this Agreement and to authorize and direct the persons executing this Agreement to do so for and on Developer's behalf.

(3)  No receiver, liquidator, custodian or trustee of Developer shall have been appointed as of the date hereof, and no petition to reorganize Developer pursuant to the United States Bankruptcy Code or any similar statute that is applicable to Developer has been filed as of the date hereof.

(4)  No adjudication of bankruptcy of Developer or a filing for voluntary bankruptcy by Developer under the provisions of the United States Bankruptcy Code or any other similar statute that is applicable to Developer has been filed.

(5)  To the best of Developer's knowledge, there is no action, proceeding or investigation now pending, nor any basis therefore, known or believed by Developer to exist, (i) which questions the authority of Developer to enter into this Agreement or relating to any action taken or to be taken by Developer pursuant to this Agreement; or (ii) is likely to result in a material adverse change in Developer's property, assets, liabilities or condition that will materially and substantially impair its ability to perform its obligations under, or would otherwise materially affect any of Developer's representations or warranties made, all pursuant to the terms of this Agreement.

(6)  Developer's execution and delivery of this Agreement and its performance hereunder will not constitute a violation of any operating, partnership and/or stockholder agreement of Developer or of any agreement, mortgage, indenture, instrument or judgment, to which Developer is a party.

(7)  Developer has and shall provide the development expertise and financial guarantees necessary to effectuate the development, design, finance and construction of the Project.

Section 2.2  **Representations and Warranties by Authority.** The Authority hereby represents and warrants the following, all of which shall be true as of the date hereof:

(1)  The Authority is a public body corporate and politic of the State of Tennessee and has all requisite power and authority to carry on its business as now and whenever conducted, and to
enter into and perform its obligations under this Agreement.

(2) The Authority has the legal power, right and authority to enter into this Agreement and the instruments and documents referenced herein to which the Authority is a party, to consummate the transactions contemplated hereby, to take any steps or actions contemplated hereby, and to perform its obligations hereunder.

(3) This Agreement is duly executed by the Authority, and is valid and legally binding upon the Authority and enforceable in accordance with its terms. The execution and delivery hereof shall not constitute a default under or violate the terms of any indenture, agreement or other instrument to which the Authority is a party.

(4) To the best of the Authority's knowledge, there is no pending, threatened litigation which would prevent the Authority from performing its duties and obligations hereunder or have a material adverse effect on the financial condition of the Authority.

(5) The Authority’s execution and delivery of this Agreement and its performance hereunder will not constitute a violation of any operating, partnership and/or stockholder agreement of the Authority or of any agreement, mortgage, indenture, instrument or judgment, to which the Authority is a party.

Article III

The Project

Section 3.1 Project Scope. The Authority and the Developer, through the Project Entity, shall cause the construction of the Project at the Property. The construction of the Project shall be done pursuant to the Concept Plan prepared by the Developer which Concept Plan shall be subject to modification as may be required by HUD, and subject to the requirements of and the limits of the Project’s Financing. The Developer shall be able to implement reasonable changes to the Concept Plan as necessary. The Concept Plan is attached hereto as Exhibit C.

Section 3.2 Required Project Approvals. The Developer shall obtain, with the assistance of the Authority, all required Project Approvals. The Project shall be developed in accordance with all Project Approvals and consisting of (all only to the extent applicable to the Project): (i) Applicable Laws, (ii) the site plan approval; (iii) all applicable State and local building codes and requirements; (iv) the THDA Requirements; and (v) the HUD Requirements, as applicable (collectively, the “Project Approvals”).

In connection with the Project Approvals, the Developer hereby agrees:

i) to prosecute applications for the Project Approvals diligently and in good faith in accordance with this Agreement. In connection with the Project Approvals, the Authority shall cooperate as requested by the Developer in any applications, agreements and other items relating to the Project Approvals;
ii) to pay, or cause to be paid by the Project Entity, all costs and expenses, including but not limited to application fees, escrow deposits and engineering, legal and other professional fees, associated with the applications for the Project Approvals as may be required by Applicable Laws, which payments shall be considered expenses of the Project, and the Authority agrees to inform all of its Project consultants and agents and contractors that, with respect to the management of the construction of the Project, the Developer shall direct and be responsible for all Project coordination and decisions;

iii) to keep the Authority informed upon their request as to the status of applications, resolutions, permits and approvals for the Project Approvals, and shall promptly inform the Authority of all scheduled hearing dates as well as the results of any such hearings and applications.

Section 3.3  Project Schedule. The Project shall be constructed and implemented in accordance with the schedule attached to be attached at Exhibit B hereto (the "Project Schedule") as may be modified by the Developer.

Section 3.4  Project Oversight. The Developer shall provide to the Authority copies of the construction meeting minutes on a monthly basis. The Authority shall have the right to attend the Project's construction job meetings and receive copies of the monthly requisitions and invoices from the general contractor and approved by the Project Architect as well as any updates to the construction schedule received by the Developer from the general contractor and the Project Architect.

Section 3.5  Recordkeeping, Audit & Reporting Requirements.

(a) Recordkeeping. Access. Developer's books and records pertaining to its performance under this Agreement shall be kept in accordance with generally accepted accounting principles, and shall be retained for the longer of at least three years, or until all pending matters are closed. Developer agrees to grant a right of access to the Authority, HUD, any agency providing funds to Authority, the Comptroller General of the United States, and any of their authorized representatives, with respect to any books, documents, papers, or other records pertinent to this Agreement in order to make audits, examinations, excerpts, and transcripts.

(b) Audit. Authority, HUD, any agency providing funds to Authority, the Comptroller General of the United States, or any of their duly authorized representatives, shall have the right to perform any audit of Developer's finances and records related to its performance under this Agreement, including without limitation, the financial arrangement with anyone Developer may delegate to discharge any part of its obligations under this Agreement.

(c) Contractors. Developer agrees to cause the recordkeeping, access, audit and reporting requirements set forth in this Section 3.5 to be included in the Construction Contract with the Contractor so that they are made legally binding upon the Contractor and the Contractor shall be obligated in its Construction Contract to include such reporting requirements in any subcontractor contract.
Article IV

Respective Obligations of the Parties

Section 4.1 Obligations of the Authority. The Authority hereby covenants and agrees to undertake the following tasks in support of the Project:

a) Project Implementation. The Authority shall employ their expertise and knowledge with respect to the provision of housing for low and moderate income persons within the City to assist in the implementation of the Project. The Authority’s assistance shall include, but not necessarily be limited to, acting as liaison between the City and the Developer as may be appropriate and aiding in the provision of information with respect to the Project to the City community.

b) Authority Support. The Authority agrees to support the activities of the Developer and extend necessary reasonable efforts to take actions required by the Authority to facilitate the Developer’s undertakings with respect to the Project, including activities that are reserved by law to the Authority. The Authority shall use commercially reasonable efforts to obtain any acquisition, environmental, disposition and other approvals needed from HUD in connection with the Project.

c) PILOT Approval. The Authority shall use commercially reasonable efforts obtain a tax exemption and payment in lieu of taxes from the City and Authority (“PILOT”) with the assistance of the Developer. The PILOT shall be a minimum of twenty (20) years at annual payments reasonably approved by the Developer. The Developer hereby acknowledges and agrees that the documents necessary to implement the PILOT are subject to approval by the Authority's Board of Commissioners.

d) HAP Approval. The Authority shall use commercially reasonable efforts to procure the HAP Contract.

Section 4.2 Obligations and Covenants of the Developer. The Developer hereby covenants and agrees to undertake the following tasks in support of the Project:

a) Environmental Testing. The Developer has completed all reasonable environmental testing upon the Property and has remediated any environmental conditions existing at the Property as of the date of the Closing.

b) Project Approvals. The Developer shall reasonably pursue an allocation of 4% Low Income Housing Credits from the THDA to fund the Project (the “Credit Allocation”). The Authority shall reasonably cooperate with the procurement of the Credit Allocation. The Developer shall not submit an application for the Credit Allocation with respect to the Project until the Authority has consented via electronic mail or in writing to the submission of such application. In addition, the Developer shall obtain and comply with all required Project Approvals in accordance with Section 3.2 above.
c) PILOT Approval. The Developer shall assist the Authority in obtaining the PILOT.

d) Procurement of Financing. To the extent reasonably feasible, it shall be the responsibility of the Developer to procure all requisite financing for the Project; provided however the Authority shall assist in the procurement of HOME and City funds, along with structuring and procurement of financing that qualifies for the community investment tax credit in Tennessee. The Parties agree that all operating income available from the operations of the Property from and after the Closing may be utilized by the Developer as a source of financing for the construction and rehabilitation of the Project. To this end, the Project may be cross cash collateralized or otherwise structured as required by the tax credit investor or permanent lender, as reasonably determined by the Developer in consultation with the Authority.

e) Pre-development costs. Developer shall fund, without interest, all necessary pre-development costs. Such costs shall be reimbursable to Developer at Closing, subject to available sources, and pari passu with any costs reimbursable to the Authority at such time. Any shortfalls at Closing shall be reimbursable to Developer in the order of priority determined in the applicable limited partnership documents.

f) Construction of the Project; Relationship of the Parties. i.) The Developer shall construct the Project, or cause the Project to be constructed, in accordance with this Agreement, the Project Schedule, all Project Approvals, HUD Requirements, and THDA Requirements, all to the extent applicable. The Developer shall have control of the day to day affairs of the Project and the Project Entity, including but not limited to the following tasks: (i) preparing a detailed development budget for the cost of construction; (ii) overseeing all work of the Project Architect including the preparation of plans and specifications and identify and approval the scope of work for site improvements, including roads, utilities, recreational facilities, building and other improvements, as required; (iii) applying for and obtain construction and permanent financing in amounts sufficient to fund the construction of the Project pursuant to the budget and plans and specifications; (iv) selecting the construction team, including negotiation and causing to be executed on behalf of the Company, contracts with contractors, vendors and others for supplies and services to be utilized in the design, construction and improvement of the Project; (v) providing construction supervision and construction management, including administering construction contracts, perform construction closeout and punch list; (vi) obtaining insurance coverage for the Project; and (vii) conducting construction and permanent loan closings of the Project, including engaging attorneys, accountants and other professionals needed in connection with the Project. Notwithstanding the foregoing, the Authority or its designated representatives shall have the right to reasonably review and approve any documents to which the Authority or its affiliates are a party.

ii.) An instrumentality of the Authority will serve as the sole general partner of the Project Entity with operational control of the Project in name only; each such instrumentality shall serve as an accommodation party with respect to the applicable Project to facilitate the financing that qualifies for the community investment tax credit ("GP"). An affiliate of Developer will be the Class B Limited Partner of the Project Entity. In instances where an operational decision might impact the Project guarantors (the owners of the Class B Limited Partner), the GP shall not make such a decision without the prior written consent of the Class B
Limited Partner. The parties understand and agree that most decisions will require such prior written consent. The parties also agree that, in connection with the closing of the financing with respect to the Project, GP entity and Class B Limited Partner shall enter into an agreement pursuant to which the rights and obligations of each party with respect to management of the partnership shall be delineated (the "Participation Agreement"). The parties acknowledge and agree that neither the Authority nor its affiliates shall have any obligation to Developer or its affiliates or any investor or lender to provide for or guaranty any operating deficits, contributions to capital, partner loans, repurchase obligations, guaranties or other obligations of a partner under any partnership agreement.

(g) Plans and Specifications. The Developer shall ensure that, to the extent required, any plans and specifications shall be in accordance with the HUD Requirements.

(h) Commencement of Construction. The Developer shall commence construction or cause construction to be commenced, and to achieve Closing in a timely fashion, consistent with the Project Schedule as may be modified by the Parties.

(i) Construction Period. The Developer shall secure the Property during construction. The Developer shall further provide for, to the extent required by Project funders and governmental agencies, the cost and installation of construction signs in accordance with Applicable Laws and shall list Project sponsors on the same including, but not limited to, the Authority and HUD.

Article V

Insurance

Section 5.1 Indemnification. The Developer shall defend, indemnify and hold harmless the Authority against and from any and all liability, claim of liability or expense arising out of or in any way connected with:

(a) the entry upon the Property by the Developer, including but not limited to entry in order to perform environmental testing, site preparation work, or construction activities; and

(b) any work or thing whatsoever done or not done on the Property by the Developer or managed by the Developer; and

(c) any litigation related to the Project, including any attorney's fees related to any such litigation and whether such litigation arises before or after the date of this Agreement; and

(d) any negligent, intentionally tortious or other act or omission of Developer or any of its agents, contractors, servants, employees, subtenants, licensees or invitees.

Notwithstanding the foregoing, the Authority shall not be indemnified by the Developer for losses or claims resulting from the gross negligence or misconduct of the Authority, its respective employees or agents.
Section 5.2 Insurance to be Maintained by the Developer. The Developer and/or the Project Entity shall maintain and keep in force insurance with respect to the Project, naming Authority as an additional insured, if requested by the Authority, of the following types, which are further subject to Authority approval: (i) As of the Closing, the Project Entity shall carry "All Risk" insurance against loss or damage by fire, flood and such other risks and matters, including without limitation, business interruption, rental loss, public liability, and boiler damage and liability. The amount of such insurance will not be less than 100% of the full replacement value of the Project, including the cost of debris removal, without deduction for depreciation.

(ii) General liability insurance with a combined single limit of not less than $5,000,000 (including any excess liability and umbrella coverage) for injury to or death of any one person, for injury to or death of any number of persons in one occurrence, and for damage to property, insuring against any and all liability of Authority and Developer including, without limitation, coverage for contractual liability, broad form property damage and products/completed operations.

Such insurance shall contain or be endorsement to contain a provision that includes the Authority, its officials, officers, employees, and volunteers as additional insureds. The coverage shall contain no special limitations on the scope of its protection afforded to the listed insureds.

(c) Workers' Compensation and Employers Liability insurance in accordance with the laws of the State of Tennessee.

(d) The Developer shall provide evidence to the Authority that the insurance required herein has been obtained at least ten (10) days prior to the Closing. The Developer shall require that the general contractor obtain and maintain in effect the types and amounts of insurance set forth in this Section 5.2.

Further, such insurance shall be primary and non-contributory, shall provide for a minimum 30-day cancellation notice for all insurances (by endorsement, if necessary) and shall provide a waiver of subrogation or Waiver of Transfer of Rights of Recovery Against Others, or its equivalent.

Section 5.3 Survival of Indemnification and Insurance. Notwithstanding anything herein to the contrary, including Section 10.1(b) hereof, the provisions of this Article V shall survive the termination or expiration of this Agreement.

Article VI

Project Buyout

During the twelve (12) months following the end of fifteen (15) years after the Project has been completed and placed in service (the "Compliance Period"), the Authority or its designated affiliate shall have the option, exercisable upon at least thirty (30) and not more than ninety (90) days prior written notice, to purchase the Class B Limited Partner's entire partnership.
interest for an amount equal to the Buyout Price. The Buyout Price for purchase of such interest under this Agreement shall be the fair market value of the Class B Limited Partner’s partnership interest, as of the date of the closing of the purchase, based on the amount of net sale proceeds the Class B Limited Partner would receive pursuant to Section 7.3 hereof if the assets of the Project were sold for their Appraised Value (as defined below) subject to continued use of the Project for low-income housing for at least fifteen (15) years after the end of the Compliance Period.

The Authority’s written notice to the Authority (the "Buyout Notice") shall include the following:

(i) an appraisal of all of the assets of the partnership (the "Appraised Value") by an appraiser selected by the Authority and reasonably approved by the Developer, and
(ii) a calculation by the partnership accountants of (a) the value of the Developer’s partnership interest based on such appraisal, and (b) the Buyout Price, all calculated as of the closing date proposed by the Authority in the Buyout Notice.

In determining the Appraised Value, the appraiser shall take into account the recorded restrictions affecting the applicable Project and any deferred maintenance with respect to the Project.

The Developer shall have thirty (30) days after receipt of the Buyout Notice in which either to accept the Buyout Price set forth in the Buyout Notice or to notify the Authority of its desire to appoint a second appraiser to evaluate the Buyout Price. In the event that the Developer fails to notify the Authority within the aforesaid thirty (30) day period that it desires to appoint a second appraiser, the Developer shall be deemed to have accepted the Buyout Price, and the Authority shall purchase the partnership interest of the Developer on the date specified in the Buyout Notice.

If the Developer notifies the Authority of its desire to appoint a second appraiser, the Developer shall appoint such appraiser within thirty (30) days after it notifies the Authority of its election, and the two appraisers shall together appoint a third appraiser within fifteen (15) days after the appointment of the second appraiser. The three appraisers so appointed shall each determine the Appraised Value of the assets of the Partnership within thirty (30) days after the appointment of the third appraiser, and the Appraised Value of such assets for the purpose of determining the Buyout Price shall be the average of the three appraisers’ determinations.

At the expiration of such twelve (12) month period, the Developer shall have the option to acquire the interest of the Authority for an amount determined consistent with the methodology described in this section.

Article VII

Financing and Guarantees
Section 7.1 Sources of Funding. Developer agrees that they shall exercise diligent efforts to secure financing as necessary for the Project from the following sources, among others: (1) Section 8 HAP Contract, (2) Credit Allocations, (3) HOME Funds, (4) CDBG Funds, (5) City Affordable Rental Development Program funds, (6) conventional financing from private commercial lenders, and (7) conventional construction and/or permanent financing. The Authority shall support funding and financing applications of the Developer that may be required in connection with the finance of the Project, including the structuring and procurement of financing that qualifies for the community investment tax credit in Tennessee. In addition, the Developer may utilize any available operating income from the Project from and after the Closing as a source of financing for the Project.

The parties agree that the Authority shall use reasonable efforts to procure, and the Project shall include, a minimum of forty-six (46) Section 8 HAP units, subject to Developer’s submission of an application for those HAP units acceptable to the Authority in its reasonable discretion under the applicable laws and program requirement. The Authority agrees to create and maintain for the Project, for the purpose of Project Based Vouchers, a site based waiting list for selection of residents for the units supported by the HAP Contract.

Section 7.2 Financial and Performance Guarantees. The Developer shall provide any and all financial guarantees to the equity investor, or any construction or permanent lenders as required to finance the Project. The Developer shall also provide performance guarantees to HUD and the Authority to the extent required by HUD Requirements.

Section 7.3 Developer Fees and Cash Flow. The Authority, or its affiliate, shall receive twenty percent (20%) of all Developer Fees, both cash developer fee and deferred developer fee, from the Project and the Developer, or its affiliate, shall receive the remaining eighty percent (80%) of the all Developer Fees, both cash developer fee and deferred developer fee, from the Project. To facilitate the development of the Project, an affiliate of the Authority and an affiliate of the Developer intend to form an entity that will act as the developer of the project. The Developer will own eighty percent (80%) of the ownership interests in such entity and the Authority will own twenty percent (20%) of the ownership interests in such entity. The Developer and the Authority will cooperate in forming the entity and will negotiate mutually agreeable formation documents for such entity.

The Developer, or its affiliate, shall receive eighty percent (80%) of the fees and distributions from the Project Entity, after payment of all distributions to the investor limited partner, developer fees, investor fees, funding of all reserves and repayment of all loans, including the same share of all sale or refinancing proceeds, and the Authority, or its affiliate, shall receive twenty percent (20%) of such fees and distributions from the Project Entity. The amount due to the Authority shall either be received directly from the Project Entity or from the affiliate of the Developer. If received from the affiliate of the Developer, the right of the Authority, or its affiliate, to receive twenty percent (20%) of such fees and distributions shall be memorialized in the Participation Agreement unless otherwise agreed to by the parties.
Section 7.4 Authority Management Fees. Elmington Property Management, LLC shall be entitled to serve as the property manager for the Project at a management fee equal to six percent (6%) of the gross collected rents from the Project (calculated on a receipts basis).

Article VIII

Prohibition on Transfer

This Agreement is entered into solely for the purpose of setting forth the development obligations of the Parties with respect to the Project. The qualifications and identity of the Developer is of particular concern to the Authority. It is because of these qualifications and identity that the Authority is entering into this Agreement. Therefore, Developer agrees that it will not assign or transfer its interests, rights, or obligations under this Agreement other than to an affiliate of Developer without the prior written consent of the Authority and HUD. In addition, the Authority agrees that it will not assign or transfer its interests, rights, or obligations under this Agreement without the prior written consent of the Developer and HUD.

