Date: December 6 2019

To: Board of Commissioners

From: Benjamin M. Bentley, Secretary

Subject: AGENDA
Board Meeting of the Board of Commissioners
Thursday, December 12, 2019, 5p.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 October 31, 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 regarding an amendment to the Loan Agreement and Tax Increment Revenue Note with respect to the South Waterfront Riverwalk Project. (Item 5 Attachment)

6. Resolution regarding a PILOT transaction with Bell Street, L.P. (Item 6 Attachment)

7. Resolution regarding a PILOT transaction with Moss Grove, L.P. (Item 7 Attachment)

8. Resolution authorizing execution of Owner’s Representative Agreement for Austin Homes Phases 1A and 1B and infrastructure. (Item 8 Attachment)

9. Resolution regarding execution of Architect’s Agreement for Austin Homes Phases 1A and 1B. (Item 9 Attachment)
DEVELOPMENT/STRATEGIC PLANNING (Joyce Floyd)
10. Approval is requested to authorize submission of Rental Assistance Demonstration (RAD) applications for Western Heights and Northgate Terrace. (Item 10 Attachment)

FINANCE & ADMINISTRATION (Tracee Pross)
11. Resolution to authorize implementation of KCDC’s Policy Manual. (Item 11 Attachment)

CHAIR (John Winemiller)
12. Approval is requested to enter into an amended and restated Employment Agreement with Benjamin Bentley, CEO. (Item 12 Attachment)

Unfinished Business
Public Forum
Adjournment

The next meeting of the KCDC Board of Commissioners will be
Thursday, January 30, 2020 @ 5:00 p.m.
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD MEETING MINUTES

The Board of Commissioners of Knoxville's Community Development Corporation met on October 31, 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 11:35 a.m.

Approval of the minutes for the meeting held on September 26, 2019. Commissioner McAdoo moved to approve. Commissioner Anderson seconded the motion. All other Commissioners present voted "Aye."

Mo

NEW BUSINESS

REDEVELOPMENT/LEGAL SERVICES (Brad Peters)
Resolution authorizing the execution of documents relating to the amendment of certain tax increment financing documents in connection with the JFG Partners, LLC project. Commissioner Whetsel moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye."
Resolution No. 2019-24 is attached.

Resolution regarding the formation and organizational matters of Moss Grove GP Corporation. Commissioner Anderson moved to approve. Commissioner Henry seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2019-25 is attached.

Approval 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. Commissioner Whetsel moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye."
Approval to convey an easement through 0 Patton Street (095HC008) to benefit the data center to Smith & Hammaker. Commissioner Henry moved to approve. Commissioner Anderson seconded the motion. All other Commissioners present voted "Aye."

Resolution authorizing the redevelopment of the Magdalen Clarke Tower. Commissioner Anderson moved to approve. Commissioner Henry seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2019-26 is attached.

Approval to enter into an non-binding letter of intent to sell the real property located at 931 Langford Avenue (0950B02701) to Dominion Development Group LLC. Commissioner Whetsel moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye."

HOUSING (Sean Gilbert)
Approval to amend the Housing Choice Voucher Payment Standards. Commissioner Henry moved to approve. Commissioner Whetsel seconded the motion. All other Commissioners present voted "Aye."

DEVELOPMENT/STRATEGIC PLANNING (Joyce Floyd)
Approval to award Contract C20005 for the demolition of Austin Homes to TOA LLC. Commissioner McAdoo moved to approve. Commissioner Henry seconded the motion. All other Commissioners present voted "Aye."

FINANCE & ACCOUNTING (Tracee Pross)
Resolution authorizing implementation of KCDC’s Policy Manual. POSTPONED

PUBLIC FORUM
None

UNFINISHED BUSINESS
None

ADJOURNMENT
With no further business to come before the Board, the meeting adjourned at 12:21 p.m.

________________________________________________________________________________________________________________________________________________________________________________________________________________________________________________________

Approved:

John T. Winemiller, Chair

ATTEST:

________________________________________________________________________________________________________________________________________________________________________________________________________________________________________________________

Approved:

Benjamin M. Bentley, Secretary
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>December 12, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution authorizing the amendment to loan agreement and tax increment revenue note with respect to a redevelopment project known as the South Waterfront Riverwalk Project.</td>
</tr>
</tbody>
</table>
| SUBMITTED BY      | Name & Title: Brad Peters, Vice President  
Department: Redevelopment |
| MEETING TYPE      | ☒ Regular  
☐ Special |
| AGENDA CLASSIFICATION | ☒ Resolution  
☐ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted: 0  
Expenditure: 0  
Source of Funds: N/A |
| APPROVAL/REVIEWS  | ☒ Department Head /Vice President  
☐ Budget/Finance  
☒ Legal Counsel  
Name of Reviewer: Mark Mamantov  
☒ Executive Director/CEO  
☐ Other - Name & Title: |
| STAFF RECOMMENDED ACTIONS | Approve: ☒  
Deny: ☐  
Defer: ☐ |

## BACKGROUND

1. **What's the objective of the requested action?**
   Due to a recent change in the status of the TIF lender and the manner in which it bills and collects interest, a minor modification is needed in order to clarify that the monthly interest that is due and payable on the first day of each month covers interest that accrues for the one month period ending fifteen (15) days prior to such payment due date.

2. **Why is the action needed now?**
   Riverwalk Investors, LLC and Pinnacle desire to clarify their loan documents prior to the end of the year.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   TIF Documents: Riverwalk Investors, LLC-Developer, Guarantor; Pinnacle Bank-Lender; KCDC-Borrower (only to the extent of available TIF funds)

4. **What are the long term and short term exposures to KCDC?**
   N/A-The note and obligations relating hereto are not general obligations of KCDC and are payable only from any TIF revenues.

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

The KCDC Board approved the amendment to the redevelopment plan to generally allow this TIF financing on October 31, 2013.

## ATTACHMENTS

Resolution  
Amendment
RESOLUTION NO. __________

RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION REGARDING AN AMENDMENT TO LOAN AGREEMENT AND TAX INCREMENT REVENUE NOTE WITH RESPECT TO A REDEVELOPMENT PROJECT KNOWN AS THE SOUTH WATERFRONT RIVERWALK PROJECT

WHEREAS, the Board of Commissioners of Knoxville's Community Development Corporation ("KCDC") has met pursuant to proper notice; and

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

WHEREAS, KCDC previously executed and delivered its Tax Increment Revenue Note (South Waterfront Riverwalk Project) Series 2016A (Senior Note) dated December 29, 2016, payable to the order of Pinnacle Bank (the "Bank") in the original principal amount of Thirty Six Million Eight Hundred Ten Thousand Dollars ($15,644,707.00) (the "Note"); and

WHEREAS, the Note was executed and delivered in connection with a Loan Agreement dated as of December 29, 2016, between Borrower and Bank (the "Loan Agreement"); and

WHEREAS, KCDC desires to amend the Note and the Loan Agreement to clarify the applicability of interest payments under the Note and the Loan Agreement; and

WHEREAS, there have been submitted to KCDC a form of the Amendment to Loan Agreement and Tax Increment Revenue Note (the "Amendment") which KCDC proposes to execute to carry out the changes described above and a copy of such agreement shall be filed with the records of KCDC.

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

1. The Chairman or Vice Chairman of KCDC is hereby authorized and directed to execute and either is authorized to deliver the Amendment to the other parties thereto.
2. The Amendment shall be in substantially the form submitted, which is hereby approved, with such completions, omissions, insertions and changes as may be requested by the City or approved by the officers executing it, their execution to constitute conclusive evidence of their approval of any such omissions, insertions and changes.