Article IX

Events of Default and Remedies

Section 9.1 Events of Default. Any one or more of the following events shall constitute an Event of Default hereunder unless such event arises due to the occurrence of a Force Majeure Event:

a) Failure to Perform. Failure of any Party to observe and perform any covenant, condition or agreement in this Agreement and continuance of such failure for a period of sixty (60) days, after receipt by the defaulting Party of written notice from a non-defaulting Party specifying the nature of such failure and requesting that such failure be remedied; provided, however, if the breach of any such covenant, condition or agreement is one which cannot be completely remedied within the sixty (60) days after such written notice has been given, it shall not be an Event of Default as long as the defaulting Party is proceeding with due diligence to remedy the same as soon as practicable.

b) Financial Distress of Developer. The following shall be applicable with respect to the Developer subject to the provisions below:

i) The Developer shall have applied for or consented to the appointment of a custodian, receiver, trustee or liquidator of all or a substantial part of its assets;

ii) a custodian shall have been legally appointed with or without consent of the Developer;
iii) Developer has made a general assignment for the benefit of creditors, or have filed a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors or have taken advantage of any insolvency law;

iv) Developer has filed an answer admitting the material allegations of a petition in any bankruptcy or insolvency proceeding;

v) a petition in bankruptcy shall have been filed against Developer and shall not have been dismissed for a period of ninety (90) consecutive days; or

vi) an order for relief shall have been entered with respect to or for the benefit of Developer under the United States Bankruptcy Code.

In the event that any of the events set forth in this Section 9.1(b) occur, then the Authority shall have the rights afforded to it under Section 9.2 herein.

c) Financial Distress of the Authority. Any of the events set forth under Section 9.1(b) happening as to the Authority, including HUD appointing a receiver or otherwise taking over operations of the Authority.

Section 9.2 Remedies. a) Termination. In an Event of Default by any Party, a non-defaulting Party may take whatever action at law or in equity as may appear necessary or desirable to enforce the performance or observance of any rights, remedies, obligations, agreements, or covenants of the defaulting party under this Agreement. Upon an Event of Default by a Party, a non-defaulting Party may terminate this Agreement upon ninety days (90) days notice.

b) Failure or Delay. Any failure or delay by any Party in asserting any of its rights or remedies as to any default, shall not operate as a waiver of any default, or of any such rights or remedies, or deprive either such Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c) Remedies Cumulative. No remedy conferred by any of the provisions of this Agreement is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies.

d) Continuance of Obligations. The occurrence of an Event of Default shall not relieve the defaulting Party of its obligations under this Agreement.

e) Mitigation. The Parties shall act reasonably to mitigate any damages that may be incurred as the result of an Event of Default hereunder.
Article X

HUD and Other Provisions and Obligations

Section 10.1 HUD Submissions. (a) Developer and Authority agree to cooperate in order to obtain HUD’s written approval as required herein.

(b) Notwithstanding anything contained herein to the contrary, once a Closing has occurred, the HUD Documents shall govern the Parties’ obligations with respect to the Project. Once Closing has occurred, this Agreement shall not apply, except to the extent that the provisions hereof are stated to survive termination or expiration of this Agreement and said provisions are incorporated into the Authority closing documents for the Project. The occurrence of a Closing shall constitute and evidence each Parties’ acceptance of the other party’s performance under this Agreement with respect to the Project, except as may be specified in the Authority closing documents. No termination of this Agreement, in and of itself, shall release the other party from any obligations that it has undertaken in the Authority closing documents, nor increase the rights and remedies any party may have under such circumstances.

Section 10.2 Selection of Professionals and Consultants.

(a) Intentionally Omitted.

(b) Section 3. Developer will at all times comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, and regulations promulgated thereunder as well as the Authority’s Section 3 Policy and Program Requirements, attached and made a part hereof in Exhibit D, as they may be amended from time to time. Notwithstanding the foregoing, and provided that Developer is utilizing good faith efforts to comply with the same, the Authority acknowledges that a failure to meet any specific hiring percentage set forth in Exhibit D shall not constitute an Event of Default hereunder. Developer will provide information regarding Section 3 compliance for all contractors to Authority in the format prescribed by Authority on a monthly basis and as may be requested more regularly.

Section 10.3 Disclaimer of Relationships. Nothing contained in the agreement between Authority and Developer, nor any act of HUD or Authority, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general membership, or joint venture involving HUD.

Section 10.4 Federal Requirements. Developer shall comply with each of the following requirements to the extent applicable to the Project Entity, as the same may be amended from time to time:

(a) The Fair Housing Act, 42 USC 3601-19, and regulations issued thereunder, 24 CFR Part 100; Executive Order 11063 (Equal Opportunity in Housing) and regulations issued thereunder, 24 CFR Part 107; and the fair housing poster regulations, 24 CFR Part 110.
(b) Title VI of the Civil Rights Act of 1964, 42 USC 2000d, and regulations issued thereunder relating to nondiscrimination in housing, 24 CFR Part 1.

(c) Age Discrimination Act of 1975, 42 USC 6101-07, and regulations issued thereunder, 24 CFR Part 146.


(e) Section 102 of the Department of Housing and Urban Development Reform Act of 1989, as implemented at 24 CFR Part 12, which contains provisions designed to ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD.

(f) Section 3 and its implementing regulations at 24 CFR Part 135.

(g) Title 24 of the Code of Federal Regulations, Part 24, which applies to the employment, engagement of services, awarding of contracts, subgrants, or funding of any recipients, or contractors or subcontractors, during any period of debarment, suspension, or placement in ineligibility status.

(h) Executive Order 11246 of September 24, 1965 entitled, “Equal Employment Opportunity,” as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 CFR Chapter 60). (All construction contracts awarded in excess of $10,000 by Federal grantees and their contractors or subcontractors.)

(i) Copeland “Anti-Kickback” Act (18 U.S.C. 874) as supplemented in Department of Labor regulations at 29 CFR part 3. (All contracts and subgrants for construction or repair.)

(j) Davis-Bacon Act (40 U.S.C. 276a to 276a-7), as supplemented by Department of Labor regulations at 29 CFR part 5, and HUD regulations at 24 CFR Part 941.610(a)(8)(vi) (or successor provisions).


(l) Section 1352 of Title 31 of the United States Code, which prohibits the use of Federal appropriated funds to pay any person for influencing or attempting to influence any officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract; the making of any Federal grant; the making of any Federal loan; the entering into of any cooperative agreement; or the modification of any Federal contract, loan, or cooperative agreement. The Developer further agrees to comply with the requirement of such legislation to furnish a disclosure (OMB Standard Form LLQ) if
any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, in connection with a Federal contract, grant, loan, or cooperative agreement, which payment would be prohibited if made from Federal appropriated funds.

(m) Section 306 of the Clean Air Act (42 U.S.C. 1857(h)), Section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738 and Environmental Protection Agency regulations at 40 CFR Part 15, including all applicable standards, orders or requirements issued in connection with any of the foregoing authorities.

Section 10.5 Conflict of Interest. The Parties acknowledge and agree that this Agreement does not violate the conflict of interest provisions set forth in 2 CFR Part 200, and the Parties hereto agree to comply with such provisions as may be required and as further set forth in Section 11.3.

Article XI

Miscellaneous

Section 11.1 Notices. Formal notices, demands and communications among the Parties (as required herein) shall be deemed sufficiently given if dispatched to the address set forth below by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed delivered upon receipt. Notices may also be sent by a commercial overnight delivery service with packaging tracking capability and for which proof of delivery is available. In this case such notice is deemed effective upon delivery. Such written notices, demands and communications may be sent in the same manner to such other addresses as any party may from time to time designate by written notice. Minor communication among the Parties that is other than formal notice of actions and demands by the Parties may be sent by regular mail or facsimile. All notices, requests, demands, approvals, or other formal communications given hereunder or in connection with this Agreement shall be in writing and shall be deem given if dispatched by personal delivery, to the offices of the Parties set forth below.

Copies of all notices, demands and communications shall be sent as follows:

As to Authority:

Attention: Benjamin M. Bentley
Knoxville’s Community Development Corporation
P.O. Box 3550
Knoxville, TN 37927-3550
Ph 865-403-1100
As to Developer:

Attention: John Shepard
Elmington Capital Group, LLC
118 16th Avenue, Suite 200
Nashville, TN 37203
Ph 615-922-2218

Section 11.2 Non-Liability of Officials and Employees of the Authority. No member, official or employee of the Authority shall be personally liable, in the event of any default or breach by the Authority, or on any obligation under the terms of this Agreement.

Section 11.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the Parties hereto, in accordance with the provisions of Article VII (Transfer) above, and their heirs, executors, and administrators.

Section 11.4 Exhibits. All Exhibits attached hereto and/or referred to in this Agreement are incorporated herein as though set forth in full.

Section 11.5 Titles of Articles and Sections. The titles of the several Articles and Sections of this Agreement are inserted for the convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 11.6 Severability. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each other term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

Section 11.7 Modification of Agreement. No modification, waiver, amendment, discharge, or change of this Agreement shall be valid unless the same is in writing, duly authorized, and signed by all Parties.

Section 11.8 Execution of Counterparts. This Agreement may be executed in one or more counterparts and when each party has executed and delivered at least one counterpart, this Agreement shall become binding on the Parties and such counterparts shall constitute one and the same instrument.

Section 11.9 Governing Law. This Agreement shall be governed by and construed in accordance with the applicable laws of the State of Tennessee without reference to its choice of law rules.

Section 11.10 Authority Approvals. Notwithstanding anything herein to the contrary, Developer and the Authority agree and acknowledge that all financing documents, contracts and other agreements to be entered into with respect to the Project by the Authority or its affiliates must be approved by the Board of Commissioners of the Authority; provided however in the event the Board of Commissioners of the Authority fails to timely approve of recommendations...
from its staff with respect to the Project or this Agreement, the Developer shall have the right to
terminate this Agreement with no further obligation to the Authority.

[End of Development Agreement. Signature page follows.]
IN WITNESS WHEREOF, we have hereunto set our hands as of the date first written above.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION
a housing and redevelopment authority of the
City of Knoxville, Tennessee organized under
the Tennessee Housing Authorities Law, Tenn.

By: 
Name: 
Title: 

ELMINGTON CAPITAL GROUP, LLC,
a Tennessee limited liability company

By: 
Name: 
Title: 

(D0892323.DOCX / 2)

TN692-170)20
EXHIBIT A
Property Description
EXHIBIT B
PROJECT SCHEDULE
ITEM 7 ATTACHMENT

BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Approval is requested to execute documents relating to the release of certain restrictions, covenants, and conditions pursuant to the terms of the Special Warranty Deeds from KCDC and the City.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: Rachel Maples</td>
</tr>
<tr>
<td></td>
<td>Department: Redevelopment</td>
</tr>
<tr>
<td>MEETING TYPE</td>
<td>☒ Regular</td>
</tr>
<tr>
<td></td>
<td>☐ Special</td>
</tr>
<tr>
<td>AGENDA CLASSIFICATION</td>
<td>☐ Resolution</td>
</tr>
<tr>
<td></td>
<td>☒ Regular</td>
</tr>
<tr>
<td>BUDGET / FINANCIAL IMPACT</td>
<td>Budgeted: N/A Expenditure: N/A</td>
</tr>
<tr>
<td></td>
<td>Source of Funds: N/A</td>
</tr>
<tr>
<td>APPROVAL/REVIEWS</td>
<td>☒ Department Head /Vice President</td>
</tr>
<tr>
<td></td>
<td>☒ Budget/Finance</td>
</tr>
<tr>
<td></td>
<td>☒ Legal Counsel</td>
</tr>
<tr>
<td></td>
<td>Name of Reviewer: Brad Peters</td>
</tr>
<tr>
<td></td>
<td>☒ Executive Director/CEO</td>
</tr>
<tr>
<td></td>
<td>☐ Other - Name &amp; Title:</td>
</tr>
<tr>
<td>STAFF RECOMMENDED ACTIONS</td>
<td>Approve: ☒ Deny: ☐ Defer: ☐</td>
</tr>
</tbody>
</table>

BACKGROUND

1. **What's the objective of the requested action?**
   As described in the attached release, KCDC requests approval to release three properties on the Austin Homes site from 1970's era restrictive covenants.

2. **Why is the action needed now?**
   The necessity of the restrictions, covenants, and conditions has passed. The City of Knoxville wishes to transfer subject properties back to KCDC, and to convey clear title.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   City of Knoxville, current land owner; KCDC, past and future land owner

4. **What are the long term and short term exposures to KCDC?**
   None.

HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

KCDC conveyed certain real property located in Knox County, Tennessee to the City of Knoxville by Special Warranty Deeds dated August 3, 1970. City of Knoxville is transferring the property back to KCDC.

ATTACHMENTS

- Release
RELEASE OF CERTAIN RESTRICTIONS, COVENANTS, AND CONDITIONS

By three Special Warranty Deeds dated August 3, 1970, of record in Deed Book 1434 Page 954, Book 1434 Page 951, and Book 1434 Page 957 (the “Deeds”), in the Register’s Office for Knox County, Tennessee, Knoxville Housing Authority, Inc., predecessor to Knoxville’s Community Development Corporation, a public corporation organized and existing under the laws of the State of Tennessee (“KCDC”) conveyed certain real property located in Knox County, Tennessee to the City of Knoxville, a municipal corporation with situs in Knox County, Tennessee, in conjunction with the Mountain View Auditorium Area Urban Renewal Project No. Tenn. R-40; and

Pursuant to the terms of the Deeds from KCDC, the continued existence of the estate conveyed therein was conditioned upon compliance with those certain Declarations of Restrictions of record in Deed Book 1433, page 972 in the Register’s Office for Knox County, Tennessee. The Deeds also imposed additional Restrictive Covenants upon the subject properties and provided for a reversion of title in the event of violation of the aforesaid restrictions. The necessity of the aforesaid Restrictions has now subsided due to a lapse of time and the compliance of the respective parties with the Restrictions.

Now, therefore, in consideration of the foregoing KCDC hereby releases the properties more particularly described in the Deeds from all Restrictions, Covenants and Conditions of record.

IN WITNESS WHEREOF, the undersigned has executed this Release this ____ day of ____________, 20__.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

By: ________________________________

Its: ________________________________
STATE OF ___________________ )
COUNTY OF ___________________ )

Before me, the undersigned authority, a Notary Public in and for said County and State aforesaid, personally appeared __________________________, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who acknowledged __ self to be the __________________________, of KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION, the within bargainor, a corporation, and that __he as such ____________, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by __ self as ____________.

Witness my hand and seal at office, in ____________ County, this ______ day of ____________, 20__.

______________________________
Notary Public

My Commission Expires:

______________________________
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Approval is requested to convey an easement through 0 Patton Street (095HC008) to benefit the data center.</td>
</tr>
</tbody>
</table>
| SUBMITTED BY | Name & Title: Brad Peters, VP Redevelopment/Legal Services  
Department: Redevelopment |
| MEETING TYPE | ☒ Regular  
☐ Special |
| AGENDA CLASSIFICATION | ☐ Resolution  
☒ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted: NA  
Expenditure: $0.00  
Source of Funds: NA |
| APPROVAL/REVIEWS | ☒ Department Head /Vice President  
☐ Budget/Finance  
☐ Legal Counsel  
☐ Executive Director/CEO  
☐ Other - Name & Title: |
| STAFF RECOMMENDED ACTIONS | Approve: ☒  
Deny: ☐  
Defer: ☐ |

## BACKGROUND

1. **What's the objective of the requested action?**  
   Smith and Hammaker Enterprises and KUB are requesting a utility easement across this property to serve power into the data center.

2. **Why is the action needed now?**  
   Smith and Hammaker and KUB need to install the facilities.

3. **Who are the parties involved and what are their roles (if appropriate)?**  
   KUB and Smith and Hammaker are seeking to run utilities through the side of the lot and KCDC is the owner.

4. **What are the long term and short term exposures to KCDC?**  
   Two of the poles will be on KCDC property.

## HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

Smith and Hammaker has been redeveloping the Fort Hill Building into a data center.

## ATTACHMENTS

Maps
(4) 55-foot poles

Manhole

Knoxville Utilities Board

KUB makes no representation or warranty as to the accuracy of this map and its information nor to its fitness for use. Any user of this map product accepts the same AS IS, WITH ALL FAULTS, and any other covenants and agrees to hold KUB harmless from any and all damage, loss, or liability arising from any use of this map product. All rights reserved.

Created By: Timothy Branson
## BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution authorizing the redevelopment of the Magdalen Clarke Tower.</td>
</tr>
</tbody>
</table>
| SUBMITTED BY         | Name & Title: Brad Peters, VP Redevelopment/Legal Matters  
|                      | Department: Redevelopment |
| MEETING TYPE         | ☑️ Regular  
|                      | ☐ Special |
| AGENDA CLASSIFICATION | ☑️ Resolution  
|                      | ☐ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted: $0.00  
|                      | Expenditure: $0.00 |
| Source of Funds:     | ☑️ Department Head /Vice President  
|                      | ☐ Budget/Finance |
| APPROVAL/REVIEWS     | ☑️ Legal Counsel  
|                      | ☐ Executive Director/CEO  
|                      | ☐ Other - Name & Title: |
| STAFF RECOMMENDED ACTIONS | Approve: ☑️  
|                      | Deny: ☐  
|                      | Defer: ☐ |

### BACKGROUND

1. **What's the objective of the requested action?**
   
   After the COK conveys the Tower to KCDC, KCDC would convey the Tower to Lincoln Memorial University ("LMU") along with a development agreement ensuring the timing and movement of the LMU programs to the Tower.

2. **Why is the action needed now?**
   
   The land transaction is intended to be simultaneous with the acquisition by COK of the property from Tennova.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   
   KCDC is the seller, LMU is the Buyer and Developer

4. **What are the long term and short term exposures to KCDC?**
   
   This proposal would allow for the redevelopment of the Tower. It is possible that after demolition of some of the legacy buildings, COK will ask KCDC to master plan the entire site.

### HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

| HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where) | KCDC drafted the redevelopment plan for the St. Mary's site and the plan was approved by COK City Council by Resolution No. R-163-2019 |

### ATTACHMENTS

| ATTACHMENTS | Resolution, Agreement with Purchase and Sale, Development Agreement, and Deed and Map |
RESOLUTION NO. ________

A RESOLUTION OF THE BOARD OF DIRECTORS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION AUTHORIZING THE REDEVELOPMENT OF THE MAGDALEN CLARKE TOWER (TAX ID 081EH01603)

WHEREAS, Knoxville's Community Development Corporation ("KCDC") is the housing, redevelopment and urban renewal authority of the City of Knoxville, Tennessee (the "Municipality") and is duly incorporated pursuant to Sections 13–20–101 et seq., Tennessee Code Annotated; and

WHEREAS, the St. Mary's Redevelopment and Urban Renewal Plan ("Redevelopment Plan") was adopted by the City Council of the City of Knoxville by Resolution No. R–163–2019; and

WHEREAS, pursuant to the Redevelopment Plan and Sections 13–20–201, 13–20–204, 13–20–209, and 13–20–210 of the Tennessee Code Annotated, Knoxville's Community Development Corporation is authorized to sell real property interests in a redevelopment area; and

WHEREAS, The City of Knoxville is acquiring the Saint Mary's Hospital Site and conveying the Magdalen Clarke Tower at 1705 Saint Mary Street to KCDC (the "Property"); and

WHEREAS, KCDC wishes to redevelop the Property; and

WHEREAS, KCDC desired to convey the Property to Lincoln Memorial University for refurbishment of the Property; and

WHEREAS, KCDC will be conveying the Property with a Development Agreement and certain deed restrictions; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Knoxville's Community Development Corporation, as follows:

RESOLVED, that the Chairman, the Vice Chairman, or the Secretary of KCDC (Authorized Officers) are hereby authorized and directed to (i) execute and deliver the Purchase and Sale Agreement, the Development Agreement, and the Deed, in a form similar to the form attached hereto. The execution of same by such Authorized Officers to
constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described and, further

RESOLVED, that any and all other actions heretofore taken on behalf of KCDC by the Authorized Officers to execute and deliver any of the agreements, documents or instruments authorized by the foregoing resolutions, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the Authorized Officers that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved this 31st day of October, 2019.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

By:______________________
  Secretary
REAL PROPERTY PURCHASE AND SALE AGREEMENT

THIS REAL PROPERTY PURCHASE AND SALE AGREEMENT (this "Agreement") is made as of the ____ day of __________, 2019 (the "Effective Date"), between KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority organized under the laws of the State of Tennessee ("Seller"), and LINCOLN MEMORIAL UNIVERSITY, a Tennessee not-for-profit corporation ("Purchaser").

WHEREAS, Seller desires to sell, and Purchaser desires to purchase, certain real property known as the Magdalen Clarke Tower and located at 1705 Saint Mary St, Knoxville, Tennessee, as more particularly described on Exhibit A hereto and consisting of the parcel(s) identified on such Exhibit A, together with all improvements existing thereon (the "Property"); and

WHEREAS, Seller and Purchaser desire to establish certain terms relative to the purchase and development of the Property.

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Property.** Seller hereby agrees to sell to Purchaser and Purchaser hereby agrees to purchase from Seller the Property on the terms set forth herein.

2. **Earnest Money.** Within five (5) business days after the Effective Date, Purchaser shall deposit with a title insurance agency selected by Purchaser and reasonably acceptable to Seller (the "Escrow Agent") Five Thousand and No/100 Dollars ($5,000.00) in cash or certified or cashier's check as earnest money (said deposit, together with any interest thereon and any additions thereto, is collectively referred to herein as the "Earnest Money"). Said Earnest Money may be refundable to Purchaser in accordance with Sections 3 and 4 hereof.

3. **Purchase Price.** The purchase price (the "Purchase Price") of the Property shall be ten dollars ($10) plus various development covenants secured by a Two Hundred Fifty Thousand and No/100 Dollar ($250,000) irrevocable letter of credit in a form acceptable to Seller (the "LOC") at closing. At the Closing, all Earnest Money shall be refunded and the LOC shall be governed by the terms of the Development Agreement (as hereafter defined).

4. **Inspection Period; Refund of Earnest Money; Due Diligence Materials.** Purchaser shall have a period of thirty (30) days from the Effective Date of this Agreement ("Inspection Period") to conduct such investigative diligence with respect to the Property as Purchaser deems appropriate and to elect to either continue or terminate this Agreement. Purchaser may terminate this Agreement, and receive a full refund of the Earnest Money, by delivering written termination notice to Seller at any time prior to expiration of the Inspection Period. If Purchaser does not so terminate this Agreement, the Earnest Money shall thereafter be nonrefundable (except as expressly otherwise set forth in this Agreement) and this Agreement shall remain in effect. Purchaser has requested and received and needed due diligence materials (the "Due Diligence Materials").

Purchaser acknowledges and agrees that, except as otherwise expressly set forth in Section 9 herein, Seller has not made and will not make any representations or warranties, express or implied, pertaining to the Property, its condition or any other matters whatsoever, and that Purchaser will be relying solely on its own inspections and investigations with respect to the Property, its condition and all other matters whatsoever. In addition, Purchaser acknowledges and agrees that the Property is being
purchased and will be conveyed "as is, where is," with all faults and defects, whether patent or latent, as of the date of Closing.

The Parties agree that Seller has never exercised control of the site, and has no information relating to the condition of building or the land, including, but not limited to environmental conditions. Purchaser hereby indemnifies and holds Seller harmless from and against any and all loss, expense and charge whatsoever, including, without limitation, all court costs and attorneys’ fees, arising out of or in connection with any matter or thing relating to the condition of the property or environmental issues, except to the extent directly caused by the gross negligence or willful misconduct of Seller or its agents. This paragraph shall survive the Closing of the transaction.

5. Costs and Prorations.

(a) Purchaser shall pay for all recording costs applicable to the deed of transfer, the costs of any title commitment and title insurance obtained by Purchaser and the costs of any due diligence obtained by Purchaser. Each party shall pay its own attorney's fees.

(b) Seller shall be responsible for paying any outstanding ad valorem property taxes assessed against the Property prior to Closing (if any). Purchaser shall be responsible for paying all ad valorem property taxes assessed against the Property after Closing.

6. Conditions Precedent To Parties' Obligations. The parties acknowledge that as condition precedents to the parties' obligations hereunder to convey and purchase the Property, the following shall occur on or before the Closing Date, provided that conditions identified in subsections (c) and (d) below (but not subsections (a) or (b)) may be waived by Purchaser in its sole discretion:

(a) A Development Agreement, in substantially the form attached hereto as Exhibit B (the "Development Agreement") shall have been executed and shall be in full force and effect.

(b) Seller's Board of Commissioners shall have voted on and approved this Agreement at a regularly scheduled meeting.

(c) A title insurer shall be irrevocably committed to issue upon Closing an 1970/Revised 1984 Form ALTA Owner's Policy of Title Insurance, or such other form reasonably acceptable to Purchaser (the "Title Policy"), insuring Purchaser or their permitted designees as owners of fee simple title to the Property, subject only to Permitted Exceptions (defined below), in the amount of the Purchase Price.

(d) Each and every representation and warranty of Seller set forth in Section 9 shall be true and correct in all material respects, and Seller shall not be in default under any of its obligations under this Agreement, as of Closing.

(e) The City of Knoxville successfully closed its property acquisition for the Property from Metro Knoxville HMA.

(f) The City of Knoxville Land Acquisitions Committee has approved the transfer of the Property to Seller for redevelopment.

(g) The Knoxville City Council has approved the transaction granting the Property to Seller.
7. **Closing.** Subject to all preconditions set forth herein, the closing or settlement ("Closing") of the transaction contemplated hereby, unless terminated in accordance with Section 4 or as otherwise agreed upon by Purchaser and Seller, shall be on or before the date which is **five (5) days** following the conclusion of the Inspection Period (such date shall be referred to herein as the "Closing Date").

At Closing, Seller shall convey to Purchaser good, marketable and insurable title to the Property by special warranty deed as further described in the Development Agreement, subject to (i) standard exceptions for real property taxes not yet due and payable, (ii) any other matters which are waived by, or acceptable to, Purchaser pursuant to Section 8 (the "Permitted Exceptions"), (iii) the covenants and restrictions further described in the Development Agreement. Such special warranty deed shall contain the reversionary rights described in Section 14 hereof.

At Closing, Purchaser shall deliver to Seller the LOC in a form acceptable to Seller.

8. **Title.** During the Inspection Period, Purchaser shall have the right to procure a title insurance commitment covering the Property issued by a title insurance company selected by Purchaser (the "Title Commitment"). Any exception to or defect in title which Purchaser shall elect to waive, or which is otherwise acceptable to Purchaser, shall be deemed an additional Permitted Exception to title at Closing.

9. **Seller's Representations and Warranties.** As of the date hereof and as of the Closing Date (as evidenced by Seller's downdate certificate to be provided at Closing), Seller represents, warrants and covenants to Purchaser that:

(a) Seller is duly organized and is validly existing under the laws of the State of Tennessee. Subject to approval by its Board of Commissioners pursuant to Section 6(b) hereof, Seller has the full right and authority to enter into this Agreement and to transfer all of the Property to be conveyed by Seller pursuant hereto and to consummate or cause to be consummated the transactions contemplated herein to be made by Seller. This Agreement constitutes, and all agreements and documents contemplated hereby (when executed and delivered pursuant hereto) will constitute, the valid and legally binding obligations of Seller, enforceable in accordance with their respective terms.

(b) Seller has not entered into any agreement to dispose of its interest in the Property or any part thereof, except for this Agreement.

(c) Seller is (i) not a party to any litigation which is still pending, and (ii) knows of no threatened litigation, affecting or relating to the Property.

10. **Broker and Broker's Commission.** Seller and Purchaser represent and warrant that neither has dealt with any broker in connection with this transaction. If any claim is made or brought by any other broker in connection with this transaction, the party whose agreement gave rise to such claim shall indemnify the other for any damage or expenses sustained in connection therewith, including, without limitation, reasonable attorney's fees. This Section shall survive the Closing of this transaction.

11. **Survey and Inspection.** Purchaser and Purchaser's agents, employees and independent contractors shall have the right and privilege to enter upon the Property during the Inspection Period to survey and inspect the Property and to conduct tests or studies, all at Purchaser's sole cost and expense. Purchaser hereby covenants and agree to indemnify and hold harmless Seller from any and all loss, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner related to the exercise by Purchaser of Purchaser's rights under this section (but not the existence of any
condition discovered in the course of Purchaser’s inspections and testing) and to repair any damage to the Property resulting from the exercise of Purchaser’s rights hereunder. In the event Purchaser elects not to purchase the Property in accordance with its rights hereunder, the foregoing indemnity will survive and Purchaser will provide Seller with copies of all tests, studies, borings and surveys obtained by Purchaser as consideration for entering into this Agreement.

12. **Property Damage.** If, after the Effective Date and prior to Closing, the Property shall suffer damage as the result of fire or other casualty, Seller shall promptly notify Purchaser in writing.

In the event any casualty results in material damage of the improvements situated on the Property that Purchaser intends to renovate and not demolish, Purchaser shall have the right to elect within fifteen (15) days from and after such notice, by written notice, one of the following: (a) not to close the transaction contemplated hereby, in which event all Earnest Money shall be refunded to Purchaser and this Agreement shall be void and of no further force and effect; or (b) to close the purchase of the Property contemplated hereby in accordance with its terms but subject to such damage, in which event the Purchase Price shall remain the same and Seller shall transfer and assign to Purchaser at Closing all insurance proceeds received or to be received as a result of such damage, and Purchaser shall receive a credit against the Purchase Price for any insurance deductible or uninsured loss. If Purchaser does not make such election within the aforesaid time period, Purchaser shall be deemed to have elected to close the transactions contemplated hereby in accordance with clause (b) above.

In the event that any other damage to the improvements situated on the Property occurs not described in the preceding paragraph, this Agreement shall remain in full force and effect, but, at Closing, Seller shall transfer and assign to Purchaser all insurance proceeds received or to be received as a result of such damage, and Purchaser shall receive a credit against the Purchase Price for any insurance deductible or uninsured loss.

13. **Seller’s Covenants.** Between the Effective Date and Closing, Seller shall (i) give to Purchaser immediate written notice of the institution of or receipt of notice of any litigation or threatened litigation affecting the Property which would in any way constitute or have the effect of presently or in the future creating a lien, claim or obligation of any kind against the Property; (ii) give Purchaser immediate notice upon the occurrence of any event, or receipt of any notice, which constitutes a breach by Seller of any of its representations or warranties set forth herein, (iii) not, without the prior written consent of Purchaser, impose, nor permit to be imposed upon the Property, any new or additional encumbrances to title; and (iv) not, without the prior written consent of Purchaser, enter into any agreement or instrument or take any action that would encumber the Property after Closing or that would bind Purchaser or the Property after Closing.

14. **Reversionary Right.** At Closing, the Property shall be encumbered by a reversionary right in the special warranty deed providing for reversion of the Property to Seller on such terms as are negotiated and set forth in the Development Agreement.

15. **Notice.** Each notice required or permitted to be given hereunder shall be sent by hand delivery, United Parcel Service, Federal Express, or by certified mail with return receipt requested and adequate postage prepaid, addressed to the appropriate party (and marked to a particular individual’s attention) as hereinafter provided and shall be deemed effective upon such delivery or, in the case of notice sent by the mails, upon deposit in the U.S. mail, correctly addressed, with adequate prepaid postage affixed thereto. Rejection or other refusal by the addressee to accept shall be deemed to be receipt of the notice sent. The addresses of the parties to which notices are to be sent shall be those set forth on the signature page of this Agreement. Any party shall have the right from time to time to change the address to which notices to it shall be sent and to specify two additional addresses to which copies of notices to it
shall be mailed by giving to the other party at least seven (7) days' prior notice of the changed address or additional addresses.

16. Remedies. If this transaction fails to close by reason of Purchaser's wrongful failure to perform its obligations under this Agreement, the Earnest Money shall be retained by Seller as liquidated damages the parties hereby acknowledging that Seller's actual damages in such circumstances would be difficult, if not impossible, to determine. Seller expressly acknowledges and agrees that retention of the Earnest Money as provided for herein shall be Seller's sole and exclusive remedy in the event of Purchaser's failure to perform its obligations hereunder. If this transaction fails to close for any reason other than Purchaser's wrongful failure to perform its obligations hereunder, the Earnest Money shall promptly be refunded to Purchaser. In the event Seller fails or refuses to convey the Property in accordance with the terms hereof or otherwise fails to perform its obligations hereunder, Purchaser shall have the right to a refund of all Earnest Money.

17. Time of Essence. Time is of the essence of this Agreement.

18. Closing Documents. At or prior to Closing, each party shall deliver to the other party appropriate evidence to establish the authority of such party to enter into and close the transaction contemplated hereby. Seller also shall execute and deliver to Purchaser at Closing (i) special warranty deeds in the form to be included in the Development Agreement; (ii) a certificate with respect to Section 1445 of the Internal Revenue Code stating, among other things, that Seller is not a foreign corporation as defined in the Internal Revenue Code and I.R.S. Regulations; (iii) the Development Agreement; and (iv) such other documents reasonably necessary or appropriate to complete and evidence the transaction contemplated hereby, including without limitation a standard title company owner's affidavit.

19. Entire Agreement. This Agreement constitutes the entire agreement of the parties and may not be amended except by written instrument executed by Purchaser and Seller.

20. Headings. The section headings are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope or content of this Agreement or any provision hereof.


22. Successors. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.

23. Surviving Clauses. The provisions of this Agreement relating to Purchaser's indemnification with respect to its entering upon the Property prior to Closing and Seller's representations and warranties in Section 9 shall survive any Closing pursuant to this Agreement. Except as set forth in the preceding sentence or as otherwise expressly set forth herein, no other provision of this Agreement shall survive the Closing of this transaction.

24. Third Party Beneficiaries. The parties to this Agreement do not intend to create in any other individual or entity the status of a third party beneficiary, and this Agreement shall not be construed so as to create such status.

25. Disclosure of Confidential Information. The parties acknowledge that Seller is subject to the Tennessee Open Records Act ("Act"). The Act generally provides that written documents retained by Seller are subject to disclosure upon the request of any third party except for specific limited exceptions provided for in the Act. Purchaser may designate as "Confidential" any information which Purchaser
provide to Seller which the Purchaser desire to keep confidential. If a request for disclosure of any information designated as "Confidential" by Purchaser is made under the Act, Seller agrees to notify Purchaser of the request and Purchaser may seek protection from disclosure by a court of competent jurisdiction. It will be Purchaser's sole responsibility to seek such protection from a court.

26. **Assignment.** Purchaser may not transfer or assign any or all of its rights or obligations under this Agreement except with the prior written consent of Seller, and any such attempted assignment without the prior written consent of Seller shall be wholly void and of no effect.

27. **Waiver.** No waiver by any party of any term or condition of this Agreement shall be deemed or construed to constitute a waiver of any term or condition or of any subsequent breach, whether or not it is the same or different provision.

28. **Applicability of Law.** This Agreement is and shall be construed as being executed and delivered within the State of Tennessee, and it is mutually understood and agreed by each party hereto that all agreements and statements of work shall be governed by the laws of the State of Tennessee, both as to interpretation and performance. The parties agree that the venue for enforcement of any provisions shall be the courts of Knox County.

29. **Sovereign Immunity.** Seller does not waive its sovereign immunity by entering into this Agreement, and fully retains all immunities and defenses provided by law with respect to any action based on or occurring as a result of this Agreement.

30. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By:__________________________
Benjamin M. Bentley, Executive Director/CEO

LINCOLN MEMORIAL UNIVERSITY

By:__________________________
Name and Title
EXHIBIT A

DESCRIPTION OF PROPERTY

1705 Saint Mary St.

Parcel Number 08 1EH01603
EXHIBIT B

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Agreement") is entered into this __ day of ____________, 2019, by and between KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority of the City of Knoxville ("KCDC") and, LINCOLN MEMORIAL UNIVERSITY, a Tennessee Nonprofit Corporation ("Developer").

WITNESSETH:

WHEREAS, KCDC and Developer entered into a Real Property Purchase and Sale Agreement dated as of ________, 2019 (the "Purchase Agreement") for the sale and acquisition of certain real property (the "Property") known as the Magdalen Clarke Tower and located at 1705 Saint Mary St, Knoxville, Tennessee, as more particularly described on Exhibit A hereto and consisting of the parcel identified on such Exhibit A; and

WHEREAS, the Property is subject to the St. Mary’s Redevelopment & Urban Renewal Plan (as amended, the "Redevelopment Plan"); and

WHEREAS, as of the date hereof, Developer is acquiring the Property from KCDC pursuant to the Purchase Agreement and pursuant to a Special Warranty Deed (the "Deed"), the form of which is attached hereto as Exhibit B; and

WHEREAS, Developer desires to rehabilitate the Property for the purpose of locating a nursing school, a criminal justice school, a business school, and potentially other educational or office uses on the Property (the "Project"); and

WHEREAS, for the purpose of establishing the rights and obligations of the parties with respect to the redevelopment of the Property, the parties have entered into this Agreement; and

NOW, THEREFORE, in consideration of the terms, conditions and mutual agreements by and between the parties, as hereafter set forth in detail, the parties do hereby mutually agree as follows:

ARTICLE I
Definitions

1.1. Definitions. In addition to the capitalized terms defined elsewhere in this Agreement, the following terms shall have the meanings specified below:

"Approvals" means any and all approvals necessary or desirable in connection with the development of the Project issued by governmental authorities, inspectors, lenders or other party.

"Person" means an individual, a corporation, a partnership, a limited liability company, a trust or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

ARTICLE II
Term
2.1 **Term.** The Term of this Agreement shall begin on the date of this Agreement and shall extend through the date which is ten (10) years following the date first above written, the date upon which all parties shall have fully completed their obligations hereunder, unless, however, the parties have mutually agreed in writing to extend the date for performance by Developer.

**ARTICLE III**

Representations of Developer

3.1 **Representations by Developer.** The Developer represents and warrants that:

(a) Developer is a Tennessee Nonprofit Corporation duly organized and existing under the laws of Tennessee.

(b) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated do not conflict with or result in a breach of any of the terms or conditions of any restriction or agreement to which the Developer is now a party and does not result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Developer under the terms of any instrument or agreement other than this Agreement.

(c) Developer is familiar with and is capable of satisfying all federal, state and local laws and regulations that may affect cost, progress, performance and furnishing of the Project.

(d) There are no existing suits or proceedings involving any material amounts, pending, or to the best of the knowledge of Developer, threatened, against Developer, or relating to the business, properties, and assets of Developer, and no final judgment, order, or decree has been rendered against Developer that has not been fully satisfied or complied with.

3.2 **Representations by KCDC.** KCDC represents and warrants that:

(a) KCDC is a housing and redevelopment authority duly organized and existing under the laws of Tennessee.

(b) KCDC has full power and authority to enter into this Agreement and to perform its obligations hereunder.

(c) By appropriate corporate action, KCDC has been duly authorized to execute and deliver this Agreement.

(d) The execution and delivery of this Agreement and the consummation of the transactions herein contemplated do not conflict with or result in a breach of any of the terms or conditions of any agreement to which KCDC is now a party or by which it is bound, and do not constitute a default under any of the foregoing and do not result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of KCDC under the terms of any instrument or agreement other than this Agreement.

(e) Work with Developer and the City of Knoxville to provide an access Easement providing vehicular access to the underground parking garage serving the Project.
(f) Work with Developer to transfer (Subject to any applicable replatting requirements and City of Knoxville approvals) a parking area to the north of the Project providing approximately 20 parking spaces. [need to comment on map and possibly attach (For one thing, I'm a little confused by what is easement and what they want to be given)]

ARTICLE IV
Developer's Obligations

4.1 Designation. KCDC hereby designates Developer as redeveloper of the Property and, in furtherance thereof, grants to Developer, during the term of this Agreement, the exclusive right to redevelop the Property for the Project substantially in accordance with this Agreement, the Deed and the Redevelopment Plan.

In securing Developer’s obligations under section 4.4 (c), (d), and (e) and section 4.9, Developer agrees to provide KCDC with a Two Hundred Fifty Thousand and No/100 Dollar ($250,000) irrevocable letter of credit in a form acceptable to Seller (the “LOC”). Which shall continue until the deed restrictions listed in Covenants A-D are released by KCDC.

4.2 Approvals. Developer shall obtain all Approvals necessary for the development of the Project, including, without limitation, planning approvals, zoning permits (if necessary), building permits and certificates of occupancy.

4.3 Plans and Specifications. Developer shall contract with a duly licensed architect(s), with experience in rehabilitation of large office/commercial buildings (individually or collectively the "Architect") to complete the design of the Project, in accordance with the Developer's obligations under this Agreement (individually the "Architect Contract" and collectively the "Architect Contracts"). The Architect shall prepare all drawings and plans necessary for the renovation of the Project (the "Project Plans and Specifications").

(a) Developer shall provide copies of Project Plans and Specifications, to KCDC for the initial two redeveloped floors of the Project, housing the nursing school, no later than September 1, 2020.

(b) The Plans and Specifications for the remainder of the building shall be provided to KCDC prior to rehabilitation of the remaining floors of the Project.

(c) The Architect shall submit to KCDC (i) a written progress report of Project planning and construction and (ii) a walkthrough of the Project no less than quarterly until all construction provisions of this agreement are fulfilled.