3. The Chairman, Vice Chairman or any other officer of KCDC is hereby authorized to take all such further action as he or she may consider necessary or desirable in connection with the transactions described herein and to take from time to time any actions deemed necessary or desirable by such officer to effectuate and comply with the terms of such Amendment as is executed on behalf of KCDC pursuant to the authorization contained herein.

4. Any and all other actions heretofore taken on behalf of KCDC by the officers of KCDC to execute and deliver the Amendment authorized by the foregoing resolutions, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the officers of KCDC that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved this ___ day of _____________, 2019.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ____________________________
    Secretary

27337051.1
AMENDMENT TO LOAN AGREEMENT AND TAX INCREMENT REVENUE NOTE

THIS AMENDMENT, executed the ____ day of ____________, 2019, by and between KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority of the City of Knoxville, Tennessee, organized under the Tennessee Housing Authority Law, Tenn. Code Ann. §§ 13-20-101, et seq. ("Borrower"), PINNACLE BANK, a state-chartered Tennessee bank ("Bank"), RIVERWALK INVESTORS, LLC, a Tennessee limited liability ("Riverwalk"), and GRAND OAK RIVERWALK, LLC, a Tennessee limited liability ("GOR" and collectively with Riverwalk, the "Developer") ("Developer").

WITNESSETH:

WHEREAS, Bank is the holder of Borrower's Tax Increment Revenue Note (South Waterfront Riverwalk Project) Series 2016A (Senior Note) dated December 29, 2016, payable to the order of Bank in the original principal amount of Thirty Six Million Eight Hundred Ten Thousand Dollars ($15,644,707.00) (the "Note"); and

WHEREAS, the Note was executed and delivered in connection with a Loan Agreement dated as of December 29, 2016, between Borrower and Bank (the "Loan Agreement"; capitalized terms used but not defined herein shall have the meanings set forth in the Loan Agreement); and

WHEREAS, the parties desire to clarify the applicability of interest payments under the Note and the Loan Agreement.
NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. The first sentence of the fourth paragraph on page 1 of the Note is hereby amended and restated as follows:

Commencing on February 1, 2017 and continuing on the first day of each month thereafter through and including February 1, 2020, and on May 1 of each year thereafter through the Maturity Date (each a “Note Payment Date”), the undersigned shall make payments of all interest accrued through the period ending fifteen (15) days prior to such payment due date, so that by way of example, but not limitation, the payment due on November 1, 2019, shall include all interest accrued through October 16, 2019, with all such payments to be made from Tax Increment Revenues available therefor and/or funds provided by Developer.

2. Section 2.5(a) of the Loan Agreement is amended and restated as follows:

(a) All accrued interest shall be due and payable in arrears commencing on February 1, 2017, and on each Note Payment Date thereafter during the term of the Senior TIF Note with each such payment to include interest accrued through the period ending fifteen (15) days prior to the applicable Note Payment Date.

3. All terms and conditions of the Note and the Loan Agreement will remain in full force and effect except as specifically modified herein.

4. This Amendment shall be attached to the Note and, to the extent it modifies the Note, shall become a part thereof.

5. This Amendment shall be executed on behalf of the Borrower with the manual signature of the Chairman, Vice Chairman or other duly authorized officer of the Borrower. The obligations of the Borrower under this Amendment and the other Loan Documents
(as modified hereby), shall not constitute an indebtedness of the City of Knoxville (the "City") or Knox County (the "County") within the meaning of the Constitution and statutes of the State of Tennessee or the charter or ordinances of the City or the County. In the event that a default occurs under this Amendment or the other Loan Documents (as modified hereby), no judgment for any deficiency for the obligations of the Borrower thereunder shall be sought or obtained against the Borrower, 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 Note (as modified hereby) or the lien of the other Loan Documents (as modified hereby), or (y) preclude the Bank from (1) realizing on the collateral described in the Loan Documents in the event of a default, or (2) enforcing any other rights of the Bank against third parties other than the Borrower.

6. No recourse under or upon any obligation, covenants or agreement contained in this Amendment shall be had against any incorporator, member, employee, director or officer, as such, past, present or future, of the Borrower, either directly or through the Borrower. 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 Amendment.
7. 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 the Borrower contained in this Amendment 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.
IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

"BORROWER"

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: _____________________________
Title: ____________________________

"GOR"

GRAND OAK RIVERWALK, LLC

By MPR Consultants, Inc.
Its Manager

By: ______________________________
    Victor J. Mills, President

"RIVERWALK"

RIVERWALK INVESTORS, LLC

By MPR Consultants, Inc.
Its Manager

By: ______________________________
    Victor J. Mills, President

"BANK"

PINNACLE BANK

By: ______________________________
Its ____________________________
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>December 12, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution regarding a PILOT transaction with Bell Street, L.P.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: Jim Hatfield, Real Estate and Redevelopment 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></td>
<td>Source of Funds: n/a</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: Brad Peters</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?**
   - The objective of this action is to obtain authorization to execute documents to provide a payment in lieu of taxes to Bell Street, L.P. Bell Street will construct 105 units of affordable, workforce and market-rate housing. Bell Street, L.P. was awarded $13M of 9% tax credits from THDA.

2. **Why is the action needed now?**
   - Closing for the project is anticipated to occur in the near future.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   - Bell Street, L.P. - The developer who is building the apartments, and the party who will lease back the property from KCDC. KCDC is the GP of Bell Street, LP.
   - KCDC will be the fee Owner of the land for purposes of the PILOT.

4. **What are the long term and short term exposures to KCDC?**
   - KCDC will have minimal exposure in connection with holding nominal title to the property. Under the lease, Bell Street, L.P. is required to broadly indemnify KCDC in connection with KCDC's ownership of the property. It is also required to add KCDC as an additional insured on it commercial general liability insurance.

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

- In 2015, Tenn. Code Ann. § 48-101-312 was amended to permit housing authorities, in certain circumstances, to provide property tax abatement for low-income housing tax projects upon the receipt of a support letter from the mayor.

## ATTACHMENTS

- Resolution, Support Letter, Lease
May 31, 2019

Mr. John Winemiller, Chairman  
Knoxville’s Community Development Corporation  
901 N. Broadway  
Knoxville, Tennessee 37917

Re: Support Letter for Knoxville’s Community Development Corporation (“KCDC”)

Dear Chairman Winemiller:

I understand that KCDC is undertaking the revitalization of the Austin Homes public housing development. In order to finance the redevelopment, KCDC has informed me that the project will be owned by a limited partnership created by KCDC, and that the general partner of the limited partnership will be an instrumentality of KCDC. In order to provide financing for the first phase of the revitalization, KCDC intends to apply for low-income housing tax credits for the project from the Tennessee Housing Development Agency (“THDA”). The KCDC subsidiary board recently voted to apply for tax credits from THDA.

Pursuant to Section 48-101-312 of the Tennessee Code Annotated, and because the City has not formed a health, educational, and housing facility corporation, KCDC is permitted to enter into an agreement with respect to payments in lieu of taxes (“PILOT”) with respect to this project provided that I, as the chief executive officer of the City, provide a letter in support of the first phase of the Austin Homes revitalization. Please accept this letter as evidence of my support of this project. The revitalization of these areas and the provision of affordable housing for low-income citizens are important goals of the City, and this project is consistent with those goals. Because the project will be controlled by KCDC as part of its affordable housing portfolio and because the only reason the project is owned by a limited partnership is for KCDC to take advantage of federal tax credits, the City would request that the partnerships’ PILOT with respect to the project be set for the maximum period permitted by law in the annual amount set forth below. To determine the total amount of PILOT allocable to the project, the three-year average of payments received from Austin Homes under the cooperation agreement with the City were used. During the three-year period, the rents paid by residents were so low that there was no payment due under the cooperation agreement. Therefore, I would ask that the PILOT be set at $0.00.