4.4 Construction of the Project. Developer shall cause the Project to be constructed in accordance with the terms and conditions of this Agreement, and in furtherance of the foregoing, Developer agrees to the following:

(a) Plans and Specifications. Developer shall cause the Project to be constructed in accordance with the Project Plans and Specifications in all material respects.

(b) Contractor. Developer shall enter into a contract with a reputable licensed general contractor to construct the Project (the "General Contractor"). Developer shall cause construction of the Project to be performed in a good and workmanlike manner by the General Contractor in accordance with the Plans and Specifications.
(c) **Completion of initial Nursing School.** Developer shall complete construction of the first two floors of the building, and move the Developer's Nursing School to the property no later than September 1, 2021.

(d) **Completion of Criminal Justice and Business Schools.** Developer shall complete an additional two floors of the Project and move the Developer’s Criminal Justice and Business Schools to the Project no later than September 1, 2022.

(e) **Completion.** Developer shall have completed renovation and obtained a certificate of occupancy from the applicable governmental authority for the entire Project on or before September 1, 2024.

(f) **Permits, Licenses, Laws, Regulations and Codes.** Developer shall cause all legally or contractually required permits, licenses and certificates of occupancy to be obtained and paid for and ensuring that all laws, rules, regulations and codes of federal, state and local governments are observed during the term of this Agreement.

4.5 **Sale of Property.** Developer shall not sell or contract to sell all or any part of the Property or ownership interests or control of the Property prior to the completion of the Project and for ten years following the date of this Agreement, except with the written approval of KCDC.

4.7 **Cost of Project.** Developer agrees that the Project shall be developed at Developer's expense and KCDC is not a partner.

4.8 **Use.** Developer and KCDC agree that the use of the Project is for educational and related educational administrative use, including a coffee/sandwich shop if compliant with any city requirements. Notwithstanding the foregoing, up to 25% of the square footage of the building may be leased to office tenants.

4.9 **Investment.** Developer agrees to invest TWO MILLION DOLLARS ($2,000,000) in the refurbishment of the Project as shown by pay applications certified by the Architect.

4.10 **Utilities.** Developer agrees to pay for its share of any unmetered utilities. Developer agrees to immediately take steps necessary to separately meter any electricity use for the Project, in any event not more than 30 days following the date hereof. Developer agrees to allow the City of Knoxville reasonable access as needed in separating the electrical system from the remainder of the campus.

4.11 **Replatting and Demolition Schedule.** Developer agrees to work with KCDC and the City of Knoxville in the replatting process and in the demolition of the attached building.

**ARTICLE V**

**Insurance and Indemnification**

5.1 **Indemnification.** Developer agrees to protect, indemnify and hold harmless KCDC from and against any and all loss, liability expense, damage, charge and costs (including court costs and counsel fees) suffered or alleged to have been suffered as a result of any act or omission on the part of Developer or others whose services are engaged by Developer or any party directly or indirectly employed or controlled by either of them in the course of the performance of the services provided for in this Agreement.
5.2 Insurance. Developer shall maintain, at the Developer’s sole expense, on a primary and non-contributory basis, at all times during the life of this Agreement, insurance coverages, limits, and endorsements described herein. All insurance must be underwritten by insurers with an A.M. Best rating of A-:VI or better. Upon execution of this Agreement, Developer shall provide Certificate(s) of Insurance to KCDC evidencing said insurance coverages.

Developer agrees the insurance requirements herein as well as KCDC’s review or acknowledgement, is not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by Developer under this Agreement. Developer shall maintain the following coverages:

(a) Commercial General Liability Insurance. Occurrence version commercial general liability insurance with a limit of not less than $2,000,000 each occurrence for bodily injury, personal injury, property damage, and products and completed operations. If such insurance contains a general aggregate limit, it shall apply separately to the work/location in this Agreement or be no less than $3,000,000.

Such insurance shall contain or be endorsed to contain a provision that includes KCDC, its officials, officers, employees, and volunteers as additional insureds with respect to liability arising out of work or operations performed by or on behalf of Developer including materials, parts, or equipment furnished in connection with such work or operations. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed insureds.

The Additional Insured shall read “Knoxville’s Community Development Corporation (KCDC)”.

If necessary, umbrella/excess liability insurance can be used in conjunction with the general liability insurance to meet these requirements. Unless the umbrella/excess liability insurance provides coverage on a pure/true follow-form basis, or KCDC is automatically defined as an additional insured, Developer shall add by endorsement, KCDC its officials, officers, employees, and volunteers as an additional insured.

ARTICLE VI
Default and Remedies

6.1 Events of Default. An "Event of Default" shall occur if:

(a) there shall have occurred a material breach by Developer or KCDC in any respect under any provision of this Agreement which breach prevents or substantially interferes with the transactions contemplated hereunder or the commencement, completion or operation of the Project; or

(b) Developer violates any of the covenants, obligations or restrictions contained in the Deed or this Agreement.

6.2 Remedies.
(a) **Notice.** If there is an Event of Default by Developer under Section 6.1 hereof, KCDC shall not exercise its remedies hereunder unless the Event of Default has not been cured after the expiration of a thirty (30) day period following written notice by KCDC to Developer of such Event of Default, provided, however, that in the event any nonmonetary default that cannot reasonably be cured within such thirty (30) day period, but can reasonably be cured with additional time, Developer shall have an additional period of time after such written notice to cure such default, provided that Developer proceeds promptly, diligently and in good faith to cure said default, but in no event shall Developer’s cure period extend beyond ninety (90) days after the required notice of default shall have been given.

(b) **Remedies.** On the occurrence of an Event of Default by Developer and failure to cure under Section 6.2(a), KCDC may (i) call upon Developer’s Letter of Credit, (ii) terminate this Agreement by KCDC giving written notice to that effect to Developer and/or (iii) KCDC may also exercise such other remedies to which KCDC may be entitled at law or in equity; provided however, KCDC’s rights regarding reversion of the Property shall be as set forth in the Deed. In the event of default by KCDC under Section 6.1 of this Agreement, Developer may terminate this Agreement as its sole and exclusive remedy.

(c) **No Waiver.** The failure of KCDC to exercise the remedy available to KCDC pursuant to the terms of this Agreement shall not be deemed to be a waiver of such remedy or of any of the terms and provisions of this Agreement.

**ARTICLE VII**

**General Provisions**

7.1 **Independent Contractor.** Developer is an independent contractor of KCDC and shall not be considered to be a partner or joint venturer with KCDC with respect to the Project.

7.2 **Integration.** This Agreement and related agreements constitute the entire agreement and understanding of the parties with respect to the transactions contemplated hereby, and there are no terms, understandings, representations, or warranties, express or implied. No amendment, modification or termination of this Agreement shall be effective unless in writing and signed by the party intending to be bound thereby.

7.3 **No Third Party Beneficiaries.** The parties to this Agreement do not intend the benefit of this Agreement to inure to any third party. Notwithstanding anything contained in this Agreement, or any conduct or course of conduct by any of the parties hereto, either before or after signing this Agreement, this Agreement shall not be construed as creating any rights, claims or causes of action against KCDC in favor of the General Contractor, the Architect or any other contractor, subcontractor, supplier of labor or materials for any of their respective creditors, or any other person or entity.

7.4 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original.

7.5 **Time is of the Essence.** The parties hereto agree that time is of the essence for the performance of all obligations hereunder.

7.6 **Successors and Assigns.** This Agreement may not be assigned by any party hereto without the written consent of all of the other parties. Any such assignment shall constitute a prohibited assignment which, if made without the prior written consent of the other party, shall constitute an Event of Default. Subject as aforesaid, this Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.
7.7 **Section Headings.** The section headings inserted into this Agreement are for convenience only and are not intended to and shall not be construed to limit, enlarge or affect the scope or intent of this Agreement nor the meaning of any provision hereof.

7.8 **Notices.** Any notice or demand required or permitted to be given by or to any of the parties hereto and every allegation of a breach of a warranty or allegation of a misrepresentation contained in this Agreement shall be in writing and shall be personally delivered, or mailed by certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Developer:

Lincoln Memorial University

If to KCDC:

Knoxville’s Community Development Corporation
901 Broadway
P.O. Box 3550
Knoxville, Tennessee 37927-3550
Attention: Chief Executive Officer

or to such other addresses as the parties may from time to time designate in writing in the manner set forth above.

7.9 **Governing Law.** The law of the State of Tennessee shall govern this Agreement.

7.10 **Severability.** Invalidation or a holding of enforceability of any provision of this Agreement shall not affect any other provisions hereof, which other provisions shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

KCDC:

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

By: ____________________________

Benjamin M. Bentley, Executive Director/CEO

ATTEST:

______________________________
DEVELOPER:

LINCOLN MEMORIAL UNIVERSITY

By:____________________________

Name and Title
EXHIBIT A to Development Agreement

Property Description

1705 Saint Mary St.
Parcel Number 081EH01603

(Note that the additional property transferred in connection with Section ___ hereof shall be included in the definition of Property once transferred.)
EXHIBIT B

Special Warranty Deed

This instrument prepared by:
Knoxville's Community Development Corporation
901 Broadway
Knoxville, Tennessee 37917

SPECIAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, THAT

WHEREAS, Knoxville's Community Development Corporation is the record owner of certain real property located on Saint Mary Street; and

WHEREAS, the St. Mary's Redevelopment and Urban Renewal Plan ("Redevelopment Plan") was adopted by the City Council of the City of Knoxville by Resolution No. R-163-2019; and

WHEREAS, pursuant to the Redevelopment Plan and Sections 13-20-201, 13-20-204, 13-20-209, and 13-20-210 of the Tennessee Code Annotated, Knoxville's Community Development Corporation is authorized to sell real property interests in a redevelopment area.

NOW THEREFORE, this Special Warranty Deed is made this ___ day of __________, 2019, by and between KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION (the "Grantor"), a public corporation organized and existing under the laws of the State of Tennessee, with its offices located in Knoxville, Knox County, Tennessee, and LINCOLN MEMORIAL UNIVERSITY, a Tennessee Nonprofit Corporation (the "Grantee").

WITNESSETH, that for and in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor does, by this Special Warranty Deed, grant and convey unto the Grantee, the real property described in Exhibit A attached hereto and incorporated herein by reference (the "Property"), together with all and singular, the hereditaments and appurtenances hereunto belonging or in any way appertaining thereto.
DEVELOPMENT COVENANTS AND CONDITIONS

1. DEVELOPMENT AGREEMENT. The Grantor and Grantee have entered into a Development Agreement dated as of ____________, 2019 (as amended, the "Development Agreement") relating to the redevelopment of the Property. The Grantor agreed to convey the Property to the Grantee pursuant to the Development Agreement.

2. EFFECT OF DEVELOPMENT COVENANTS AND CONDITIONS. This Deed is made and executed upon and is subject to the Development Covenants and Conditions, as defined below, that relate to the development of the Property in substantial accordance with the Development Agreement (the "Development Covenants and Conditions"). The Development Covenants and Conditions are a part of the consideration for the Property hereby conveyed, and are to be taken and construed as running with the land, and the continued existence of the estate hereby granted shall depend upon the compliance by the Grantee with the Development Covenants and Conditions.

3. BREACH OF DEVELOPMENT COVENANTS AND CONDITIONS AND TERMINATION OF GRANTEES ESTATE. If at any time prior to the recording of the Release as provided for herein, the Grantee, its successors or assigns, shall default in or otherwise be in breach of the Development Covenants and Conditions, and if such default or breach has not been remedied or cured within one hundred eighty (180) days after written notice specifying such default or breach has been given to the Grantee, then to the extent not released from the Development Covenants and Conditions, the estate in the real property conveyed herein, at the expiration of said one hundred eighty (180) day period, shall automatically revert to the Grantor without the necessity of further action by either party. The cure period hereunder shall run simultaneously with any cure period contained in the Development Agreement.

4. NOTICE OF MORTGAGEES. If the Grantee encumbers its interest in the Property or any part thereof with a deed of trust or other security instrument (a "Mortgage") and if the mortgagee or other secured party (a "Mortgagee") thereunder registers with the Grantor by giving the Grantor its address and by delivering to the Grantor a copy of its Mortgage, then: (a) upon delivering a copy of any notice hereunder to the Grantee, the Grantor shall simultaneously deliver a copy of such notice to the Mortgagee at the address which has been given; and (b) the Mortgagee shall have the right during the cure period provided to remedy or cause to be remedied the breach of the Development Covenants and Conditions.

5. RELEASE OF PROPERTY FROM DEVELOPMENT COVENANTS AND CONDITIONS. In accordance with the Development Agreement and the covenants and conditions contained herein, the Property will be redeveloped into college classrooms and associated administrative offices. Upon request from the Grantee (which shall not be requested prior to collective completion of Covenants A-D below), after inspection of the Property and verification, Grantor shall deliver to Grantee in recordable form a full and complete release of Covenants A-E. Covenants E and F shall expire at the end of ten (10) years without further action necessary from Grantee or Grantor.

6. DEVELOPMENT COVENANTS AND CONDITIONS. By accepting this deed, the Grantee hereby binds itself and its successors, assigns, grantees, and lessees, to the following covenants and conditions (the "Development Covenants and Conditions"):  

COVENANT A: The Grantee shall complete construction of the first two floors of the Property, and move the Grantee's Nursing School to the property no later than September 1, 2021.

COVENANT B: The Grantee shall complete an additional two floors of the Property and move the Grantee's Criminal Justice and Business Schools to the Project no later than September 1, 2022.
COVENANT C: The Grantee shall have completed renovation and obtained a certificate of occupancy from the applicable governmental authority for the entire Property on or before September 1, 2024.

COVENANT D: The Grantee shall have invested TWO MILLION DOLLARS ($2,000,000) in the refurbishment of the Project as shown by pay applications certified by the Property Architect.

COVENANT E: The Grantee shall take affirmative action to insure that applicants for jobs in connection with the development of the Property are employed and that employees are treated without regard to race, creed, religion, gender or national origin in connection with the improvement of Property.

COVENANT F: Until the expiration of ten (10) years following the date the deed is recorded, The Grantee and its successors and assigns shall devote the Property only to the uses specified in the Development Agreement, unless the KCDC Board takes action to approve a different use.

COVENANT G: Until the expiration of ten (10) years following the date the deed is recorded, the Grantee, its successors and assigns, shall not dispose of the Property or any portion of the Property without the approval of the KCDC Board, except to finance the Property through a Mortgage or Deed of Trust.

PERMANENT RESTRICTIONS

This conveyance is made subject to the following permanent restrictions which shall run with the land and shall be binding upon the Grantee and its successors and assigns:

The Grantee agrees, for itself and any successor in interest, not to discriminate on the basis of race, creed, color or national origin in the sale, lease or rental, or in the use of occupancy of the Property herein conveyed, or any part thereof, or of any improvements erected, or to be erected thereon, or any part thereof.

The Grantor or any party benefited by the foregoing Permanent Restriction shall be entitled to enforce the foregoing Permanent Restriction by an action for injunctive relief and in the event any such action is required to enforce the Permanent Restriction, the person bringing such enforcement action shall be entitled to recover the reasonable cost and expense of such action, including reasonable attorney fees.

The Grantor certifies that all conditions precedent to the valid execution and delivery of this Special Warranty Deed on its part have been complied with, and that all things necessary to constitute this Special Warranty Deed a valid, binding, and legal agreement on the terms and conditions and for the purposes set forth herein have been done and performed and have happened, and that the execution and delivery of this Special Warranty Deed on its part have been and are in all respects authorized in accordance with law.

TO HAVE AND TO HOLD said Property described in Exhibit A to the Grantee, its successors and assigns, in fee simple forever subject to all restrictions, easements and other applicable matters of record.

The Grantor will specially warrant and forever defend the right and title thereof in the Grantee against the claims of all persons claiming by, through or under Grantor, but not otherwise.
IN WITNESS WHEREOF, the Grantor has executed this instrument on the day and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ______________________
    Benjamin M. Bentley, Executive Director/CEO
STATE OF TENNESSEE  
)  
)  
COUNTY OF KNOX  
)  

Before me, the undersigned authority, a notary public, of the state and county aforesaid, personally appeared Benjamin M. Bentley, with whom I am personally acquitted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Executive Director/CEO of KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, the within named bargainor, a public corporation, and the he, as such Executive Director/CEO, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the public corporation by himself as Executive Director/CEO.

WITNESS my hand and seal, at office in Knoxville, Tennessee, this ___ day of ________, 2019.

Expiration of Commission ____________________________  Notary Public ____________________________

I, or we, hereby swear and affirm that the actual consideration of this transfer or value of the property transferred, whichever is greater, is TEN AND NO/100 DOLLARS ($10.00), which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

Affiant

WITNESS my hand and seal, at office in Knoxville, Tennessee, this ___ day of ________, 2019.

Expiration of Commission ____________________________  Notary Public ____________________________

PROPERTY TAX PAYER: ____________________________  PROPERTY OWNER: ____________________________
## BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AGENDA ITEM DESCRIPTION</strong></td>
<td>Approval is requested to enter into a non-binding letter of intent to sell the real property located at 931 Langford Ave (#095OB02701) to Dominion Development Group LLC.</td>
</tr>
<tr>
<td><strong>SUBMITTED BY</strong></td>
<td>Name &amp; Title: James Hatfield, Redevelopment/Real Estate Director Department: Redevelopment</td>
</tr>
<tr>
<td><strong>MEETING TYPE</strong></td>
<td>☒ Regular ☐ Special</td>
</tr>
<tr>
<td><strong>AGENDA CLASSIFICATION</strong></td>
<td>☐ Resolution ☒ Regular</td>
</tr>
<tr>
<td><strong>BUDGET / FINANCIAL IMPACT</strong></td>
<td>Budgeted: NA Expenditure: N/A Source of Funds: NA</td>
</tr>
<tr>
<td><strong>APPROVAL/REVIEWS</strong></td>
<td>☒ Department Head /Vice President ☐ Budget/Finance ☐ Legal Counsel Name of Reviewer: ☒ Executive Director/CEO ☐ Other - Name &amp; Title:</td>
</tr>
<tr>
<td><strong>STAFF RECOMMENDED ACTIONS</strong></td>
<td>Approve: ☒ Deny: ☐ Defer: ☐</td>
</tr>
</tbody>
</table>

### BACKGROUND

1. **What's the objective of the requested action?**
   
   Authority for KCDC to negotiate and enter into a non-binding letter of intent to sell 0.81 acres to Dominion. A draft of the letter of intent is attached hereto and reflects the anticipated changes KCDC expects to incorporate in the LOI.

2. **Why is the action needed now?**
   
   KCDC desires to enter into a LOI with Dominion in order to facilitate the negotiation of a definitive purchase and sale agreement with Dominion.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   
   Dominion is a private, for profit real estate developer based in Knoxville. Dominion recently acquired several parcels of vacant land adjacent to the Property and intends to incorporate the Property into their master plan.

4. **What are the long term and short term exposures to KCDC?**
   
   It is expected that the purchase contract with Dominion will provide for the same protections to KCDC that has been provided for in previous KCDC land disposition transactions.

### HISTORICAL / TRANSACTIONAL Information (who, when, where)

The Board has previous discussed Dominion's intention to acquire the property and its intend use within Dominion's master plan.

### ATTACHMENTS

Letter of Intent Map
October ___ , 2019

Ben Bentley
KCDC
901 N Broadway
Knoxville, TN 37917

RE: Letter of Intent to Purchase

Dear Mr. Bentley,

Please consider this letter of intent, by Dominion Development Group LLC. (“Purchaser”), containing the basic terms upon which it is interested in purchasing approx. 0.81 acres (as shown in Attachment A) located at 931 Langford Ave, Knoxville, TN 37920 (the “Property”) from Knoxville’s Community Development Corporation (“Seller”).

Purchaser desires to enter into a contract of sale based upon the following terms and conditions:

1. Purchase Price:

Total consideration shall be $469,800.00 that shall be subject to adjustments and pro-rations provided for in the purchase and sale contract.

2. Property Access and Earnest Money

After execution of this letter of intent, Purchaser and Seller shall attempt in good faith to negotiate, execute and deliver a contract of sale on or before December 20, 2019. After execution of this letter of intent but prior to execution of a purchase and sale contract, Purchaser shall have access to the Property to conduct due diligence (“Initial DD Period”). Any requests by Purchaser to access the Property or conduct any physical testing on the Property during the Initial DD Period, including but not limited to collecting soil samples for environmental testing and geotechnical evaluation, must be provided to Seller in writing. Purchaser agrees to provide Seller with evidence of liability insurance prior to accessing the Property. Following any testing or inspection of the Property, at Purchaser’s sole cost, Purchaser shall restore the Property to the condition it was in prior to said entry, inspection etc.

Purchaser acknowledges that Seller will need to obtain approval by its’ Board of Commissioners to enter into a definitive purchase and sale contract. Purchaser and Seller will endeavor to enter into a purchase and sale contract as soon as possible following Seller’s December 12, 2019 Board of Commissioner’s meeting, to the extent the Board of Commissioners approves the Purchaser to do so.

Within two (2) business days after both parties have signed and executed the purchase and sale contract, Purchaser shall deposit thirty thousand dollars ($30,000.00) in cash pursuant to an escrow agreement executed by both Purchaser and Seller with an escrow agent as an earnest money deposit (“Deposit”). The Deposit shall be refundable only within the Due Diligence Period (as further defined below), provided Purchaser elects for any reason to terminate the contract prior to the end of Due Diligence Period.

Upon expiration of the Due Diligence Period and provided that Purchaser has not terminated the contract, at such time, the Deposit shall become non-refundable, except as provided for in Section 4 below.

3. Due Diligence

The due diligence period is to commence on the next business day immediately following execution of the purchase and sale contract and end 15 days later (the “Due Diligence Period”). Purchaser at its sole cost and expense shall have the right to inspect and examine the Property and all matters relating thereto, for the purpose of determining whether, in Purchaser’s
sole opinion, the Property is acceptable. Seller will reasonably assist in and allow Purchaser inspection of the Property. Said due diligence examination shall include but not be limited to the following: physical inspection, including geotechnical borings, of the Property by Purchaser and Purchaser's professional consultants; review of all zoning and compliance of the Property with governmental and municipal rules and regulation; and such other matters as due diligence investigation or lender requirements suggest should be reviewed. Seller shall make available to Purchaser the most recent survey and any other information in Seller's possession or control which Purchaser reasonably deems pertinent to its inspection of the property.

Purchaser acknowledges and agrees that the Property is being purchased and will be conveyed "as is, where is," with all faults and defects, whether patent or latent, as of the date of Closing.

4. Entitlements

Seller and Purchaser acknowledge that during the Initial DD Period and Due Diligence Period Purchaser will be working with the City of Knoxville and other relevant governmental agencies to secure the necessary approvals and entitlements to develop the Property. It is anticipated that in order to secure such approvals and entitlements, an executed purchase and sale contract between the Purchaser and Seller will be required as evidence of site control for the Purchaser. It is not expected that Purchaser will be able to secure all the necessary approvals and entitlements within the Due Diligence Period. Furthermore, it is expected that Purchaser will only be able to secure conditional approvals from the City of Knoxville and other governmental agencies prior to closing on the sale of the Property. Purchaser acknowledges that securing all necessary conditional approvals will be a condition to close on the sale of the Property to the Purchaser. A development agreement will be attached as an exhibit to the purchase and sale contract and will be entered into between Purchase and Seller at closing. The development agreement will, among other things, outline the responsibilities and requirements of the Purchaser in connection with the development of the Property.

In consideration of the anticipated time frames to secure the necessary conditional approvals and entitlements, Seller agrees to refund the Deposit to Purchaser (at any time prior to closing) in the event that the Purchaser is unable to secure the approvals required to develop the Property that is generally consistent with the site plan attached hereto. The refund of the Deposit after the expiration of the Due Diligence Period shall only be in connection with the Purchaser's inability to secure the necessary approvals and entitlements to effectuate the development of the property.

5. Closing

Closing will occur the earlier of (i) six (6) months following the expiration of the Due Diligence Period or (ii) within 10 days from the date which Purchaser secures all the necessary approvals and entitlements to develop the Property. Closing shall occur at a location mutually agreeable to both Seller and Purchaser. At Closing, Seller shall convey to Purchaser good, marketable and insurable title to the Property by special warranty deed as further described in the development agreement. Purchaser acknowledges that at closing the Property will be encumbered by a reversionary right in the special warranty deed providing for reversion of the Property to Seller on such terms as are negotiated and set forth in the development agreement.

6. Real Estate Broker

Purchaser warrants and represents that there are no other brokers or intermediaries involved in this transaction. Seller is responsible for paying any commission to any broker under a separate agreement.

7. Title

Title is to be marketable or insurable to the reasonable satisfaction of Purchaser's counsel.
8. Closing Costs

(a) Purchaser shall pay for all recording costs applicable to the deed of transfer, the costs of any title commitment and title insurance obtained by Purchaser and the costs of any due diligence obtained by Purchaser. Seller shall make available any plans, specifications, reports, or engineering drawings in its possession for the subject property, and shall authorize Purchaser and its representatives to review and copy. Each party shall bear the cost of its respective legal counsel.

The Purchaser shall pay the cost of any transfer taxes.

9. Assignment

Purchaser will have the right to assign its rights and responsibilities under the contract to a related entity. This assignment shall not release Purchaser from any liabilities as a result of the contract.

10. Exclusivity:

In consideration of Dominion Development Group's effort and expense to enter into a contract with Seller, assuming the acceptance of this Letter of Intent, Seller agrees that as long as Dominion Development Group is proceeding in good faith to negotiate a formal written contract, Seller will not make, accept, negotiate or otherwise pursue any offers for the sale or purchase of the property for a period not to exceed the 45 day Initial DD Period.

This letter of intent shall be null and void unless executed by Seller and returned to Purchaser on or before October ____, 2019.

Dominion Development Group, LLC.

By:

NAME AND TITLE: PETER HALL / PARTNER

Date:

ACKNOWLEDGED AND AGREED:

By: ______________________

NAME AND TITLE: ______________________

Date: ______________________
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Approval is requested to amend the Housing Choice Voucher Payment Standards.</td>
</tr>
</tbody>
</table>
| SUBMITTED BY       | Name & Title: Sean Gilbert, SVP Housing  
Department: Housing/Section 8 |
| MEETING TYPE       | ☑ Regular  
☐ Special |
| AGENDA CLASSIFICATION | ☐ Resolution  
☑ Regular |
| BUDGET / FINANCIAL Impact | Budgeted: ____________  
Expenditure: ____________  
Source of Funds: Housing Choice Voucher HAP funds |
| APPROVAL/REVIEWS   | ☑ Department Head /Vice President  
☑ Budget/Finance  
☐ Legal Counsel  
☐ Other - Name & Title: D.Taylor-Allen,Dir |
| STAFF RECOMMENDED ACTIONS | Approve: ☑  
Deny: ☐  
Defer: ☐ |

## BACKGROUND

1. **What's the objective of the requested action?**
   To increase some Housing Choice Voucher payment standards to 100% of Fair Market rents and 110% of Small Area Fair Market rents in zip code 37920 to improve ability of tenants to locate affordable housing in Knoxville/Knox County and to utilize HAP reserves in 2020.

2. **Why is the action needed now?**
   If approved, increases to be effective December 1, 2019.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   Debbie Taylor-Allen, Section 8 Director and Section 8 staff

4. **What are the long term and short term exposures to KCDC?**
   Increased administrative dollars as tenants find units and lease. Use of NRA funds.

## HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

## ATTACHMENTS

Summary
CURRENT FAIR MARKET RENTS
(MAXIMUM AMOUNT FOR CONTRACT RENT AND UTILITY ALLOWANCE)

<table>
<thead>
<tr>
<th>NUMBER OF BEDROOMS</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>624</td>
<td>742</td>
<td>915</td>
<td>1198</td>
<td>1476</td>
<td>1615</td>
<td>1826</td>
</tr>
</tbody>
</table>

CURRENT VOUCHER PAYMENT STANDARD

<table>
<thead>
<tr>
<th>NUMBER OF BEDROOMS</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5*</th>
<th>6*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>566</td>
<td>698</td>
<td>855</td>
<td>1114</td>
<td>1405</td>
<td>1615</td>
<td>1826</td>
</tr>
</tbody>
</table>

PROPOSED VOUCHER PAYMENT STANDARD

<table>
<thead>
<tr>
<th>NUMBER OF BEDROOMS</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5*</th>
<th>6*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>566</td>
<td>742</td>
<td>915</td>
<td>1198</td>
<td>1476</td>
<td>1615</td>
<td>1826</td>
</tr>
</tbody>
</table>

CURRENT SAFMR
EXCEPTION PAYMENT STANDARDS BY ZIP CODE

<table>
<thead>
<tr>
<th>ZIP CODE</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>37919</td>
<td>630</td>
<td>800</td>
<td>980</td>
<td>1270</td>
<td>1640</td>
<td>1886</td>
<td>2132</td>
</tr>
<tr>
<td>37920</td>
<td>560</td>
<td>700</td>
<td>860</td>
<td>1110</td>
<td>1440</td>
<td>1656</td>
<td>1872</td>
</tr>
<tr>
<td>37921</td>
<td>693</td>
<td>858</td>
<td>1045</td>
<td>1364</td>
<td>1716</td>
<td>1973</td>
<td>2230</td>
</tr>
</tbody>
</table>

PROPOSED SAFMR EXCEPTION PAYMENT STANDARDS BY ZIP CODE

<table>
<thead>
<tr>
<th>ZIP CODE</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5*</th>
<th>6*</th>
</tr>
</thead>
<tbody>
<tr>
<td>37919</td>
<td>636</td>
<td>800</td>
<td>980</td>
<td>1270</td>
<td>1640</td>
<td>1886</td>
<td>2132</td>
</tr>
<tr>
<td>37920</td>
<td>660</td>
<td>781</td>
<td>968</td>
<td>1265</td>
<td>1562</td>
<td>1656</td>
<td>1872</td>
</tr>
<tr>
<td>37921</td>
<td>693</td>
<td>870</td>
<td>1045</td>
<td>1364</td>
<td>1716</td>
<td>1973</td>
<td>2230</td>
</tr>
</tbody>
</table>

- 5 Bedroom Fair Market Rent = 115% of 4-bedroom Fair Market Rent
- 6 Bedroom Fair Market Rent = 130% of 4-bedroom Fair Market Rent

Revised October 2019
**BOARD ACTION FORM**

<table>
<thead>
<tr>
<th><strong>MEETING DATE</strong></th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AGENDA ITEM DESCRIPTION</strong></td>
<td>Approval is requested to award contract C20005 for the demolition of Austin Homes to TOA LLC.</td>
</tr>
</tbody>
</table>
| **SUBMITTED BY** | Name & Title: Joyce Floyd, VP Strategic Planning/Development  
Department: Executive |
| **MEETING TYPE** | ☑ Regular  
☐ Special |
| **AGENDA CLASSIFICATION** | ☐ Resolution  
☑ Regular |
| **BUDGET / FINANCIAL IMPACT** | Budgeted: $  
Expenditure: $417,960.00  
Source of Funds: |
| **APPROVAL/REVIEWS** | ☑ Department Head /Vice President  
☑ Budget/Finance  
☐ Legal Counsel  
☐ Other - Name & Title: Procurement Dir. |
| **STAFF RECOMMENDED ACTIONS** | Approve: ☑  
Deny: ☐  
Defer: ☐ |

**BACKGROUND**

1. **What’s the objective of the requested action?**  
   This award allows KCDC staff to select TOA LLC to demolish the remaining Austin property in preparation for bids for new construction next spring.

2. **Why is the action needed now?**  
   KCDC in the process of re-constituting the Austin property through the master planning, demolition and new construction process. This work is critical to get our tight schedule on track for the construction of replacement units for the Austin property (which will be called Bell Street Flats).

3. **Who are the parties involved and what are their roles (if appropriate)?**  
   TOA LLC will perform the demolition work, Partners Development (KCDC’s owner’s representative) and KCDC’s staff will oversee the administrative portion of the work.

4. **What are the long term and short term exposures to KCDC?**  
The short and long term exposures to KCDC are paying the contractor. There are no on-going costs associated with this project.

**HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)**  
This is in preparation for the Austin Homes Master Plan which includes demolition of all current units and new construction of replacement units.

| **ATTACHMENTS** | Bid tabulation form |
TO: The KCDC Board

FROM: Benjamin M. Bentley, Secretary

DATE: October 21, 2019

SUBJECT: Authorization to award Contract C20005 to TOA, LLC, Inc for the demolition of Austin Homes.

KCDC’s Procurement Policy requires written formal solicitations (publicly advertised and opened) in all cases where the aggregate cost of the item(s) or service(s) requested is $25,000 or more. Staff requests Board approval of the following recommendation.

<table>
<thead>
<tr>
<th>Scope of Work</th>
<th>Demolition of all the remaining buildings at Austin Homes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Source</td>
<td></td>
</tr>
<tr>
<td>Total Award Amount</td>
<td>$417,960.00</td>
</tr>
<tr>
<td>Review Committee</td>
<td>Alex Decker, Partners Development (KCDC’s Owners Representative)</td>
</tr>
<tr>
<td></td>
<td>Joyce Floyd, Vice President of Strategic Planning &amp; Development</td>
</tr>
<tr>
<td></td>
<td>Terry McKee, IT and Procurement Director</td>
</tr>
<tr>
<td>Nature of Solicitation</td>
<td>Formal Sealed Bids</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>Cost</th>
<th>Recommended for Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>B&amp;A Construction Company</td>
<td>$688,000.00</td>
<td>No</td>
</tr>
<tr>
<td>Complete Demolition Services LLC</td>
<td>$657,800.00</td>
<td>No</td>
</tr>
<tr>
<td>DH Griffin Wrecking Company Inc.</td>
<td>$495,000.00</td>
<td>No</td>
</tr>
<tr>
<td>Environmental Abatement Inc.</td>
<td>$487,000.00</td>
<td>No</td>
</tr>
<tr>
<td>Industrial Facility Services LLC</td>
<td>$489,500.00</td>
<td>No</td>
</tr>
<tr>
<td>Sheley Development</td>
<td>$486,000.00</td>
<td>No</td>
</tr>
<tr>
<td>TOA LLC</td>
<td>$417,960.00</td>
<td>Yes</td>
</tr>
<tr>
<td>This solicitation was distributed to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KCDC’s Web Page</td>
<td>KCDC’s Registered Vendors</td>
<td></td>
</tr>
<tr>
<td>Associated Construction Women*</td>
<td>Associated General Contractors of Tennessee</td>
<td></td>
</tr>
<tr>
<td>Atlanta Chapter National Association of Black Women in Construction*+</td>
<td>Black Contractors Association+</td>
<td></td>
</tr>
<tr>
<td>Construction Market Data</td>
<td>Dodge Data &amp; Analytics</td>
<td></td>
</tr>
<tr>
<td>Hispanic Chamber of Commerce+</td>
<td>Knox County’s Supplier Diversity Office+</td>
<td></td>
</tr>
<tr>
<td>Knoxville Area Urban League+</td>
<td>Knoxville Builder’s Exchange</td>
<td></td>
</tr>
<tr>
<td>Knoxville Chamber Partnership</td>
<td>Knoxville’s EBOP Office+</td>
<td></td>
</tr>
<tr>
<td>SCORE</td>
<td>SERC</td>
<td></td>
</tr>
<tr>
<td>Small Business Administration*</td>
<td>Tennessee Small Business Development Center</td>
<td></td>
</tr>
<tr>
<td>Tennessee Minority Supplier Development Council+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Commerce Minority Business Development Agency+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Denotes an organization promoting/assisting Woman Owned Businesses  
+ Denotes an organization promoting/assisting Disadvantaged or Minority Owned Businesses
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>October 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution to authorize the implementation of KCDC's Policy Manual.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: Tracee Pross, CFO</td>
</tr>
<tr>
<td></td>
<td>Department: Finance and Administration</td>
</tr>
<tr>
<td>MEETING TYPE</td>
<td>☑ Regular ☐ Special</td>
</tr>
<tr>
<td>AGENDA CLASSIFICATION</td>
<td>☑ Resolution ☐ Regular</td>
</tr>
<tr>
<td>BUDGET / FINANCIAL IMPACT</td>
<td>Budgeted: $0 Expenditure: $0</td>
</tr>
<tr>
<td></td>
<td>Source of Funds: NA</td>
</tr>
<tr>
<td>APPROVAL/REVIEWS</td>
<td>Department Head/Vice President ☑ Budget/Finance</td>
</tr>
<tr>
<td></td>
<td>☑ Legal Counsel Name of Reviewer: Howard Jackson (Wimberly)</td>
</tr>
<tr>
<td></td>
<td>☑ Executive Director/CEO ☐ Other - Name &amp; Title:</td>
</tr>
<tr>
<td>STAFF RECOMMENDED ACTIONS</td>
<td>Approve: ☑ Deny: ☐ Defer: ☐</td>
</tr>
</tbody>
</table>

## BACKGROUND

1. What’s the objective of the requested action?
   To establish a Board Policy Manual which is separate from Management's guidelines and procedures established in response to those policies.

2. Why is the action needed now?
   The melding of policy with procedure has resulted in an uncertainty regarding the boundaries between Board policies and management's response to those policies. A separation of policy from procedure will ensure that the Board's directives are clear, and Management will have needed flexibility to respond to KCDC's changing environment.

3. Who are the parties involved and what are their roles (if appropriate)?
   Board of commissioners - establishment and perpetuation of KCDC policies.
   KCDC management - establishment and perpetuation of procedures in response to the Board's policies.

4. What are the long term and short term exposures?
   NA

## HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

KCDC has historically maintained a "KCDC Operations Manual" which incorporates and often intertwines Board policy and Management procedures. Currently there is no Board-approved stand-alone Board policy resource.

## ATTACHMENTS

Resolution, Summary, Table of Contents, Synopsis of Changes and Changed Policies

EM Form (8/25/2015)
RESOLUTION NO. 2019—_____

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
APPROVING KCDC BOARD POLICIES MANUAL

WHEREAS, Knoxville's Community Development Corporation ("KCDC") is committed to excellence and efficiency in fulfillment of its mission; and

WHEREAS, KCDC's Board of Commissioners establishes policy directed to the fulfillment of KCDC's mission; and

WHEREAS, Management establishes internal control procedures in response to the Board policies; and

WHEREAS, separation of the Board's policies from Management's procedures will allow for more efficient administration;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION:

RESOLVED, that the KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION BOARD OF COMMISSIONERS' POLICIES MANUAL (Policies Manual) is hereby adopted, superseding all policies of similar purpose previously in effect.

RESOLVED, that the Executive Director/CEO is authorized to act upon these policies by implementation of guidelines and procedures for efficient and effective administration of KCDC personnel and operations.

Adopted this 31st day of October, 2019.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ____________________________
   Secretary

24323936.1
Summary of Policy and Procedures Separation Project


KCDC has operated for many years with an integrated policies and procedures manual. Procedures designed by Management have been merged with the Board of Commissioners' policies. This merger resulted in the requirement that any amendment to policies or procedures should be approved by the Board of Commissioners.

Given that it is the Board's responsibility to establish policy, and Management's responsibility to respond with appropriate controls and procedures to ensure continual adherence to those policies, Management has initiated a two-phase separation project as follows:

Phase 1 - Extract Board Policy from Management Procedures
A. Determine what constitutes policy:
For this purpose "policy" is defined as the framework of values and perspectives which govern Management's organizational decision making and action.

B. State Board policies clearly and succinctly so that all parties clearly understand the Board's directives and so that the Board can more efficiently evaluate and monitor its directives to Management.

Phase 2 - Re-write Agency procedures manual
A. Ensure that the Agency's procedures manual is general in nature, in that it applies to the Agency at large, rather than to departmental routines.

B. Ensure that the Agency's procedures manual contains the flexibility necessary to accommodate fluid factors such as levels of risk, inflationary shifts and availability of new technologies.

Implementation Progress

Management has completed Phase 1 to the point of presentation to the Board for consideration, amendment, and potential approval. Phase 2 has begun, and is targeted for completion during KCDC's fiscal year 2020 cycle.

In order to ensure carry-over of all Board policies embedded within the current policies and procedures manual, staff prepared two documents which bridge the current manual to the proposed Policy document as follows:

A. Synopsis of Changes - This document offers policy by policy explanations deemed useful for understanding the extraction and/or migration of the policy from its integrated format to its pure policy format. This document includes explanations of any recommended policy updates necessitated by the current operating environment.