Please do not hesitate to contact my office if you have any questions.

Sincerely,

Madeline Rogero  
Mayor

APPROVED AS TO FORM:

Charles W. Swanson  
Law Director
RESOLUTION NO. ________

RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION REGARDING A PAYMENT IN LIEU OF TAX TRANSACTION WITH BELL STREET LP

WHEREAS, the Board of Commissioners of Knoxville's Community Development Corporation ("KCDC") has met pursuant to proper notice; and

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

WHEREAS, to further the development of a low-income housing development known as Bell Street Flats in the City (the "Property"), KCDC (i) formed Bell Street Corporation (the "Corporation"), a Tennessee nonprofit corporation, pursuant to Sections 13–20–101 et seq., Tennessee Code Annotated, as an instrumentality of KCDC and (ii) formed, with the Corporation, Bell Street LP, a Tennessee limited partnership (the "Partnership"), of which the Corporation is the general partner and KCDC is the limited partner; and

WHEREAS, to induce the Partnership to cause the acquisition and construction of an approximately 105-unit housing facility (the "Project") located at _________________, Knoxville, Tennessee (the "Property"), KCDC will enter into ground lease pursuant to which KCDC will lease the Project to the Partnership (the "Ground Lease"), the Partnership will then enter into a Ground Sublease pursuant to which the Partnership will sublease the Project to KCDC (the "Ground Sublease") and KCDC will then enter into a Lease pursuant to which KCDC will lease the Project to the Partnership and which shall provide for payments in lieu of taxes (the "PILOT Lease" and together with the Ground Lease and the Ground Sublease, the "Leases"); and

WHEREAS, KCDC has received a letter from the Mayor of the City expressing her support for the Project pursuant to Tenn. Code Ann. § 48–101–312(b)(4)(C); and

WHEREAS, there has been submitted to KCDC forms of the Leases which KCDC proposes to execute to carry out the transaction described above, copies of which instruments shall be filed with the records of KCDC.
NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION:

1. It is hereby found and determined that the implementation of a payment in lieu of tax transaction for the benefit of the Project will promote industry, trade, commerce and housing in the State of Tennessee and will increase the availability of affordable housing and employment in the City.

2. 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 execute the Leases and deliver the same to the Company.

3. KCDC is hereby authorized and directed to enter into the Ground Lease, the Ground Sublease and the PILOT Lease, all in accordance with the terms of the Leases.

4. The Leases shall be in substantially the forms submitted, which are hereby approved, with such completions, omissions, insertions and changes as may be approved by the officer executing them, his or her execution to constitute conclusive evidence of his or her approval of any such omissions, insertions and changes.

5. The officers of KCDC are hereby authorized and directed to execute, deliver and file such other certificates and instruments and to take all such further action as they may consider necessary or desirable in connection with the consummation of the transactions described above, including, without limitation, executing such documents as any lender of the Partnership may request in connection with its liens on the Project.

6. Any authorization herein to execute any document shall include authorization to record such document where appropriate.

7. All other acts of the officers of KCDC which are in conformity with the purposes and intent of this resolution are hereby approved and confirmed.
Approved this 12th day of December, 2019.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By:______________________________

Secretary
LEASE

FROM

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

(a housing and redevelopment authority of
the City of Knoxville, Tennessee organized under Tennessee law)

TO

BELL STREET LP

(a Tennessee limited partnership)

DATED AS OF __________, 2020

This Instrument Prepared By:
BASS, BERRY & SIMS PLC (GMM)
900 S. Gay Street, Suite 1700
Knoxville, Tennessee 37902
LEASE

This Lease, made and entered into as of the ___ day of ____, 2020, by and between 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. (“Lessor”), and BELL STREET LP, a Tennessee limited partnership (“Lessee”).

WITNESSETH:

WHEREAS, Knoxville’s Community Development Corporation (“KCDC”) is the owner of certain real property more particularly described herein as the Leased Land;

WHEREAS, KCDC leased the Leased Land to Bell Street LP under the Prime Lease between KCDC and Bell Street LP;

WHEREAS, KCDC is the sublessee under that certain Ground Sublease between Bell Street LP (as sublessor) and KCDC (as sublessee) wherein the sublessor subleased the Leased Premises to KCDC;

WHEREAS, Lessor 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., as amended (the “Act”), and is authorized under the Act to acquire, whether by purchase, exchange, gift, lease, or otherwise, and to own, lease and dispose of properties for the purpose of providing safe and sanitary dwelling accommodations for persons of low income;

WHEREAS, in order to encourage Lessee to acquire the Leased Property and construct the Improvements consisting of approximately [___] new units of affordable rental housing, thereby furthering the purposes of the Act, Lessor desires to sublease to Lessee and Lessee desires to rent from Lessor the Leased Premises (consisting of the Leased Property and Improvements) on the terms and conditions set forth herein;

WHEREAS, pursuant to Tenn. Code Ann. § 48-101-312(b)(4)(C), the Mayor of the City of Knoxville, Tennessee submitted a letter dated May 31, 2019 to the Lessor supporting the Project and approving the Lessor to negotiate and accept from Lessee payments in lieu of ad-valorem taxes; and

NOW, THEREFORE, Lessor, for and in consideration of the payments hereinafter stipulated to be made by Lessee, and the covenants and agreements hereinafter contained to be kept and performed by Lessee, does by these presents demise, lease and let unto Lessee, and Lessee does by these presents hire, lease and rent from Lessor, for the Term (as defined below) and upon the conditions hereinafter stated, the Leased Premises;

UNDER AND SUBJECT, however, to deed restrictions, covenants, easements, reservations, rights of way and other encumbrances existing as of the date hereof and any other encumbrance hereafter existing that is not created by Lessor; and

UNDER AND SUBJECT to the following terms and conditions:
ARTICLE I
DEFINITIONS

Section 1.01. In addition to the words, terms and phrases elsewhere defined in this Lease, the following words, terms and phrases as used in this Lease shall have the following respective meanings:


"Basic Rent" shall mean the amounts described in Section 4.01.

"Costs of the Project" shall mean anticipated costs of the construction of the Improvements which the Lessee estimates are not less than [$ _______________] (as described in Article X of this Lease).

"Event of Default" shall have the meaning provided in Article XII herein.

"Ground Sublease" shall mean the lease dated as of [______ __, 2020], between Bell Street LP and KCDC.

"Improvements" shall mean the approximately [__] units of affordable rental housing to be constructed on the Leased Land.

"KCDC" shall mean Knoxville’s Community Development Corporation.

"Lease" shall mean this instrument as originally executed or as it may from time to time be supplemented or amended by one or more instruments supplemental hereto.

"Leased Land" shall mean the real property known as [______________], and described in Exhibit A attached hereto.

"Leased Premises" shall mean the Leased Land together with the Improvements constructed or to be constructed by Lessee on the Leased Land.

"Lessee" shall mean Bell Street LP, or its successors and assigns as permitted herein.

"Lessor" shall mean Knoxville’s Community Development Corporation.

"Limited Partner" shall mean initially, [______________], a __________ ____________, and its successors and assigns.

"Prime Lease" shall mean that certain Ground Lease dated as of [______ __, 2020], between KCDC and Bell Street LP.

"Project" shall mean real estate development project known as "[______________]" which includes the Leased Land and the Improvements.

"Tax Year" shall mean each annual period beginning on January 1 of each year and ending on December 31 of that year.