B. Table of Contents Crosswalk - This document ensures that each policy item contained in the current policies and procedures manual is contained within the proposed policies document and can be easily located.
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
POLICIES OF THE BOARD OF COMMISSIONERS

Section A: Administrative Policies
A-100 Ethics and Standards of Conduct Policy
A-110 Anti-Fraud Policy
A-120 Affirmative Action Policy
A-130 Safety Policy
A-140 Vehicle Policy
A-150 Information Technology Policy
A-160 Travel Policy
A-170 Public Records Policy
A-180 Tobacco-Free Workplace Policy
A-190 Executive Director/CEO Evaluation Policy

Section B: Fiscal Policies
B-100 General Provisions - Fiscal Policies
B-110 Internal Control Policy
B-120 Budget Policy
B-130 Expenditures Policy
B-140 Financial Reporting Policy
B-150 Donations Policy
B-160 Cash Safeguards and Controls Policy
B-170 Investment of Funds Policy
B-180 Audit Procurement and Monitoring Policy
B-190 Write-off of Uncollectible Funds Policy
B-200 Property Accountability and Disposition Policy
B-210 Debt Management Policy

Section C: Procurement Policy
C-100 Procurement Policy

Section D: Resident Initiatives Policies
Removed

Section E: Human Resources
E-100 General Human Resources Policy
E-101 Equal Employment Opportunity Policy
E-102 Harassment Prevention Policy
E-103 Abusive Conduct Prevention Policy
E-105 Workplace Violence Prevention Policy
E-106 Workplace Search Policy
E-110 Use of Technology Policy
E-111 Social Media Policy
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
POLICIES OF THE BOARD OF COMMISSIONERS
(Continued)

Section E: Human Resources
E-118 Pay Plan Policy
E-119 Recruitment & Selection Policy
E-120 Hiring Policy
E-121 Overtime Policy
E-122 Emergency Response Policy
E-123 Promotions, Transfers, Demotions Policy
E-124 Separation Policy
E-130 Employee Training and Development Policy
E-140 Performance Evaluation Policy
E-144 Attendance Policy
E-145 Dress Code Policy
E-146 Telecommuting Policy
E-148 Worker's Compensation Policy
E-149 Severe Weather Policy
E-150 Family and Medical Leave Policy
E-151 Parental Leave Policy
E-152 Holiday Policy
E-153 Annual Leave Policy
E-154 Sick Leave Policy
E-155 Bereavement Leave Policy
E-156 Civil Leave Policy
E-157 Leave of Absence Policy
E-158 Military Leave Policy
E-159 KCDC Dollars Policy
E-160 Retirement Plan Policy
E-161 Deferred Compensation Plan Policy
E-162 Post Employment Health Plan Policy
E-163 Employee Insurance Benefits Policy
E-165 Flexible Spending Accounts Policy
E-169 Employee Assistance Program Policy
E-180 Discipline Policy
E-181 Grievance Policy
E-200 Alcohol and Drug Policy
E-300 Privacy Policy
Knoxville's Community Development Corporation  
Synopsis of Changes from Operations Manual to Policy Manual

Legend:
A  Extraction of procedures and processes driven by policy  
B  Extraction of operational directives under purview of Management  
C  Replacement of specific directives with general guidance or vice versa as warranted  
D  Updates for relevance or compliance (current operations, composition, programs, valuations, etc.)  
E  Standardization of formatting and syntax  
F  New policy or policy additions, deletions or changes  
G  Unchanged due to text driven by regulation

<table>
<thead>
<tr>
<th>Section A: Administrative Policies</th>
<th>A</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-100 Ethics and Standards of Conduct Policy</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-110 Anti-Fraud Policy</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-120 Affirmative Action Policy</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-130 Safety Policy</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-140 Vehicle Policy</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-150 Information Technology Policy</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-160 Travel Policy</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-170 Public Records Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
<td>State of Tennessee Compliance</td>
</tr>
<tr>
<td>A-180 Tobacco-Free Workplace Policy</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A-190 Executive Director/CEO Evaluation Policy</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section 8D has been separated into two policies. First, general administration over IT systems (A-150); Second, How employees are to utilize this technology (E110). The IT policy is new and intended to document usage, access, storage, protection, security, and controls related to IT resources.

Policy heretofore was embedded in the Affirmative Action Plan which is managerial or procedural in nature so it has been moved to the admin section. It has been expanded to include references to authoritative criteria.

In addition to the deletion of items under management's control, the executive management vehicle allowance item previously found in employee benefits has been moved to this location aside vehicle use reimbursements.

This policy was contained in the HR section 8 (Ethics) of the Ops Manual, however various parts of existing policy have been moved to the admin section because it is applicable to all KCDC constituents such as commissioners and employees. This is the bedrock of all decisions and activities of the Agency, and therefore has been moved to first in order.

Added new policy from recently adopted smoke-free housing policy. Did not add the full housing policy to the administrative policy.

Section B: Fiscal Policies
<table>
<thead>
<tr>
<th>Code</th>
<th>Policy Description</th>
<th>A</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>G</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-100</td>
<td>General Provisions - Fiscal Policies</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>This policy applies to all fiscal policies in order to eliminate repetition</td>
</tr>
<tr>
<td>B-110</td>
<td>Internal Control Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td>Remove lengthy quotes taken from cited authoritative literature.</td>
</tr>
<tr>
<td>B-120</td>
<td>Budget Policy</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>Establishment of control categories so that Management's budget directives are clearly stated.</td>
</tr>
<tr>
<td>B-130</td>
<td>Expenditures Policy</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>New separate policy regarding expenditure eligibility guidelines. This version formalizes a four-tier eligibility standard. KCDC routinely operates to this standard although there has not been an official policy heretofore.</td>
</tr>
<tr>
<td>B-140</td>
<td>Reporting Policy</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td>Grantor/investor type reporting requirement language has been added.</td>
</tr>
<tr>
<td>B-150</td>
<td>Donations Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td>Establishes less rigorous Board oversight for small donations changing threshold to 1,000 and eliminate reporting requirement.</td>
</tr>
<tr>
<td>B-160</td>
<td>Cash Safeguards and Controls Policy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>A major change is the addition of a near no cash acceptance policy. Cash acceptance provides unnecessary opportunity for fraud, exposes staff to undue safety risks and creates logistical and accounting inefficiencies. &quot;Near&quot; no cash would allow for the collection of small amounts for administrative charges for keys or other small charges to residents. The policy is also amended regarding petty cash to allow management to approve such funds. Currently only two exist, with an imprest balance maintained at $300 each, replenished once or twice per year.</td>
</tr>
<tr>
<td>B-170</td>
<td>Investment of Funds Policy</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td>Updated to ensure federal and state compliance and to conservatively maximize yield on unrestricted monies.</td>
</tr>
<tr>
<td>B-180</td>
<td>Audit Procurement and Monitoring Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>Inclusion of managed entity audits.</td>
</tr>
</tbody>
</table>
### Section A: Policy Changes

<table>
<thead>
<tr>
<th>Code</th>
<th>Policy Type</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-190</td>
<td>Write-off of Uncollectible Funds Policy</td>
<td>✓ ✓ ✓ ✓</td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓ ✓ ✓ ✓</td>
</tr>
</tbody>
</table>

- Inclusion of write-off of uncollectible accounts of all types and authorization of management write-offs for routine items under $2,000. Heretofore the Board approved all write-offs as was previously required by HUD management handbooks now obsolete.

### Section C: Procurement Policy

<table>
<thead>
<tr>
<th>Code</th>
<th>Policy Type</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-100</td>
<td>Procurement Policy</td>
<td>✓ ✓</td>
</tr>
</tbody>
</table>

- Removed procedures to leave only policy. Removed sections will be in Procurement Procedures/Regulations unchanged. The only recommended change concerns Change Order approval thresholds to eliminate the 20,000 threshold to (20% of contract or 100,000 whichever is less). Some components are required by state or federal rules.

### Section D: Resident Initiatives Policies

<table>
<thead>
<tr>
<th>Code</th>
<th>Policy Type</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>D-100</td>
<td>Resident Initiatives Policy</td>
<td>✓</td>
</tr>
</tbody>
</table>

- This is housing policy rather than an administrative/management policy therefore we recommend removal from this document.

### Section E: Human Resources

<table>
<thead>
<tr>
<th>Code</th>
<th>Policy Type</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-100</td>
<td>General Provisions - Human Resources Policies</td>
<td>✓ ✓ ✓</td>
</tr>
<tr>
<td>E-101</td>
<td>Equal Employment Opportunity Policy</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>E-102</td>
<td>Harassment Prevention Policy</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>E-103</td>
<td>Abusive Conduct Prevention Policy</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>E-105</td>
<td>Workplace Violence Prevention Policy</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>E-106</td>
<td>Workplace Search Policy</td>
<td>✓ ✓</td>
</tr>
</tbody>
</table>

- Specific policies within the Ops Manual's HR general provisions are now proposed as stand-alone policies. These remaining general provisions are applicable of all HR policies.
- Expanded to meet legal requirements
- New anti-bullying policy (Tennessee Healthy Workplace act)
<table>
<thead>
<tr>
<th>Code</th>
<th>Policy Description</th>
<th>A</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-110</td>
<td>Use of Technology Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Section 8D has been separated into two policies. First, general administration over IT systems (A-150); Second, How employees are to utilize this technology (E110).</td>
</tr>
<tr>
<td>E-111</td>
<td>Social Media Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-116</td>
<td>Nepotism Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-117</td>
<td>Classification Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Moves Board approval to ED/CEO but would be encompassed in the Board approved budget process.</td>
</tr>
<tr>
<td>E-118</td>
<td>Pay Plan Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Moves Board approval to ED/CEO but would be encompassed in the Board approved budget process.</td>
</tr>
<tr>
<td>E-119</td>
<td>Recruitment Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Updated in paragraph 2 to reflect the Agency's commitment to the upward progression of its existing staff and the criteria upon which such decisions should be based. Added ED/CEO waiver option.</td>
</tr>
<tr>
<td>E-120</td>
<td>Hiring Policy</td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>Added contract employees as an employment type</td>
</tr>
<tr>
<td>E-121</td>
<td>Overtime Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-122</td>
<td>Emergency Response Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-123</td>
<td>Promotions, Transfers, Demotions Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-124</td>
<td>Separation Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-130</td>
<td>Employee Training and Development Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-140</td>
<td>Performance Evaluation Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-144</td>
<td>Attendance Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-145</td>
<td>Dress Code Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-146</td>
<td>Alternative Work Arrangements Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Name changed from “Flex Time” because Flex Time is just one of three alternate work schedule types</td>
</tr>
<tr>
<td>E-148</td>
<td>Worker’s Compensation Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-149</td>
<td>Severe Weather Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-150</td>
<td>Family and Medical Leave Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Driven by regulation</td>
</tr>
<tr>
<td>E-151</td>
<td>Parental Leave Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Driven by regulation</td>
</tr>
<tr>
<td>E-152</td>
<td>Holidays Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Added ED/CEO authority to grant exceptions as needed.</td>
</tr>
<tr>
<td>E-153</td>
<td>Annual Leave Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Changing policy from 10 days annual dependent sick to same as employee sick leave.</td>
</tr>
<tr>
<td>E-154</td>
<td>Sick Leave Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Made flower cost an ED/CEO annual decision rather than $75 firm.</td>
</tr>
<tr>
<td>E-155</td>
<td>Bereavement Leave Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-156</td>
<td>Civil Leave Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>A C D E F G</td>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>----------------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>E-157</td>
<td>Leave of Absence Policy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>Ops manual stated that LWOP is for use beyond regular leave, however, our practice is to grant LWOP even if paid leave is available. The policy is written to conform to practice.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-158</td>
<td>Military Leave Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-159</td>
<td>KCDC Annual Leave Cash-Out Policy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>Ops Manual titles it &quot;KCDC Dollars&quot;. Consider this more formal policy name while leaving informal historically recognized name in the manual. Eliminated &quot;years of continuous service&quot; column because it conflicts with annual leave accrual rate for some employees.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-160</td>
<td>Retirement Plan Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-161</td>
<td>Deferred Compensation Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-162</td>
<td>Post Employment Health Plan Policy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>Added description of plan type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-163</td>
<td>Employee Insurance Benefits Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-165</td>
<td>Section 125 Plan Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>Added limited flexible spending and health saving account options</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-169</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-180</td>
<td>Discipline Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-181</td>
<td>Grievance Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-200</td>
<td>Alcohol and Drug Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>This is Section 14 without any condensing. The nature of this topic, the complexity of the issues, the extent of procedures and the associated laws and regulations brings us to the conclusion that the larger document is appropriate as policy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-300</td>
<td>HIPAA Compliance Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. **Purpose**: The maintenance of high standards of honesty, integrity, impartiality and ethics by Commissioners, officers, employees (KCDC representatives) is essential to assure the proper performance of business and the maintenance of confidence by the public in KCDC (the company). This Ethics and Standards of Conduct Policy provides guidelines which shall not be considered fully encompassing. Every decision and action serving the mission and business interest of KCDC must be guided by the highest principles of ethical behavior by representatives of KCDC.

2. **Civility**: KCDC representatives are expected to exhibit a high degree of personal integrity, civility and professionalism when interacting with others in KCDC interactions may include verbal, nonverbal, physical, written, through imagery, electronic or digital means.

3. **Build Trust and Credibility**: KCDC is dependent on the trust and confidence earned by representatives of KCDC. The Agency gains credibility by adhering to its commitments, displaying honesty and integrity and reaching company goals solely through honorable conduct. KCDC representatives must avoid any action that might result in or create the appearance of using one’s position for private gain, giving preferential treatment to anyone, impeding company efficiency or economy, making a company decision outside official channels or eroding the public’s confidence in KCDC's integrity.

4. **Personal Interest**: KCDC representatives must be particularly careful that personal interests and activities do not negatively impact or conflict with KCDC duties. Personal interests include:

   a. Any financial, ownership or employment interest in the subject of a vote by the Board of Commissioners not otherwise regulated by state statutes on conflicts of interest;

   b. Any financial, ownership or employment interest in a matter to be regulated or supervised;

   c. Any such financial, ownership or employment interest of a Commissioner, officer or employee’s spouse, parent(s), stepparents(s), grandparent(s), sibling(s), child(ren) or
stepchild(ren); The words “employment interest” include a situation in which a Commissioner, officer, employee or a designated family member is negotiating possible employment with a person or organization that is the subject of the vote or that is to be regulated or supervised; or

d. In any situation in which a personal interest is also a conflict of interest under state law, the provisions of the state law take precedence over the provisions of this Code.

5. Disclosure of Personal Interest by Official with Vote: A KCDC Board Commissioner with the responsibility to vote on a measure shall disclose, during the meeting at which the vote takes place, before the vote and so it appears in the minutes, any personal interest that affects or that would lead a reasonable person to infer that it affects the Commissioner's vote on the measure. In addition, the Commissioner may recuse him/herself from the vote or may be required to do so by the by-laws or the Board.

6. Disclosure of Personal Interest in Non-Voting Matters: An officer or employee who must exercise discretion relative to any matter, other than casting a vote, and who has a personal interest in the matter that affects or that would lead a reasonable person to infer that it affects the exercise of the discretion shall disclose, before the exercise of the discretion when possible, the interest on a form provided by and filed with the Chief Executive Officer (the Chairman of the Board of Commissioners if the personal interest involves the Chief Executive Officer). In addition, the officer or employee may, to the extent allowed by law, charter, resolution or policy, may recuse him/herself from the vote or may be required to do so by the by-laws or the Board.

7. Acceptance of Gifts and Favors: A representative of KCDC may not accept, directly or indirectly, any money, gift, gratuity or other consideration or favor of any kind from anyone:

a. For the performance of an act, or refraining from performance of an act, that would be expected to perform, or refrain from performing, in the regular course of duties; or

b. That might reasonably be interpreted as an attempt to influence the action, or be rewarded for past action, in executing company business; provided, however, that a gift or gratuity that is not cash or a cash equivalent (such as a check or gift card), and which has a value of $50.00 or less, shall not be interpreted as an attempt to influence the action of the representative of KCDC.

8. Use of information: A representative of KCDC may not disclose any information obtained in association with KCDC that is made confidential under state or federal law except as authorized by law. Further, a representative of KCDC may not use or disclose information
obtained in association with KCDC with the intent to achieve financial gain for any person or entity other than KCDC.

9. **Use of KCDC Time and Property:** A representative of KCDC may not use or authorize the use of company time, facilities, equipment or supplies for private gain or advantage. Additionally, a representative of KCDC may not use or authorize the use of company time, facilities, equipment or supplies for private gain or advantage to any private person or entity, except as authorized by legitimate contract or lease that is determined by the Board of Commissioners to be in the company’s best interests.

10. **Use of Position or Authority:** A representative of KCDC may not make or attempt to make private purchases for cash or otherwise, in the company name. A Commissioner, officer or employee may not use or attempt to use their position to secure any privilege or exemption for self or others that is not authorized by the charter, general law, bylaws, resolution or company policy.

11. **Personal Gain from Official Position or Action:** A representative of KCDC may not participate personally and substantially in any matter in which the individual has a financial interest. There is no minimum amount of value or control that constitutes a financial interest. This prohibition also applies if the representative’s spouse and children have a financial interest in the matter. The representative of KCDC is also prohibited from participating in matters involving an organization in which that individual has a financial interest. Further, a Commissioner, officer or employee shall not be involved in any matter relating to a person or organization with which the individual is seeking employment or has an arrangement for prospective employment when the individual has a financial interest in the matter.

12. **Solicitation:** Commissioners, officers and employees are encouraged to take an active part in civic affairs and worthy charitable activities. However, soliciting of any kind while on company owned or leased property and/or while on duty is prohibited except for company sponsored activities. Distribution of literature while on company owned or leased property and/or while on duty is strictly prohibited. In order to promote confidence in the manner in which the company handles public funds and conducts its business, Commissioners, officers and employees are prohibited from directly or indirectly requesting, soliciting or raising funds, materials or services from any employee, contractor or subcontractor for any profit or non-profit organization, campaign or cause whatsoever. Staff shall avoid even the appearance of the exertion of undue influence, favoritism or other impropriety.

13. **Outside Employment:** A Commissioner, officer or employee may not accept or continue any outside employment if the work unreasonably inhibits the performance of any affirmative duty of a company position or conflicts with any provision of the charter, bylaws, resolution or policy.
14. Use of KCDC Property for Personal Reasons: KCDC representatives have a clear responsibility to protect and conserve company property and obey all rules and regulations governing its use. KCDC representatives cannot directly or indirectly use or allow another individual to use company property for other than officially approved activities. This includes property the company has leased.

15. Use of KCDC Credit Card: Commissioners, officers and employees who have been issued corporate purchasing cards (P-Cards) are to use them for business purposes only.

16. Contact with Residents: KCDC representatives’ interactions with residents must be only professional at all times. Inappropriate behavior will not be tolerated. KCDC representatives are not permitted to give or accept personal loans of monetary value from residents of company properties. However, such persons may participate in company-wide collections or donations events designed to assist residents.

17. Use of Information Obtained Through KCDC Involvement: KCDC representatives may not use information obtained through KCDC involvement for furthering a private interest that has not been made available to the general public. Specifically, these individuals may not use information that has not been dispersed by the company or is only available by special request to the public.

18. Political Activity: Employees may be candidates in non-partisan elections. However, before deciding to run for public office, employees should be aware of possible conflict of interest. If an employee is elected to office, the matter will be reviewed to determine if a conflict of interest exists. If a conflict is deemed to exist, actions necessary to resolve the conflict will be identified. An employee may express opinions on political subjects and candidates by displaying stickers or posters on personal property, making speeches, writing on behalf of candidates or soliciting voters to support or oppose a candidate while not on company time. In addition, an employee may take an active part in political managements or campaigns by engaging in the following activities while not on company time: holding office; attending meetings; voting on candidates and issues; managing the club or party; attending a political convention; participating in the deliberations, proceedings, or committees of a political convention; signing nominating petitions; driving voters to the polls; serving as a checker, watcher or challenger for a political party candidate; or making a financial contribution to a political candidate, party or organization. The Hatch Act places certain restrictions on employees of agencies who receive federal funds and/or grants. An employee is prohibited from engaging in the following political activities while employed by the company (including while on leave of absence irrespective of pay status):
a. Using one's official authority or influence for the purpose of interfering with or affecting the results of an election or nomination for office including activities such as threatening to deny promotion to any employee who does not vote for certain candidates;

b. Coercing directly or indirectly, attempting to coerce, commanding or advising another employee to pay, lend or contribute anything of value to a party, committee, organization or person for political purposes including requiring an employee to contribute money to a political fund, influencing an employee to buy tickets to political fundraising dinners and matters of similar nature; or

c. Being a candidate for elective office in a partisan election.

19. Post-Service Restrictions: Section 19(A)(1) of HUD's Annual Contributions Contract (ACC) (Form HUD-53012A dates 7/95) provides:

A(A)(1) In addition to any other applicable conflict of interest requirements, neither the housing authority (HA) nor any of its contractors or their subcontractors may enter into any contract, subcontract, or arrangement in connection with a project under this ACC in which any of the following classes of people has an interest, direct or indirect, during tenure or for one year thereafter:

A(i) Any present or former member or officer of the governing body of the HA, or any member of the officer's immediate family. There shall be excepted from this prohibition any present or former tenant commissioner who does not serve on the governing body or a resident corporation, and who otherwise does not occupy a policymaking position with the resident corporation, the HA or a business entity.