"Term" shall mean the term described in Article III hereof.
ARTICLE II

REPRESENTATIONS OF LESSEE

Lessee makes the following representations and warranties to induce Lessor to enter into this Lease:

(a) Lessee is a limited partnership duly formed and existing under the laws of the State of Tennessee, authorized to conduct business in the State of Tennessee and is in good standing under Tennessee law, with full power and authority to enter into this Agreement and to perform all obligations contained herein and therein, and has, by proper action, been duly authorized to execute and deliver this Lease and, when executed and delivered by the parties thereto, this Lease will constitute the valid and binding obligation of Lessee enforceable in accordance with its terms.

(b) Neither the execution and delivery of this Lease, nor the consummation of the transactions contemplated herein by Lessee, nor the fulfillment of or compliance with the terms and conditions of this Lease, does or will conflict with or result in a breach of the terms, conditions or provisions of any restriction or internal governing document of Lessee or any agreement or instrument to which Lessee is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree to which it is subject, or constitutes a default under any of the foregoing or, except as contemplated hereby, results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Lessee under the terms of any instrument or agreement.

(c) There are no proceedings pending, or to the knowledge of Lessee threatened, against or affecting Lessee in any court or before any governmental authority, arbitration board or tribunal which affect the possibility of materially and adversely affecting the properties, business, prospects, profits or condition (financial or otherwise) of Lessee, or the ability of Lessee to perform its obligations under this Lease. Lessee is not in default with respect to an order of any court, governmental authority, arbitration board or tribunal.

(d) No event has occurred and no condition exists with respect to Lessee that would constitute an Event of Default under the Prime Lease, Ground Sublease, or this Lease, or which, with the lapse of time or with the giving of notice, or both, would become such an Event of Default.

(e) There are no substances, materials, wastes, pollutants or contaminants located on the Leased Premises that are regulated under any environmental law or regulation except those materials and substances that are maintained in compliance with such laws and regulations, and Lessee shall not permit any such substances, materials, wastes, pollutants or contaminants to exist on the Leased Premises during the Term of this Lease except in compliance with such laws and regulations.

(f) The Project constitutes a “tax-credit housing project” as defined in Tenn. Code Ann. § 48-101-312(b)(4)(B).

ARTICLE III

LEASE TERM

Subject to the provisions contained in this Lease, this Lease shall be in full force and effect for a Term of twenty (20) years, commencing on the date hereof and ending on [_______, 2040], unless terminated earlier, in accordance with the terms hereof. If requested by Lessor, Lessee shall execute and deliver a lease commencement agreement defining the exact term of the Lease.
ARTICLE IV

RENT

Section 4.01. Basic Rent. Lessee will pay to Lessor without notice or demand, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, as Basic Rent: (a) annual rent in the amount of $100.00 and (b) all costs and expenses incurred by Lessor in connection with its obligations described herein including but not limited to attorney fees and expenses incurred by Lessor in connection with this Lease. Lessor acknowledges that Lessee has paid all Basic Rent described in clause (a) of the foregoing sentence in advance on the date hereof.

Section 4.02. Additional Rent.

(a) Lessee agrees, as additional rent, to complete the construction of Improvements contemplated in Article X of this Lease and to pay all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay.

(b) Lessee shall also pay as additional rent the payments in lieu of taxes described in Section 6.04 hereof.

(c) In the event of any failure on the part of Lessee to pay any amounts, liabilities or obligations described in this Section 4.02, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of the Basic Rent.

ARTICLE V

COMPLIANCE WITH LAWS; PERMITTED CONTESTS; LESSEE'S ACCEPTANCE OF LEASED PREMISES

Section 5.01. Compliance with Laws. Lessee shall throughout the Term and at no expense to Lessor promptly cure any violations under all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which are or shall become applicable to the Leased Premises, the repair and alteration thereof, and the use or manner of use of the Leased Premises, whether or not such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary, and whether or not they shall involve any change of governmental policy or shall require structural or extraordinary repairs, alterations or additions, irrespective of the cost thereof; provided, however, that Lessee, in lieu of compliance with such laws, orders, rules, regulations and requirements, or the making of such additions, changes or alterations, may, at its option, terminate this lease as provided in Section 12.02 herein.

Section 5.02. Permitted Contests. Lessee shall not be required to comply or cause compliance with the laws, ordinances, orders, rules, regulations or requirements referenced in Section 5.01, so long as Lessee shall, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses (including attorneys' fees) in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses.
Section 5.03. Acceptance of Leased Premises. Lessee acknowledges that (a) it has examined the state of Lessor's interest in the Leased Premises prior to the making of this Lease and knows the condition and state thereof, including, without limitation, the environmental and soil conditions, as of the first day of the term of this Lease; (b) it accepts the same in said condition; and that (c) no representations as to the condition or state thereof have been made by representatives of Lessor; and (d) in entering into this Lease, Lessee is relying solely upon its own examination thereof.

ARTICLE VI

TAXES AND OTHER CHARGES

Section 6.01. Taxes and Other Governmental Charges. Lessee agrees, subject to the provisions of Section 6.04, to pay and discharge, as additional rent, punctually as and when the same shall become due and payable without penalty, all ad valorem taxes that at any time from the date hereof and during the Term shall be or become due and payable by Lessor or Lessee and that shall be levied, assessed or imposed upon, or that shall be or become liens upon, the Leased Premises or any portion thereof or any interest of Lessor or Lessee therein, under and by virtue of any present or future law, statute, regulation or other requirement of any governmental authority.

Section 6.02. Lessee Subrogated to Lessor's Rights. To the extent of any payments of additional rent by Lessee under this Article VI, Lessee shall be subrogated to Lessor's rights in respect to the proceedings or matters relating to such payments, and any recovery in such proceedings or matter shall be used to reimburse Lessee for the amount of such additional rent so paid by Lessee.

Section 6.03. Utility Services. Lessee agrees that Lessor is not, nor shall it be, required to furnish to Lessee or any other user of the Leased Premises any gas, water, sewer, electricity, light, heat, power or any other facilities, equipment, labor, materials or services of any kind and Lessee agrees that it shall pay all costs and expenses related to the foregoing.

Section 6.04. Payments in Lieu of Taxes.

(a) PILOT Payments. Lessee recognizes that leasehold title to the Leased Premises is held by Lessor and that leasehold title to the Leased Premises is exempt from all taxation in the State of Tennessee. In addition to Basic Rent and any additional rent hereunder, Lessee and Lessor agree that Lessee shall pay directly to the City in payment in lieu of taxes equal to $1,447.50 for each Tax Year.

(b) Maximum Tax Payment. Nothing contained in this Section 6.04 is intended or shall be construed to require the payment by Lessee of any greater amounts in lieu of taxes than would be payable if the Leased Property were owned by Lessee. It is accordingly understood and agreed that the amount payable by Lessee in any year under the provisions of this Section 6.04 shall be reduced by the amount of any ad valorem taxes lawfully levied upon the Leased Premises or any part thereof, or upon Lessee's leasehold estate therein, and actually paid by Lessee to the City of Knoxville or Knox County pursuant to the requirements of Section 6.01 hereof and to the extent that any such tax payments paid by Lessee pursuant to the requirements of Section 6.01 hereof for any year shall exceed the in-lieu-of-tax payments for such year otherwise provided in this Section 6.04 the amount payable by Lessee in any subsequent year under the provisions of this Section 6.04 shall be reduced by such excess amount.

(c) Time of Payment. Any in-lieu-of-tax payments shall be due on or before (i) February 28 following the Tax Year with respect to which each such payment relates; and (ii) for the final Tax Year of the Term, payments in lieu of tax payments required by this Lease, and payments of taxes owed for the remainder of the Tax Year after termination of this Lease, shall be due and payable on the last day of the
Term. The obligation to make any payment in lieu of taxes with respect to any Tax Year shall survive the termination of this Lease.

(d) **Tax on Additional Improvements.** The payments in lieu of taxes payable hereunder shall only apply to the Leased Land and Improvements. In the event Lessee constructs improvements on the Leased Land other than the Improvements described in Article X hereof, Lessee shall make payments in lieu of taxes to the appropriate taxing jurisdictions with respect to such additional improvements in an amount equal to the ad valorem taxes that would otherwise be payable by Lessee if Lessee was the owner of such additional improvements unless the parties hereto agree in writing to the contrary.

(e) **Pro Ration.** If the calculation of any payment in lieu of tax is required for any reason hereunder with respect to only a portion of a Tax Year, a pro-rated amount shall be determined based upon the proportion that the period for which such payment relates bears to the entire Tax Year.

Section 6.05. **Permitted Contests.** Lessee shall not be required to pay any tax or assessment against the Leased Premises or any part thereof, so long as Lessee shall, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings which shall operate to prevent the collection of the tax or assessment so contested or resulting from such contest and the sale of the Leased Premises or any part thereof to satisfy the same. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses (including attorneys' fees) in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses.

**ARTICLE VII**

**MAINTENANCE AND REPAIR**

Lessor shall not be required to rebuild or to make any repairs, replacements or renewals of any nature or description to the Leased Premises or to make any expenditures whatsoever in connection with this Lease or to maintain the Leased Premises in any way. Lessee expressly waives the right contained in any law now or hereafter in effect to make any repairs at the expense of Lessor.

Except as provided in the next paragraph, Lessee shall keep and maintain in good order, condition and repair (including any such repair as is required due to fire, storm or other casualty) the Leased Premises and every part thereof and any and all appurtenances thereto. Lessee shall save Lessor harmless on account of claims for mechanics, materialmen's or other liens in connection with any work by Lessee, and any such liens shall exist only against Lessee's leasehold interest and shall be discharged, by bond or otherwise, within thirty (30) days after filing. Lessee shall keep and maintain the Leased Premises in accordance with all directions, rules and regulations of the proper officials of the government agencies having jurisdiction, at the sole cost and expense of Lessee.

In the event the Improvements are destroyed or substantially damaged by fire, storm or other casualty, Lessee shall not be required to rebuild the Improvements on the Leased Premises. In the event Lessee does not elect to rebuild the Improvements on the Leased Premises in such a case, Lessee shall within sixty (60) days after such casualty (a) remove all rubble, debris, materials and any remaining Improvements on the Leased Premises so that the Leased Premises are in good condition and would be ready to develop with other improvements, and (b) terminate this Lease by giving written notice to Lessor.
ARTICLE VIII

CONDEMNATION

If during the Term, all or any part of the Leased Premises be taken by the exercise of the power of eminent domain or condemnation, Lessee shall be entitled to and shall receive the entire award for the taking; provided, however, this shall not in any way affect the allocation of any award amongst KCDC or Lessee under the terms of the Prime Lease. If title to or control of all of the Leased Premises shall be taken by the exercise of the power of eminent domain or condemnation, or if such use or control of a substantial part of the Leased Premises shall be taken as to result in rendering the Leased Premises undeliverable to Lessee, Lessee may terminate this Lease by giving written notice to the Lessor and thereafter shall have no further liability hereunder except as specifically provided herein.

ARTICLE IX

INSURANCE, INDEMNIFICATION AND LIMITATION OF LIABILITY

Section 9.01. Insurance. Lessee shall carry commercial general liability insurance covering the Leased Premises and the use and occupancy of the same in a company or companies licensed to do business in Tennessee under a policy reasonably satisfactory to Lessor both as to amount and coverage and shall provide evidence of same to Lessor. Lessor shall be listed as an additional insured on such policy. Lessee shall also insure all Improvements on the Leased Premises at their full replacement value, with Lessor being included as an additional insured, and Lessee shall provide evidence of same to Lessor. Each policy described above shall contain a provision that it may not be canceled without first giving Lessor not less than thirty (30) days prior written notice.

Section 9.02. Indemnification. Lessee covenants and agrees, at its expense, to pay, and to indemnify and save Lessor and its directors, agents and employees (collectively, the "Indemnified Parties") harmless against and from any and all claims by or on behalf of any person, firm, corporation, or governmental authority, arising from the occupation, use, possession, conduct or management of or from any work or activity done in or about the Leased Premises or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Leased Premises or the occupancy or use thereof. Lessee also covenants and agrees, at its expense, to pay, and to indemnify and save the Indemnified Parties harmless against and from, any and all claims, costs or expenses arising from (i) any condition, including any environmental condition, now existing or hereafter arising, on the Leased Premises, (ii) any breach or default on the part of Lessee in the performance of any covenant or agreement to be performed by Lessee pursuant to this Lease, (iii) any act or negligence of Lessee, or any of its agents, contractors, servants, employees or licensees, or (iv) any accident, injury or damage whatever caused to any person, firm or corporation in or about the Leased Premises and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section. In the event that any action or proceeding is brought against any Indemnified Party by reason of any such claims, Lessee, upon notice from such Indemnified Party, covenants to resist or defend such action or proceeding. The indemnification provided shall survive termination of this Lease.

Section 9.03. Limitation of Liability. This Lease and the obligations of Lessor hereunder shall be non-recourse as to Lessor, and Lessor shall have absolutely no personal or individual liability with respect to any of the terms, covenants and conditions of this Lease. Lessee hereby expressly agrees that it shall look solely to the equity of Lessor or its successor(s) interest in the Leased Premises for the satisfaction of any remedy of Lessee in the event of any breach by Lessor of any of the terms covenants and conditions of this Lease. This exculpation of Lessor's personal liability is absolute and without any
exception whatsoever. Lessee acknowledges that Lessor is a governmental entity and is subject to the protection of the Tennessee Governmental Tort Liability Act, Tennessee Code Annotated § 29-20-101 through 29-20-408 (as amended from time to time), and nothing contained herein shall constitute a waiver or release of Lessor’s rights and protections under said Act.

ARTICLE X

CONSTRUCTION OF IMPROVEMENTS; ALTERATIONS

Lessee agrees during the Term of the Lease to use the Leased Premises for the Project and no other purpose unless permitted in writing by Lessor.

Lessee also agrees to construct the Improvements by [__________, 20__] pursuant to plans and specifications provided by Lessee to Lessor and approved by the City of Knoxville. The Improvements shall be constructed in good and workmanlike manner, and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and offices thereof. Lessee shall maintain or cause to be maintained, at all times when any work is in process on the Improvements, workmen's compensation insurance covering all persons employed in connection with such work and with respect to whom death or bodily injury claims could be asserted against Lessor, Lessee or the Leased Premises.

Lessee covenants and agrees at its expense to construct the Improvements on the Leased Land in accordance with plans that have previously been presented by Lessee to the City of Knoxville. Lessee covenants and agrees it shall expend not less than $[________] for the Costs of the Project. The Costs of the Project shall be treated as additional rent payable by Lessee under this Lease. Lessee shall provide to Lessor, at Lessor’s request, evidence of the completion of the Project, and spending of anticipated Costs of the Project, in a form reasonably required by Lessor.

ARTICLE XI

SUBLETTING, ASSIGNMENTS AND MORTGAGING

(a) Lessee shall not have the right to assign or otherwise transfer its rights and interest hereunder except with the prior written consent of Lessor or as explicitly permitted in this Lease Agreement. Transfers of partnership interests within Lessee that are permitted under the terms of the Lessee’s partnership agreement shall not constitute a transfer of Lessee’s rights under this Lease Agreement and shall not require the consent of Lessor or constitute an Event of Default hereunder, so long as KCDC remains a partner of Lessee.