A(ii) Any employee of the HA who formulates policy or who influences decision with respect to the project(s), or any member of the employee's immediate family or the employee's partner.

A(iii) Any public official, member of the local governing body, or state or local legislator, or any member of such individual's immediate family, who exercises functions or responsibilities with respect to the project(s) or the HA.

For purposes of this section, the term immediate family member means the spouse, mother, father, brother, sister or child of a covered class member (whether related as a full blood relative, or as a half or step relative, e.g., a half-brother or stepchild).

20. Ethics Complaints: The Vice President – Redevelopment and Legal Services is designated as the Ethics Officer. Upon the written request of a party potentially affected by a provision
of this section, the Ethics Officer shall notify the Chairperson of the request and the Ethics Officer shall render an oral or written advisory ethics opinion based upon this section and other applicable law.

Except as otherwise provided in this subsection, the Ethics Officer shall investigate any credible complaint against a Commissioner, officer or employee charging any violation of this Ethics and Standards of Conduct Policy, or may undertake an investigation on their own initiative when information is acquired indicating a possible violation and make recommendations to the Board of Commissioners for action to end or seek retribution for any activity that, in the Ethics Officer’s judgment, constitutes a violation of this Ethics and Standards of Conduct Policy.

The Ethics Officer may request that the Board of Commissioners hire another attorney, individual or entity to act as Ethics Officer when a conflict of interest in a particular matter has occurred or will occur.

When a complaint of a violation of any provision of this Ethics and Standards of Conduct Policy is lodged against a member of the Board of Commissioners, the Board of Commissioners shall by majority vote determine that the complaint has merit, determine that the complaint does not have merit or determine that the complaint has sufficient merit to warrant further investigation. If the Board of Commissioners determines that a complaint warrants further investigation, it shall authorize an investigation by the Ethics Officer or another individual or entity chosen by the Board of Commissioners.

The interpretation that a reasonable person in the circumstances would apply shall be used in interpreting and enforcing this Ethics and Standards of Conduct Policy. When a violation of this Ethics and Standards of Conduct Policy also constitutes a violation of a Human Resources policy, rule or regulation, the violation shall be dealt with as a violation of the Human Resources policy rather than as a violation of this Ethics and Standards of Conduct Policy.

21. Ethics Violations: A Commissioner violating any provision of this Ethics and Standards of Conduct Policy is subject to disciplinary action or punishment as provided by the charter, bylaws or other applicable law and in addition is subject to censure by the Board of Commissioners. The Board of Commissioners, by majority vote, may also recommend to the appointing authority that the offending Commissioner be removed from the Board of Commissioners.
1. **Purpose:** This policy is set forth to establish guidance to management for KCDC's compliance with Civil Rights, equal opportunity and nondiscrimination requirements.

2. **Authority:** The Board of Commissioners authorizes the Executive Director/CFO to establish plans, protocols and procedures sufficient to ensure compliance.

3. **Applicability of Federal, State and Local Guidance:** KCDC activities shall be conducted in accordance with federal, state and local laws, regulations, rules, guidance and procedures as applicable. These requirements include, but shall not be limited to, compliance with the following authorities: Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d; 24 CFR part 1); the Fair Housing Act (42 U.S.C. 3601-3619; 24 CFR part 100); section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794; 24 CFR part 8); the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107; 24 CFR part 146); the Americans with Disabilities Act (Pub L101-336, approved July 26, 1990; 28 CFR part 35); Executive Order 11063 on Equal Opportunity in Housing (24 CFR part 107); Executive Order 11246 on Equal Employment Opportunity, as amended by Executive Order 11375 (41 CFR part 60); and Executive Order 12892 on Affirmatively Furthering Fair Housing.

4. **Requirements:**

   (A) KCDC shall comply with all statutory, regulatory, and executive order requirements pertaining to civil rights, equal opportunity, and nondiscrimination, as those requirements now exist, or as they may be enacted, promulgated, or amended from time to time.

   (B) In connection with the development or operation of any project, KCDC shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, disability, age, or national origin. KCDC shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, sex, disability, age, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

KCDC shall insert the foregoing provision (modified only to show the particular contractual relationship) in all its contracts in connection with the development or operation of any
project, except contracts for standard commercial supplies or raw materials and contracts referred to in subsection (C) of this section, and shall require all contractors to insert a similar provision in all subcontracts, except subcontracts for standard commercial supplies or raw materials. KCDC shall post at the projects, in conspicuous places available to employees and applicants for employment, notices to be provided by HUD setting forth the provisions of this nondiscriminatory clause.

(C) KCDC shall incorporate the language required by Executive Order 11246, codified at 41 CFR §60-1.4(b) (or any successor provision), into any contract for construction work, or any modification thereof, which is paid for in whole or in part with funds obtained under Annual Contributions Contract with HUD. In addition, KCDC will be bound by the equal employment opportunity provisions set forth at 41 CFR §60-1.4(b) (or any successor provision) with respect to its own employment practices when it uses its own staff to carry out federally assisted construction work.

5. **Enforcement:** The Executive Director/CEO will establish the procedures necessary to implement this policy while ensuring fairness, impartiality and reasonableness.

6. **Responsibility:** The Executive Director/CEO may delegate authority to staff designees for Human Resources, Procurement, Admissions and Occupancy, etc.
1. **Purpose:** This policy is set forth to:

   a. Ensure that KCDC's technology resources are operated and maintained in a secure and responsible manner.

   b. Maximize the efficiency and effectiveness of KCDC's technology resources.

   c. Guide and empower management in establishing technology procedures and protocols.

2. **Authority:** In accordance with applicable laws and regulations this policy guides all technology activities and establishes general policies for the utilization of KCDC technology resources. This policy allows management to develop specific procedures and guidance to implement the policy.

3. **Applicability:** This technology policy applies to all KCDC technology resources.

4. **Acceptable Use:** The use of technology resources, like the use of any other KCDC-provided resource and like any other KCDC-related activity, is subject to the requirements of legal and ethical behavior. Users must abide by all applicable restrictions and must comply with all applicable laws, KCDC rules and policies; and all applicable contracts and licenses.

5. **Data Access:** Inquiry-type access to official data will be as open as possible to individuals who require access in the performance of KCDC operations without violating legal, federal or state restrictions. Users granted “create” and/or “update” privileges are responsible for their actions while using these privileges. Any individual granted access to data is responsible for the ethical usage of that data. IT staff will coordinate and maintain records of data access for each approved employee or contractor.

KCDC data is classified into four major categories and the appropriate level of access control will be in place for each. Category I information is targeted for general public use. Examples include Internet website contents for general viewing and press releases. Category II information is targeted for internal use and includes such items such as directory listings, minutes from non-confidential meetings and internal (Intranet) websites. Public disclosure of this information would cause minimal trouble to KCDC. Category III information is sensitive and considered private. It must be guarded from
disclosure as unauthorized exposure of this information could contribute to ID theft, financial fraud and/or violate state and/or federal laws. Category IV data is highly sensitive and must be protected with the highest levels of security, as prescribed in contractual and/or legal specifications. All of these categories are subject to the applicable open records laws.

KCDC’s internal computers, mobile devices, networks, application software and data repositories are critical resources and must be protected against inappropriate access and/or disruption of service. Active measures are necessary to ensure data integrity and reduce the risk of system compromise, especially when sensitive information may be at risk. Established procedures for protection and release of sensitive information must be followed regardless of the platform used to store that data.

6. Data Backup: KCDC will back up all electronic information in an effective manner so that data can be restored should such need arise.

7. Data Storage: KCDC will store all data in an effective, efficient and secure manner.

8. Data Retention: KCDC will create and maintain a data retention schedule so that all data is retained pursuant to applicable federal, state and local laws or regulations. The data retention schedule will include provisions for retention during any legal actions in which the data scheduled for destruction or discard is relevant. The schedule will determine how to categorize documents and specify how long each category should be preserved.

9. Data Protection: Through its access, backup and storage policies, KCDC will protect its data and data entrusted to it. This information includes any data that makes a person identifiable such as names, addresses, usernames and passwords, digital footprints, photographs, social security numbers, financial data, et cetera. KCDC will collect this information in a transparent way and only with the full cooperation and knowledge of interested parties. KCDC will maintain data accuracy, keep it up-to-date, collect it for lawful purposes only, processed within legal and moral boundaries and protect it against any unauthorized or illegal access by internal or external parties.

KCDC data will not be communicated informally, stored for more than a specified amount of time, transferred to organizations unless required or distributed to any party other than the ones agreed upon by the data’s owner (exempting legitimate requests from law enforcement authorities).

To exercise data protection, KCDC will restrict and monitor access to sensitive data, develop transparent data collection procedures, train employees in online privacy and security measures, build secure networks to protect online data from cyberattacks and establish data protection practices (document shredding, secure locks, data encryption, frequent backups, access authorization et cetera).

10. Disaster Recovery: KCDC will have disaster recovery equipment, software and processes in place to ensure service restoration in the event of an emergency.
Recovery is to protect and preserve data, minimize and reduce damage, preserve the business function, recover quickly and to restore normal operations.

11. **Emergency Notification**: KCDC will have an emergency notification system so that emergency notifications occur as needed in the event of inclement weather or other emergencies.

12. **External Access**: KCDC will exercise control over other persons or entities connecting to KCDC's network (or any KCDC managed network) from the outside. Storage of confidential information on any non-KCDC owned device is prohibited. Confidential information may not be stored on any KCDC owned portable device without prior written approval from IT. Approved storage on any portable device must be encrypted. All remote access users will comply with KCDC policies, may not perform illegal activities and may not use the access for outside business interests. Remote access must be strictly controlled by the use of unique user credentials. All hosts that are connected to KCDC internal networks via remote access technologies must have up-to-date anti-virus software implemented.

13. **Equipment Management**: KCDC has made, and continues to make, considerable investment into the IT infrastructure and systems (IT assets). These IT assets hold and manipulate important information, sometimes including information of a personal and sensitive nature. It is therefore important that all IT assets are appropriately managed from acquisition to disposal to ensure that IT assets deliver best value for the investment and appropriately protect the information that passes through them. KCDC is committed to managing the lifecycle of its IT assets and everyone has a duty of care to protect IT assets at all time whether they are in use, storage, movement or in disposal. IT assets shall be protected against physical or financial loss whether by theft, mishandling or accidental damage either through primary prevention (e.g. physical security) or remediation (e.g. marking). All IT assets shall be traceable and auditable throughout the entire lifecycle. Information about all IT assets shall be held in a suitable electronic database that enables them to be tracked, managed and audited throughout the entire lifecycle.

14. **Internal Controls**: IT controls are essential to protect assets, customers, partners, sensitive information; demonstrate safe, efficient, and ethical behavior; and preserve KCDC's reputation and trust. KCDC assesses its organizational framework and internal audit practices for IT risk and control, compliance and assurance in order to establish the appropriate internal controls for IT. IT controls include those for applications, change, governance, financial, management, physical, risks, segregation of duties, security and technical aspects.

15. **Log In Controls**: KCDC controls the log in process to establish appropriate control over its IT systems. Controls include secure automatic logouts, passwords, password expiration, password restrictions to level of need, password deactivation when an employee departs from KCDC.
16. Ownership and Purpose of Technology Resources: All purchased or provided technology is KCDC’s property and will be used for KCDC business only. KCDC may provide employees with email accounts on KCDC’s email system but these accounts are a privilege, not a right and use of the email account may be withdrawn for violations of KCDC’s requirements for responsible use of technology resources.

KCDC’s policy is to protect copyrights, trade secrets, patents or other intellectual property. Unauthorized copying of copyrighted material including, but not limited to, digitization and distribution of photographs from magazines, books or other copyrighted sources, copyrighted music, and the installation of any copyrighted software for which KCDC or the end user does not have an active license is strictly prohibited.

KCDC employees will not access data of which the employee is not an intended recipient or log into servers or accounts that the employee is not expressly authorized to access, unless these duties are within the scope of regular duties.

17. Security: All data created on KCDC’s systems remains KCDC’s property. KCDC cannot guarantee the confidentiality of information stored on any KCDC network. KCDC may monitor equipment, systems and network traffic at any time. KCDC may audit networks and systems on a periodic basis to ensure compliance with this policy. Information, including web browser history, is subject to Tennessee’s Open Records laws.

18. Software Licensing: KCDC is committed to compliance with software licensure requirements. The IT Division will acquire and install all software. IT will maintain a complete record of all software purchased. This includes software that may be downloaded and/or purchased from the Internet. KCDC prohibits the loading of personal or unsolicited software (this includes screen savers, games and wallpapers, et cetera) onto KCDC resource as these introduce the risk of malware and viruses. KCDC requires that software be registered in its name. KCDC requires that software be used only in accordance with the license agreement.

19. Website Controls: KCDC uses its website to communicate important information to interested parties. In order to keep the website effective and efficient, KCDC requires that its IT Division coordinate website changes, content, creation, linking, modifications and plugins. KCDC website will comply with all applicable regulations and professional standards. KCDC will maintain security standards and procedures regarding unauthorized access to prevent unauthorized attempts to upload or change information or otherwise cause damage.
1. **Purpose:** To provide the healthiest environment possible and to decrease the exposure to secondhand smoke, KCDC is a tobacco-free facility and premises.

2. **Criteria:** The Tennessee Nonsmokers’ Protection Act prohibits smoking in all enclosed public places within the State of Tennessee. Additionally the U.S. Department of HUD requires the enforcement of Rule RIN 2577-AC97 by all public housing authorities.

3. **Requirement:** The use of any form of tobacco products within the facilities of or on KCDC property, including company vehicles is prohibited. Electronic cigarettes, cigars and other smoking devices commonly referred by the industry as vaping products or devices are prohibited along with other tobacco products.

4. **Applicability:** All KCDC employees, contractors, visitors, and anyone else who is on KCDC property.

5. **Cessation Program:** Management will promote smoking cessation programs to employees.
1. **Purpose:** This policy is designed to ensure that KCDC financial resources are utilized in a manner which most effectively and economically contributes to the Agency’s mission within the confines of applicable laws and regulations.

2. **Allowable expenditures:**

   A. **Regulatory:** Expenditures shall be limited to items allowable under both federal and state regulations. Guiding principles for federally funded program expenditures are found at 2 CFR 200 or any superseding guidance, and serve as the standard for KCDC.

   B. **Budgetary:** Expenditures shall be allowable within the confines of KCDC’s approved budgets.

   C. **Reasonable and necessary:** In addition to allowability, an expenditure must also be reasonable and necessary for the fulfillment of the program’s objectives.

   D. **Procurement:** All expenditures shall be made upon the strength of proper procurement process in accordance with KCDC’s procurement policy.

3. **Documentation:** Documentation in accordance with best practices shall be maintained for all expenditures.
<table>
<thead>
<tr>
<th>Section B: Fiscal Policies</th>
<th>Knoxville’s Community Development Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations Policy</td>
<td>B-150</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issued:</th>
<th>Revised:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/2006</td>
<td>10/31/19</td>
<td></td>
</tr>
</tbody>
</table>

1. **Purpose:** Often the mission and activities of other agencies and organizations mesh with and enhance the mission and activities of KCDC. In some cases it may further KCDC's goals and objectives to support specific activities or goals of such organizations in a financial manner.

2. **Policy:** All donations must be supported by a written statement concerning the activity of KCDC which the donation will support. All donations or contributions in excess of $1,000 must be approved by the Board of Commissioners. Organizations seeking funding from KCDC for any purpose must submit the request in writing to staff. Requests for funding in an amount in excess of $1,000 will be reviewed by staff and either rejected or presented to the Board with a staff recommendation.
1. **Petty Cash Funds Authorized:** In order to facilitate the transaction of business and carry out the intent of petty cash and purchasing policies, the Executive Director/CEO or designee shall authorize the establishment of petty cash funds at locations and in amounts deemed necessary for efficient operations. Up to five such funds with a maximum cash balance of $500 each may be authorized.

2. **Stale Dated Checks:** Internal control procedures shall be established to ensure that appropriate action is taken to ensure payees of outstanding checks receive the monies due them. Undeliverable funds shall be managed in accordance with unclaimed property regulations established by the State of Tennessee.

3. **Cash Collections:** For employee safety and control risk mitigation, management shall restrict the receipt of cash payments to the greatest extent practicable. When collection of cash is in KCDC’s best interest, management shall ensure that internal control processes uphold the safety of staff and the safeguarding of the cash assets in a manner consistent with best practices.
1. **Purpose:** This policy is designed to make the uncollectible accounts process both timely and efficient while ensuring the Board is appropriately informed.

2. **Write-Offs of Uncollectible Funds Policy:** The Board of Commissioners authorizes the Executive Director/CEO and/or the designee to approve the write-off of account balances deemed uncollectible. Appropriate documentation supporting each balance and attempts to collect the balance shall be maintained. The Board of Commissioners shall be provided with documentation concerning the write-off of any single account in excess of $2,000.
1. **Purpose**: This policy establishes governing principles concerning property accountability and protection of KCDC's assets through the establishment of control principles and accountability.

2. **Authority**: The Board directs the Executive Director/CEO or designee to enforce this policy and to establish procedures to fulfill the intent of the policy. Any oral or written statements contrary to these policies may not be relied upon by employees or other parties.

3. **Applicability**: This Accountability and Disposition Policy applies to all KCDC property.

4. **Applicability of Federal, State and Local Guidance**: KCDC will conduct all matters regarding property accountability and disposition in accordance with federal, state and local laws, regulations, rules, guidance and procedures as applicable.

5. **Capitalization**: Nonexpendable property or equipment with a useful life of more than one year and an acquisition cost of $5,000 or more will be capitalized.

6. **Depreciation**: Generally, depreciation will be recorded on a straight line basis with no salvage value over the item's estimated useful life, except as GAAP may require otherwise. Management will determine reasonable useful lives for major categories of fixed assets on a consistent basis.

7. **Definitions**: Land, buildings and equipment refers to (1) land and site improvements; (2) dwelling and non-dwelling structures, including fixtures permanently attached; (3) items of non-expendable equipment; and (4) other items of a similar nature that are considered "controllable" in order to meet overall corporate goals or specific program requirements.

8. **Inventories**: KCDC staff will follow federal guidelines governing fixed asset inventories. The Executive Director/CEO or designee will investigate and report on material non-expendable equipment or expendable material losses or shortages. All instances of known or suspected fraud will be investigated and the Board will be informed.

9. **Asset Disposition**: The Executive Director/CEO is responsible for the disposition of all non-expendable or expendable property declared as excess or surplus. However, the Board will approve the disposition of real estate or non-expendable or expendable property valued in
excess of $25,000. All non-expendable or expendable property will be disposed of in a manner consistent with sound public policy and the needs and welfare of the Corporation. Disposition of assets will be made in accordance with the rules and regulations governing the program(s) by which the excess property is controlled or in accordance with comparable public practice for such transactions. Upon the written determination of the Executive Director/CEO surplus property holding no residual value may be disposed of or sold for scrap.
1. **Purpose**: This policy is set forth to:
   
   a. Establish standards in support of applicable procurement laws and regulations.
   
   b. Establish standards regarding equitable and consistent treatment of all vendors.
   
   c. Guide and empower management in the establishment of procurement regulations, procedures and protocols.
   
   d. Assure that supplies and services are procured efficiently, effectively and at the most favorable prices available; promote competition; provide a procurement system of quality and integrity and assure that procurement actions are in compliance with applicable federal and state laws, regulations and standards.
   
2. **Authority**: In accordance with applicable state and federal laws and regulations these policies are established to guide all procurement actions. Any oral or written statements contrary to these policies may not be relied upon by employees or other interested parties.
   
3. **Applicability**: This procurement policy applies to all procurement activities irrespective of the funding source. It includes contracts not obligating funds (such as concession contracts). KCDC is not prohibited from complying with the terms and conditions of any grant, contract, gift or bequest that is otherwise consistent with law. KCDC will normally use the same procedures or very similar procedures for all non-public funds because such procedures are good business models. KCDC reserves the right to use expedited procedures for purchases with non-public funds.
   
4. **Applicability of Federal, State and Local Guidance**: KCDC will conduct all procurement in accordance with federal and state laws, regulations, rules, guidance and procedures as applicable. This includes compliance with HUD's Annual Contributions Contract (ACC), HUD Handbook 7460.8, "Procurement Handbook for Public Housing Agencies"; PBRA guidance and the procurement standards of 2 CFR: Grants and Agreements: Chapter II Office of Management and Budget Guidance; Part 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards or superseding guidance.
KCDC's Redevelopment activities will be conducted in accordance with the requirements of the Tennessee Code Annotated (TCA) in Title 13 Chapter 20 Part I and Part II and any other applicable federal and state laws, regulations, rules, guidance and procedures.