(b) Lessee may, with the written consent of the Lessor, sublet the Leased Premises or any part thereof for such residential and commercial purposes as are permitted by applicable laws.

(c) Notwithstanding the foregoing limitation hereof, and subject to the other terms of this Lease, Lessee is hereby given the right, at any time and from time to time, to mortgage its leasehold estate in the Leased Premises, provided that any such leasehold mortgage shall be subject and subordinate to the rights of Lessor hereunder. As used in this Section and throughout this Lease, the noun “mortgage” shall include a leasehold deed of trust, the verb “mortgage” shall include the creation of a leasehold deed of trust, the word “mortgagee” shall include the beneficiary under a leasehold deed of trust, and the terms “foreclose” or “foreclosure” shall include a trustee's sale under a deed of trust as well as a foreclosure by judicial process.
(d) Any mortgagee, lender or other holder of similar rights must comply with the requirements described in the Lease.

(e) If a mortgagee shall have given Lessor a written notice specifying the name and mailing address of the mortgagee, then Lessor shall not terminate this Lease by reason of the occurrence of any Event of Default hereunder unless Lessor shall have given the mortgagee a copy of its written notice to Lessee of such Event of Default addressed to the mailing address last furnished by the mortgagee.

(f) Upon the occurrence of a default under any mortgage, the sole remedy available to a mortgagee under any mortgage of the leasehold estate is the mortgagee’s right to exercise Lessor’s option to terminate this Lease as provided in Section 12.02 hereof. Lessee irrevocably directs that Lessor accept, and Lessor agrees to accept, performance by any such mortgagee of the Lessee’s right to terminate this Lease granted to Lessee by Section 12.02 hereof, regardless whether an Event of Default has occurred.

(g) Notwithstanding the term of any mortgage, Lessee's mortgagee shall have no further rights in the Lease except as stated herein.

ARTICLE XII
EVENTS OF DEFAULT; TERMINATION

Section 12.01. Events of Default. If any one or more of the following events (herein called "Events of Default") shall happen:

(a) if Lessee shall cease to exist as a legal entity (as determined by the State in which the Lessee is organized);

(b) if Lessee shall fail to construct the Improvements as required by the terms of Article X of this Lease;

(c) if Lessee fails to spend the Costs of the Project in order to complete the acquisition, construction and rehabilitation of the Project;

(d) if Lessee fails to maintain the commercial general liability insurance required herein;

(e) if default shall be made in the due and punctual payment of any additional rent payment due pursuant to Section 6.04 hereof, and such default shall continue for more than ten (10) days after receipt of written notice to the Lessee from the Lessor;

(f) if default shall occur under the Prime Lease or if such lease is terminated for any other reason;

(g) if default shall occur under the Ground Sublease or if such lease is terminated for any other reason; or

(h) if default shall be made by Lessee in the due performance of or compliance with any of the terms hereof; then in any such event Lessor at any time thereafter and, while such Event of Default shall continue, may give a written termination notice to Lessee, which notice shall specify the nature of
the Event of Default, the right of Lessee to cure such Event of Default, and a date of termination of this Lease not less than thirty (30) days after the giving of such notice if such Event of Default is not cured. Upon such termination, Lessor shall have the right, but not the obligation, to enter upon the Leased Premises and repossess the Leased Premises and recover from Lessee all taxes of any kind accruing from the date of this Lease to and including the date of default that would have been paid by Lessee but for the terms granted in this Lease.

Section 12.02. Termination by Lessee. Lessee shall have the option to terminate this Lease at any time during the Term after providing at least thirty (30) days’ prior written notice of its intent to terminate the Lease pursuant to this Section 12.01, provided that such termination is deemed an event of default under the Ground Sublease. Lessee’s right to terminate this Lease may be exercised whether or not an Event of Default has occurred hereunder. If such option to terminate is exercised prior to the end of the Term, Lessee shall also pay the PILOT payments described in Section 6.04 of this Lease, prorated at the time of termination for the year in which termination occurs.

ARTICLE XIII

EASEMENTS

From time to time during the Term, KCDC and Lessee shall have the right, at Lessee's expense, to cause KCDC (i) to grant easements affecting the Leased Premises, (ii) to dedicate or convey, as required, portions of the Leased Premises for road, highway and utilities and other public purposes, and (iii) to execute petitions to have the Leased Premises or portions thereof annexed to any municipality or included within any utility, highway or other improvement or service district.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Applicable Law. This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Tennessee.

Section 14.02. Rights of KCDC. Lessor and Lessee acknowledge and agree that the terms and conditions of this Lease shall not alter, modify or otherwise affect the rights, privileges and interests of KCDC set forth in the Prime Lease (including, without limitation, any rights of KCDC to approve or consent to any matters permitted in the Prime Lease).

Section 14.03. Severability. In the event that any clause or provision of this Lease shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.

Section 14.04. Notices and Demands. All notices, certificates, demands, requests, consents, approvals and other similar instruments under this Lease shall be in writing, and shall be deemed to have been properly given and received if sent by United States certified or registered mail, (a) if to Lessee addressed to Lessee at P.O. Box 3550, Knoxville, Tennessee 37927, Attention: Benjamin M. Bentley, and a copy to c/o G. Mark Mamantov, Esq., Bass, Berry & Sims PLC, 1700 Riverview Tower, Knoxville, Tennessee 37902 or at such other address as Lessee from time to time may have designated by written notice to Lessor; and (b) if to Lessor addressed to Lessor, P.O. Box 3550, Knoxville, Tennessee 37927, Attention: Benjamin M. Bentley, and a copy to c/o G. Mark Mamantov, Esq., Bass, Berry & Sims PLC, 1700 Riverview Tower, Knoxville, Tennessee 37902 or at such other address as Lessor may from time to time have designated by written notice to Lessee.
Copies of all notices given to Lessee shall be concurrently transmitted to the Limited Partner at the following address: ________________, Attention: __________. The Limited Partner shall have the same cure period after the giving of a notice as provided to Lessee, plus an additional period of 30 days. If the Limited Partner elects to cure the Event of Default (and nothing hereunder binds the Limited Partner to do so), Lessor agrees to accept such performance as though the same had been done or performed by Lessee.

Section 14.05. Headings and References. The headings in this Lease are for convenience of reference only and shall not define or limit the provisions thereof. All references in this Lease to particular Articles or Sections are references to Articles or Sections of this Lease, unless otherwise indicated.

Section 14.06. Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their permitted respective successors and assigns.

Section 14.07. Multiple Counterparts. This Lease may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument.

Section 14.08. Expenses upon Default. In the event that Lessor shall be required to engage legal counsel for the enforcement of any of the terms of this Lease, whether or not such employment shall require institution of suit or other legal services required to secure compliance on the part of Lessee, Lessee shall be responsible for and shall promptly pay to Lessor the reasonable value of said attorneys’ fees, and any other expenses incurred by Lessor as a result of such default.

Section 14.09. No Liability of Officers, Etc. No recourse under or upon any obligation, covenants or agreement contained in this Lease shall be had against any incorporator, members, director or officer, as such, past, present or future, of Lessor, either directly or through the Lessor. 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 by Lessee as a condition of and consideration for the execution of this Lease.

Section 14.10. No Liability of City, Officer, Etc. The City of Knoxville, Tennessee, and its officials 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 Lessor contained in this Lease or otherwise shall be construed to constitute an indebtedness of the City of Knoxville, Tennessee, or its officials or agents, within the meaning of any constitutional or statutory provision whatsoever.

Section 14.11. Limitation of Liability. Notwithstanding any other provision hereof, Lessor's liability hereunder shall be limited to its interest in the Leased Premises and Lessee shall not have any recourse against any other assets of Lessor.

Section 14.12. Sign. During the construction of the Improvements, Lessor and the City of Knoxville shall be permitted to place a sign on the Project indicating their support of Lessee's activities on the Leased Premises so long as such sign is in compliance with all local laws and regulations.

Section 14.13. Reports. During the term of the Lease, Lessee shall, at the request of Lessor, assist Lessor by providing to Lessor, or its designee, information necessary to complete (a) reports required under applicable law or (b) any other certificate or form relating to the Project reasonably requested by the Lessor. If requested by Lessor, Lessee shall certify such information and sign the reports in its capacity as Lessor under the terms of this Lease.
IN WITNESS WHEREOF, the parties have executed this Lease on the date set forth above.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION, Lessor:

By: ________________________________
    John T. Winemiller, Chairman

BELL STREET LP,
a Tennessee limited partnership, Lessee:

By:  BELL STREET CORPORATION,
     its general partner

By: ________________________________
    Benjamin M. Bentley, President
EXHIBIT A

LEGAL DESCRIPTION OF LEASED LAND
BELL STREET LP
(a Tennessee limited partnership)

TO

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
(a housing and redevelopment authority of the City of Knoxville, Tennessee organized under Tennessee law)

GROUND SUBLEASE
DATED AS OF [___ __, 2020]

This instrument prepared by:
BASS, BERRY & SIMS PLC (GMM)
900 S. Gay Street, Suite 1700
Knoxville, Tennessee 37902
GROUND SUBLEASE

This Ground Sublease (this "Sublease") is made and entered into as of the ___ day of ___, 2020, by and between BELL STREET LP, a Tennessee limited partnership ("Sublessor") and 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. ("Sublessee").

WITNESSETH:

WHEREAS, Sublessor is the lessee under that certain Ground Lease, dated as of [____, 2020] (the "Prime Lease") between Knoxville's Community Development Corporation (in its capacity as lessor under the Prime Lease, "KCDC") and Sublessor, which provides for the lease to Sublessor of certain real property described therein; and

WHEREAS, Sublessee 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., as amended (the "Act"), and is authorized under the Act to acquire, whether by purchase, exchange, gift, lease, or otherwise, and to own, lease and dispose of properties for the purpose of providing safe and sanitary dwelling accommodations for persons of low income; and

WHEREAS, Sublessor desires to Sublease to Sublessee, and Sublessee desires to sublease from Sublessor the aforementioned real property, which is further described on Exhibit A attached hereto, together with the Improvements (as defined in the Prime Lease) to be constructed thereon by Sublessor (the "Leased Property"); and

WHEREAS, the parties have agreed that Sublessor will sublet the Leased Property to Sublessee subject to the terms of this Sublease;

NOW, THEREFORE, in consideration of the mutual covenants, agreements and undertakings set forth herein, the parties hereby agree as follows:

1. Premises, Term and Rent. Sublessor hereby leases to Sublessee, and Sublessee hereby leases from Sublessor the Leased Property. Subject to the provisions hereof, the term of this Sublease shall begin on the date hereof and shall end on [____, 2095]; provided, however, that Sublessor shall have the right to terminate this Sublease at any time by giving to Sublessee thirty (30) days' written notice. The annual rent payable hereunder shall be $100.00, payable in advance, on the date hereof and on or before the first (1st) day of each January thereafter, without demand, to Sublessor at the address set forth hereafter. Sublessor acknowledges that Sublessee has paid all rent payable hereunder in advance on the date hereof.

2. Taxes. Sublessor shall be responsible for all real estate taxes and special assessments levied upon Sublessor's and Sublessees' interest in and to the Leased Property attributable to the period covered by this Sublease to the extent such taxes or assessments are lawfully due and payable. Sublessor shall pay all such taxes and assessments directly to the appropriate officer of the taxing authority before they become delinquent.

3. Maintenance; Utilities. Sublessee shall have no obligation whatsoever to maintain or repair the Leased Property or any portion thereof. Sublessor will keep the Leased Property, including any improvements hereinafter existing thereon, in good repair and clean condition, reasonable wear and tear and damage by fire or other casualty or condemnation excepted.
Sublessee shall have no obligation to maintain any insurance with respect to the Leased Property whatsoever, including any property insurance.

Sublessor will pay all bills for electricity, natural gas, water, and other utilities serving the Leased Property.

4. **Fire or Other Casualty.** If any improvements on the Leased Property should be damaged or destroyed by fire or other casualty, Sublessee shall have no obligation whatsoever to repair or rebuild such Leased Property.

5. **Surrender of Leased Property.** At the expiration of the term or earlier termination of this Sublease, Sublessee shall peaceably yield up to Sublessor the Leased Property and all improvements thereto. Upon expiration or earlier termination of this Sublease, all interests in the Leased Property shall be re vested in Sublessor, and Sublessee shall have no interests therein.

6. **Use of Leased Property.** The Leased Property shall be used only for the purposes permitted by the Prime Lease. Neither Sublessor nor Sublessee will at any time use or occupy the Leased Property in violation of laws, ordinances, or regulations of any government or agency having jurisdiction or in violation of insurance contracts.

7. **Indemnity; Liability Insurance.** Sublessee shall have no obligation or liability for Sublessor's property of any kind that may at any time be used, left or placed by Sublessor on the Leased Property during the term of this Sublease.

Sublessor will save, indemnify and hold Sublessee free and harmless from any and all liability or any injury, loss, or damage to person or property arising out of any cause associated with Sublessor's business or use of the Leased Property, including its omission to act.

Sublessor agrees to provide commercial general liability insurance with respect to the Leased Property in such amounts and upon such terms as are required by Prime Lease or as may otherwise be agreed upon by Sublessor and Sublessee, naming Sublessee as an additional insured to protect Sublessee from loss covered by such insurance.

8. **Quiet Enjoyment.** As long as the Prime Lease has not been terminated, Sublessor covenants that Sublessee shall peaceably hold and enjoy the Leased Property during the term of the Sublease, subject to the terms of this Sublease and the Prime Lease.

9. **Eminent Domain.** If the whole of the Leased Property shall be taken or condemned by any competent authority for any public use or purpose, this Sublease shall also terminate. The entire award of damages or compensation for the Leased Property taken as between Sublessor and Sublessee, whether such taking be in whole or in part, shall belong to and be the property of the Sublessor; provided, however, this shall not in any way affect the allocation of any award amongst KCDC or Sublessor under the terms of the Prime Lease.

10. **Assignment and Subleasing.** Sublessee may not assign this Sublease or sublet the Leased Property (except to Sublessor), either in whole or in part, without the prior written consent of Sublessor, which such consent may be granted or withheld in Sublessor’s sole and absolute discretion. Consent to one assignment or subletting will not be deemed a consent to any other. Sublessor and Sublessee acknowledge that they are entering into that certain Lease dated as of the date hereof ("PILOT Lease") pursuant to which Sublessee leases back the Leased Property to Sublessor.
11. **Notice.** Any notices required to be sent hereunder shall be hand delivered or sent by certified mail return receipt requested, postage prepaid or via overnight courier service to the following addresses or such other addresses as the parties may hereafter designate pursuant to this Section 11:

**Sublessor:** Bell Street LP  
901 Broadway, N.E.  
Knoxville, TN 37917  
Attention: Benjamin M. Bentley

With a copy to:  
[ ]  
[ ]  
[ ]  
Attention: [ ]

**Sublessee:** Knoxville's Community Development Corporation  
901 Broadway, N.E.  
Knoxville, Tennessee 37917  
Attention: Chairman

All notices shall be effective upon receipt at the proper address.