5. Professional Procurement Standards: KCDC will conduct all procurement in accordance with recognized professional procurement standards such as those identified by NIGP-The Institute for Public Procurement.

6. Responsibility: The Executive Director/CEO or designee administers all procurement transactions. The Executive Director/CEO may delegate authority in writing to a designee to conduct KCDC's procurement activities.

7. Board Approval: KCDC's Board of Commissioners shall approve formal contracts for services which exceed $100,000 for the first year of service. The Board shall approve change orders to existing Board approved contracts when the change order equals 20% or more of the original contract value or exceeds $100,000 whichever is less.

8. Regulations: KCDC's Board of Commissioners has authorized and directed the Executive Director/CEO to issue regulations and procedures to implement this Procurement Policy to ensure ongoing program integrity, efficiency and effectiveness.

9. Revisions and Amendment of Resulting Regulations: KCDC's regulations resulting from this policy may be revised or amended through a written request to and subsequent approval by the Executive Director/CEO. By accepting employment, employees agree to conform to any changes, deletions or additions to these policies. Some policies relate directly to state and/or federal laws. If there is a conflict between the language in this policy and the law, the law will prevail.

10. Equal Opportunity: KCDC will provide fair and equitable treatment of all vendors interested in and/or involved in the procurement process.

11. Procurement Thresholds: KCDC shall adhere to the procurement dollar thresholds as established by federal and state rules. As those rules are adjusted, KCDC's thresholds will automatically adjust.

12. Contract Types: Any type of contract appropriate to the procurement and which promotes KCDC's best interests may be used. However, the cost plus a percentage of cost and percentage of construction cost methods shall not be used where prohibited by federal or state guidelines.

13. Protests and Appeals: The Executive Director/CEO shall establish a protest and appeals process for unsuccessful vendors who wish to challenge a KCDC solicitation award.
14. **Ethical Standards:** KCDC adheres to the requirements of its policy concerning Ethical Standards and to the following code of procurement conduct, consistent with applicable federal, state and local standards.

a. The Executive Director/CEO shall establish a system of sanctions for violations of the ethical standards described below consistent with applicable laws.

b. All KCDC staff shall adhere to this Code of Ethics.

c. KCDC employees, officers and agents shall not participate directly or indirectly in the selection or in the award or administration of any contract if a conflict, real or apparent, would be involved. Such conflict would arise when a financial or other interest in a firm selected for award is held by:

   i. An employee, officer or agent involved in making the award;

   ii. An employee’s relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin; nephew, niece, husband, wife, father-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother or half-sister);

   iii. An employee’s partner; or

   iv. An organization which employs, is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

d. KCDC employees, officers or agents shall not solicit or accept gratuities, favors or anything of monetary value from suppliers, potential suppliers or parties to subcontracts, and shall not knowingly use confidential information for actual or anticipated personal gain.

e. KCDC prohibits its suppliers from retaining a person to solicit or secure a contract for a commission, percentage, brokerage or contingent fee except for bona fide employees or bona fide established commercial selling agencies.

f. KCDC and KCDC staff shall avoid Organizational Conflicts of Interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate or subsidiary organization, KCDC, its employees, officers or agent are unable or appear to be unable to be impartial in conducting a procurement action involving a related organization. In all cases in which KCDC, an affiliate or a subsidiary organization is unable or appears to be unable to be impartial in conducting a procurement action legal counsel shall be sought to determine how to proceed.

g. Breach of KCDC’s ethical standards may result in disciplinary actions against employees, officers and agents, up to and including termination of employment (for employees), pursuant to the standards detailed in KCDC’s policies.
h. KCDC’s vendors will adhere to high ethical standards reflective of those stated above. Additionally, prior to receiving an award in response to a solicitation, vendors will agree to adhere to KCDC’s “Supplier Code of Business Conduct.”
1. **Purpose:** The Agency is firmly committed to a workplace free from abusive conduct as defined herein. We strive to conduct our work in an atmosphere of respect, collaboration, openness, safety and equality. All employees have the right to be treated with dignity and respect as required by the Tennessee Healthy Workplace Act.

2. **Applicability:** This policy applies to all KCDC employees, interns, temporary employees, contract employees, and board members.

3. **Definition of Abusive Conduct:** Abusive conduct includes acts or omissions that would cause a reasonable person, based on the severity, nature, and frequency of the conduct, to believe that an employee was subject to an abusive work environment, which can include but is not limited to:
   - Repeated verbal abuse in the workplace, including derogatory remarks, insults, and epithets;
   - Verbal, nonverbal, or physical conduct of a threatening, intimidating, or humiliating nature in the workplace; or
   - The sabotage or undermining of an employee’s work performance in the workplace.

A single act generally will not constitute abusive conduct, unless such conduct is determined to be severe and egregious.

   a. **Abusive Conduct Does Not Include:**
      - Disciplinary procedures in accordance with adopted policies of KCDC
      - Routine coaching and counseling, including feedback about and correction of work performance
      - Reasonable work assignments, including shift, post, and overtime assignments
      - Individual differences in styles of personal expression
      - Passionate, loud expression with no intent to harm others
      - Differences of opinion on work-related concerns
      - The non-abusive exercise of managerial prerogative
4. **Procedures:** The Executive Director/CEO or designee shall implement control procedures designed to reduce to the greatest extent practicable the occurrence of abusive within the Agency and to quickly and effectively deal with any instances of abuse which may occur within the Agency. Those procedures shall include employee education and notification, the manner in which complaints are managed, investigated and resolved.
1. **Purpose:** KCDC shall maintain a Classification Plan (Plan) that provides a complete listing and description of each classification. The classification specification will detail the duties, responsibilities and competencies required. Each classification shall have the same meaning throughout KCDC.

2. **Composition of the Classification Plan:** The Plan shall consist of:
   
   a. **Class Titles:** Class titles used shall be descriptive of the nature of each class. Class titles are to be used on all KCDC official records. However, other titles may be used as "working titles" in the course of departmental routine to indicate authority, status in the department or administrative rank.
   
   b. **Class Specification:** A written specifications for each class of positions shall be maintained. The specifications are meant to be descriptive of the kind of work performed and not necessarily inclusive of all duties performed. Specifications are to be interpreted in their entirety and in relation to others in the Plan. Particular examples or phrases are not to be isolated and treated as a full definition of the class.
   
   c. **Skill Level:** A grouping of all classifications which are basically equal when evaluated with regard to the nature of work and knowledge and ability requirements, supervision exercised and scope of responsibility, scope and effect of decisions and actions, problem solving and complexity, nature, and extent of guidelines, application of authority, purpose and nature of work contacts, and physical or sensory demands or hazards.

3. **Maintenance of the Plan:** The Executive Director/CEO or designee is responsible for maintaining and updating the Plan. Maintenance of the Plan shall include, but not be limited to, periodic review and revision of classification specifications and classification listing. The Executive Director/CEO will make appropriate and necessary amendments to the Plan based on these reviews.
1. **Purpose:** The Pay Plan is established to provide compensation that is internally equitable, consistent with the surrounding market area; and flexible enough to allow response to changing economic and employment conditions in the local job market.

2. **Composition:** The Pay Plan is based on a broadband model with a number of pay grades each with a minimum, midpoint and maximum pay point.

3. **Maintenance:** The Executive Director/CEO or designee is responsible for maintaining and updating the Pay Plan. Factors shall be monitored that are relevant to sound compensation practices such as changes in cost of living, labor market conditions, recruitment problems, turnover experience and related factors. In addition, a salary and benefits survey shall be conducted periodically to ensure the Pay Plan remains competitive.

4. **Administration:** Salary ranges are intended to furnish administrative flexibility in recognizing individual differences among positions allocated to the same class, in providing incentive, and in rewarding employees for meritorious service. The following provisions shall govern the granting of within-range pay increase for employees:

   a. **Starting Rate of Pay:** The pay rate for new employees will be determined based on the employee's education, competencies, experience, and labor market conditions.

   b. **Maximum Rate of Pay:** No employee shall receive a pay increase that exceeds the maximum pay rate of the class occupied. If an employee's rate exceeds the maximum of the range due to a demotion or other administrative action, the employee's rate will be frozen until such time the rate is within range.

   c. **Bonus Payments:** Bonus payments may be awarded for exceptional work performance as funds are available. Bonus payments should be reasonable and approved through the appropriate chain of command including the Executive Director/CEO.
d. **Merit Increases:** KCDC's Pay for Performance Program for regular, full-time employees will be used to determine merit pay increases and/or merit bonuses. Pay increases must be with the salary range for the employee's classification. The Executive Director/CEO or designee will determine the amount and type of rewards given.

e. **Holiday Pay:** Regular, full-time non-exempt employees who are required to work on an official holiday shall receive holiday pay (regular straight time) in addition to receiving time and a half for hours actually worked on the holiday.

f. **Pay Adjustments in Promotions, Demotions, and Transfers:** When an employee is promoted, demoted, or transferred, the rate of pay in the new position will be determined by the supervisory chain of command in consultation with the Human Resources Division.

2. **Pay Adjustment for Temporary Assignment ("Acting"):** When an employee is temporarily assigned to fill-in for another employee who is off work on extended leave, and the temporary classification is in a higher skill level, the employee's pay during the temporary assignment will be determined by the supervisory chain of command in consultation with the Human Resources Division.
1. **Purpose:** This policy is established to ensure equity, consistency and timeliness in recruiting qualified individuals for employment at KCDC. Management will implement recruitment procedures which support the Agency's Equal Employment Opportunity and Affirmative Action Policies.

2. **Recruitment:** Management will determine whether recruitment will be internal or external based upon factors deemed most beneficial to the Agency's success. These factors may include prior succession planning, existing cross-training and experience in the same or similar capacities within the Agency, demonstrated aptitude to meet the challenges of the vacant position and an appropriately professional demeanor. Longevity with the Agency shall not be considered as a reason for advancement.

3. **Job Postings:** Each vacancy shall be posted for a minimum of five (5) business days, unless the classification is posted continuously, was last posted within sixty (60) days, or the Executive Director/CEO or designee waives this rule when sufficient reasons warrant such a change. The application period may be extended by the Executive Director/CEO or designee should the applicant pool fail to provide sufficient qualified applicants. The position will be marketed to the extent required to attract a sufficiently qualified applicant pool.

4. **Recruitment Bonus:** Management may offer a recruitment bonus to employees who refer an applicant that is hire and successfully completed the Initial Hire Period.

5. **Employment Application:** Applications for posted vacancies shall be accepted only during the specified posting period unless waived by the Executive Director/CEO. The application deadline for each vacancy is stated on the posting announcement.

6. **Applicant Selection:** The most qualified applicants will be invited to participate in the selection process. The selection process shall conform to industry best practices in form, content and consistency.
7. **Applicant Evaluation:** All examinations shall be consistent with the Uniform Guidelines on Employee Selection Procedures which were adopted by the EEOC, U.S. Civil Service Commission, and the Departments of Labor and the Department of Justice.
Section E: Human Resources

Knoxville's Community Development Corporation

Hiring Policy

E-120

Issued: 7/1/2006
Revised: 10/31/2019

1. **Purpose:** To establish guidelines for consistent hiring practices within the Agency.

2. **At-will Employment:** All Regular and Temporary employees at KCDC are employed at-will. Nothing in these policies and procedures shall be taken to imply a contract of employment for any specific length of time, or any other contractual rights for these types of employees.

3. **Employment Types:** The following definitions describe the types of employment at KCDC.

   a. **Regular:** employed for an indefinite period as reflected in employment records.

   b. **Temporary:** employed for a specific period (such as seasonal, until a job is completed or to fill in for a sick or injured employee) as reflected by employment records.

   c. **Full-time:** scheduled to work at least 30 hours weekly or 60 hours biweekly as reflected by employment records.

   d. **Part-time:** scheduled to work less than 30 hours weekly or 60 hours biweekly as reflected by employment records.

   e. **Contract Employees:** The Executive Director/CEO may hire contract employees for a defined period of time to work on a specific project as determined to be in the best interests of the Agency.

4. **Initial Hire Period:** All employees receiving an initial appointment to a regular or temporary position type will be required to satisfactorily complete a six-month initial hire period prior to receiving regular, full-time status. The supervisor will complete a performance evaluation form prior to the end of the employee's initial hire period. Retention does not establish an employment contract nor does it change the employee's at-will employment status.

5. **Rehiring Former Employees:** Management will consider former employees who separated in good standing for re-employment on a case by case basis.
1. **Purpose:** KCDC's employee leave provisions have been designed with the health and well-being of its employees in mind. While leave privileges and other benefits add to the security of employees, they also aid KCDC in attracting and retaining capable employees.

2. **Eligibility:** Regular, full-time employees accrue a stated amount of annual leave each pay period based on the employee's years of continuous regular, full-time service. The Executive Director/CEO may grant exceptions to the Annual Leave Policy when deemed appropriate.

3. **Accrual Rates:** Annual leave is accrued each pay period the eligible employee's sum of works and hours of paid leave total 40 hours or more. The amount of annual leave accrued is as follows:

<table>
<thead>
<tr>
<th>Years of Continuous Service</th>
<th>Annual Leave Accrual Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 through 3 years</td>
<td>10 days (3.08 hours per pay period)</td>
</tr>
<tr>
<td>4 through 7 years</td>
<td>15 days (4.62 hours per pay period)</td>
</tr>
<tr>
<td>8 years through 25 years</td>
<td>20 days (6.16 hours per pay period)</td>
</tr>
<tr>
<td>26 years to Retirement</td>
<td>25 days (7.70 hours per pay period)</td>
</tr>
</tbody>
</table>

4. **Available Balance:** Annual leave must be earned and credited before it can be granted.

5. **Leave Requests:** Employees will request leave in advance of the leave date. Employees will give equal notice for equal time. A supervisor may require more advanced notice depending on departmental staffing needs and work deadlines. Use of annual leave is a benefit not an entitlement. Leave requests may be denied if proper notice is not given or if the work load will not permit. Annual leave may only be taken when approved by the direct supervisor.
6. **Holidays While on Annual Leave:** Official holidays occurring during annual leave absences shall not be charged to annual leave.

7. **Maximum Accrual:** Annual leave not used during the calendar year may be carried over to the following year up to a maximum of 240 hours. At the end of the second pay period in December each year, annual leave in excess of 240 hours shall be converted to sick leave.

8. **Annual Leave at Separation:** KCDC will pay the value of unused annual leave less any money owed to KCDC including but not limited to insurance premiums, accounts receivable, reimbursement for KCDC property, and tuition reimbursement. Employees who retire with 70 points may elect to convert up to 240 hours of annual leave to sick leave at separation.
1. **Purpose:** KCDC's employee leave provisions have been designed with the health and well-being of its employees in mind. While leave privileges and other benefits add to the security of employees, they also aid KCDC in attracting and retaining capable employees. The sick leave policy protects employees against loss of income due to illness.

2. **Eligibility:** All regular, full-time employees accrue sick leave each pay period.

3. **Accrual Rate:** Sick leave is accrued each pay period the eligible employee works 40 or more hours. The accrual rate is 3.69 hours per pay period to equal 12 days earned annually.

4. **Available Balance:** Sick leave must be earned and credited before it can be granted. If an employee has exhausted all paid leave, leave without pay may be requested in accordance with policy.

5. **Use of Sick Leave:** Sick leave may be used to cover time off for illness, medical appointments, dental appointment, vision appointments, and other uses related to the health and wellbeing of the employee and the employee’s dependent spouse, child or parent.
   
   a. **Physicians Statement:** KCDC reserves the right to require a physician’s statement to verify any sick leave request. An employee returning to work from sick leave may be requested to submit a physician’s statement certifying the employee’s fitness to return to duty. All medical notes shall be submitted directly to Human Resources.
   
   b. **Dependent Sick Leave:** Sick leave may be used to cover time off for illness, medical appointments, dental appointment, vision appointments, and other uses related to the health and wellbeing the employee’s dependent spouse, child or parent.

6. **Leave Requests:** Procedures governing leave requests, informing of absence, the granting of permissions and other administrative protocols shall be designed and implemented by management. All laws and regulations pertaining to employee rights, such as, but not limited to FMLA, shall be followed.
7. **Holidays While on Sick Leave**: Official holidays occurring during illness shall not be charged to sick leave.

8. **Faking Illness**: An employee faking sickness or injury or otherwise deceiving a supervisor regarding a condition while on sick leave shall be subject to strict disciplinary action up to and including termination.

9. **Maximum Accrual**: There is no maximum accrual amount designated for sick leave.

10. **Sick Leave at Separation**: An employee who separates from KCDC with an accrued balance of 1000 hours or more of sick leave will be entitled to receive a payment equal to 240 hours times his/her current hourly rate of pay. Retirees can elect to have KCDC contribute the cash value of the accrued sick leave not to exceed 2080 hours to the employee’s Post Employment Health Plan premium only account. Retirees shall select either the 240 bonus or PEHP contribution.
1. **Purpose:** The bereavement leave policy supports the employee during a time of loss.

2. **Eligibility:** All regular, full-time employees are covered by this policy upon hire.

3. **Covered Family Members:** An employee bereaved by the death of an immediate family member shall be given leave with pay to attend the funeral. Immediate family is defined to include husband, wife, father, mother, brother, sister, son, daughter, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, son-in-law, grandfather, grandmother, grandson, granddaughter, great grandmother, great grandfather, step-mother, step-father, step-brother, step-sister, step-children, and legal guardian.

4. **Amount of Leave:** Up to three days paid bereavement leave shall be granted. The employee may request additional time off in accordance with policy.

5. **Acknowledgement of Death:** When notified in a timely manner, KCDC will send flowers to all regular, full-time employees and Commissioners upon the death of an immediate family member which includes the following: mother, father, spouse, children, and siblings. Upon the death of an employee or a Commissioner, KCDC will send flowers to the family of the deceased. The cost of this expression of sympathy shall be a reasonable amount established by the Executive Director/CEO or designee. Upon the request of the bereaved employee, a charitable donation may be made in lieu of flowers.
1. **Purpose:** Leave of absence without pay may be granted for personal reasons (such as short-term illness prior to FMLA eligibility, extended travel, etc.).

2. **Request for Leave:** An employee shall submit to the supervisor a written request for leave without pay stating the reason for the request, the preferred date for the start of leave, and the probable date of return.
   
   a. **FMLA:** When an employee exhausts the twelve weeks of protected leave, a request may be made to the department head for thirty calendar days of leave.

3. **Approval:** The immediate supervisor may approve leave without pay for up to three days. The Executive Director/CEO or designee may grant leave without pay not to exceed eight weeks.
1. **Purpose**: This Policy is set forth to provide a Section 125 plan as set forth in Section 125 of the Internal Revenue Service (IRS) code.

2. **Eligibility**: All new regular, full-time employees shall be eligible to join the Plan upon eligibility for the insurance coverage elected.

3. **Premiums**: Certain insurance premiums may be deducted on a pre-tax basis, including but not limited to, medical, dental, and vision.
   
   a. **Eligibility**: All new regular, full-time employees shall be eligible to join the Plan upon eligibility for the insurance coverage elected.

4. **Medical Flexible Spending Account**: The Plan shall allow employees to contribute up to the annual maximum established by IRS regulations. The employee pays 100% of the cost.
   
   a. **Eligibility**: All new regular, full-time employees are eligible to participate in the dependent care assistance plan on the first day of the month following six months of employment.

5. **Limited Medical Flexible Spending Account**: The Plan shall allow employees to contribute up to the annual maximum established by IRS regulations. The employee pays 100% of the cost. Funds contributed to this account may only be used for dental and vision expenses.
   
   a. **Eligibility**: All new regular, full-time employees are eligible to participate in the dependent care assistance plan on the first day of the month following six months of employment.

4. **Health Savings Account**: The Plan shall allow employees enrolled in a Consumer Driven Health Plan to make pre-tax voluntary contributions up to the annual maximum established by IRS regulations. The Executive Director/CEO or designee will determine the amount the Agency will contribute to each account based on tier of coverage.
a. Eligibility: All new regular, full-time employees are eligible to participate in the dependent care assistance plan on the first day of the month following 30 days of employment.

5. **Dependent Care Reimbursement Account:** The Plan shall provide the maximum reimbursement amount allowable under IRS regulations. The employee pays 100% of the cost.

   a. Eligibility: All new regular, full-time employees are eligible to participate in the dependent care assistance plan on the first day of the month following 30 days of employment.

6. **Enrollment and Changes:** In accordance with IRS regulations, employees may only enroll or change elections in the Section 125 Plan during the annual open enrollment period or with a qualifying event.