12. **Default.** An event of default by Sublessor shall occur hereunder if Sublessor shall breach or fail to perform any material term, covenant or agreement contained herein and such breach shall continue for thirty (30) days after written notice of such breach is provided by Sublessee to Sublessor, provided that if such failure cannot reasonably be cured within such 30-day period, it shall not constitute an event of default hereunder if corrective action is instituted by the appropriate party during such period and diligently pursued until such failure is cured.

Upon the occurrence of an event of default hereunder, Sublessee may at its option, in addition to any other remedies that it may have at law or equity, terminate this Sublease. All actions taken by Sublessee pursuant to this Section shall be without prejudice to any other remedies which might otherwise be used for the breach of covenant or conditions.

13. **Hazardous Substances.** As used in this Sublease, "Hazardous Substances" shall mean any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, or a hazardous or toxic substance by any federal, state, or local environmental statute, regulation, or ordinance presently in effect or that may promulgated in the future, as such statutes, regulations, and ordinances may be amended from time to time, including, without limitation, asbestos, urea formaldehyde foam insulation, and petroleum products. Sublessor agrees to indemnify and hold Sublessee harmless from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits, and other proceedings, costs, and expenses (including, without limitation, reasonable attorney's fees) arising directly or indirectly from or out of, or in any way connected with (a) the presence of any Hazardous Substance on the Leased Property or (b) any violation or alleged violation of any local, state or federal environmental law, regulation, ordinance or administrative or judicial order relating to Hazardous Substances on the Leased Property.

14. **Estoppel Letters.** Either party hereto shall at any time and from time to time, upon not less than ten days prior written notice from the other, execute, acknowledge and deliver to the requesting party a statement in writing certifying that this Sublease is unmodified and in full force and effect (or if modified, stating the nature of such modification and certifying that this Sublease, as so modified, is in
full force and effect), and the dates to which the rental and other charges are paid in advance, if any, and acknowledging that there are not, to the certifying parties' knowledge, any uncured defaults on the part of the other party hereunder, and that no event has occurred which, by the giving of notice or the passage of time, or both, would constitute a default, or specifying such defaults or events if they are claimed. Failure of a party to deliver such statement within such time shall be conclusive upon such party that this Sublease is in full force and effect, without modification except as may be represented by the requesting party, and that there are not uncured defaults in the requesting party's performance.

15. **Prime Lease.** This Sublease is subject and subordinate to the Prime Lease. Sublessor shall neither do nor permit, to the extent within Sublessor's control, anything to be done which would cause the Prime Lease to be terminated or forfeited by reason of any right of termination or forfeiture reserved or vested in KCDC under the Prime Lease, and Sublessor shall indemnify and hold Sublessee harmless from and against all claims of any kind whatsoever by reason of any breach or default on the part of Sublessor by reason of which the Prime Lease may be terminated or forfeited. During the term of this Sublease, Sublessor shall at all times comply with the terms of the Prime Lease. Upon the expiration or termination of this Sublease, all of Sublessee's interests in the Leased Property shall be revested in Sublessor, and Sublessee shall have no interests therein.

16. **Permitted Encumbrances.** Sublessee acknowledges and agrees that its rights and interests under the Sublease and in the Leased Property are subject to the Permitted Encumbrances (as defined in the Prime Lease).

16. **No Waiver.** The subsequent acceptance of rent hereunder by Sublessor shall not be deemed a waiver of any preceding breach of any obligation hereunder by Sublessee other than the failure to pay the particular rental so accepted, and the waiver of any breach of any covenant or condition by Sublessor shall not constitute a waiver of any other breach regardless of knowledge thereof.

17. **Gender.** Wherever appropriate herein, the words "Sublessor" and "Sublessee" and the pronouns referring thereto, shall be construed singular or plural, masculine, feminine or neuter as the facts warrant.

18. **Brokers.** Sublessor and Sublessee warrant to each other that they have dealt with no brokers in connection with this Sublease. In the event a broker claims a fee or commission in connection with this Sublease resulting from the alleged employment by Sublessor, Sublessor will hold Sublessee harmless therefrom.

19. **Memorandum of Sublease.** This Sublease will not be recorded, but at the request of either party a memorandum or short form thereof will be executed and recorded.

20. **Entire Agreement.** It is agreed that the entire understanding between the parties is set out in this Sublease, that this Sublease supersedes and voids all prior proposals, letters and agreements, oral or written, and that no modification or alteration of this Sublease shall be effective unless evidenced by an instrument in writing signed by both parties.

21. **Heirs, Successors and Assigns.** All the terms, covenants, and conditions hereof shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto.

22. **Non-Recourse Liability of Sublessee.** Sublessor agrees that any liability that the Sublessee might incur under or upon any obligation, covenant or agreement contained in this Sublease shall be limited to its interest in the Leased Property, and that no recourse hereunder shall be had against
the Sublessee except as to Sublessee's interest in the Leased Property. In no event shall the City of Knoxville be liable for any obligation of Sublessee hereunder.

23. **No Liability of Officers, Etc.** No recourse under or upon any obligation, covenant or agreement contained in this Sublease shall be had against any incorporator, member, director or officer, as such, past, present or future, of the Sublessee, either directly or through the Sublessee. 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 by Sublessor as a condition of and consideration for the execution of this Sublease.

24. **Rights of KCDC.** Sublessor and Sublessee acknowledge and agree that the terms and conditions of this Sublease shall not alter, modify or otherwise affect the rights, privileges and interests of KCDC set forth in the Prime Lease (including, without limitation, any rights of KCDC to approve or consent to any matters permitted in the Prime Lease).

25. **Applicable Law.** This Sublease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Tennessee.

26. **HUD Provisions.** Notwithstanding anything else in this Sublease to the contrary, in the event that the Prime Lease or the PILOT Lease are terminated for any reason, the parties recognize and agree that this Sublease shall also terminate on the date of such Prime Lease or PILOT Lease termination.

[Remainder of this page left intentionally blank]
IN WITNESS WHEREOF, the parties hereto have set their respective hands or caused this instrument to be duly executed on or as of the day and date first above written.

SUBLESSOR:

BELL STREET LP,

By: Bell Street Corporation,
    its General Partner

By: ___________________________
    Benjamin M. Bentley, President

SUBLESSEE:

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ___________________________
    Chairman
EXHIBIT A

LEASED PROPERTY
GROUND LEASE

between

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
as Lessor

and

BELL STREET LP
as Lessee

Dated [______ __, 20__]
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Recitals</td>
<td>1</td>
</tr>
<tr>
<td>2. Grant; Ownership for Federal Tax Purposes</td>
<td>1</td>
</tr>
<tr>
<td>3. Use</td>
<td>1</td>
</tr>
<tr>
<td>4. Term</td>
<td>1</td>
</tr>
<tr>
<td>5. Rent</td>
<td>2</td>
</tr>
<tr>
<td>6. Security Deposit</td>
<td>2</td>
</tr>
<tr>
<td>7. Improvements</td>
<td>2</td>
</tr>
<tr>
<td>8. Repairs and Maintenance</td>
<td>2</td>
</tr>
<tr>
<td>9. Services</td>
<td>2</td>
</tr>
<tr>
<td>10. Conditions, Covenants and Restrictions</td>
<td>3</td>
</tr>
<tr>
<td>11. Taxes</td>
<td>3</td>
</tr>
<tr>
<td>12. Indemnification</td>
<td>3</td>
</tr>
<tr>
<td>13. Insurance; Damage, Destruction and Condemnation</td>
<td>3</td>
</tr>
<tr>
<td>14. Successors</td>
<td>4</td>
</tr>
<tr>
<td>15. Labor and Material Liens</td>
<td>4</td>
</tr>
<tr>
<td>16. Assignment, Subletting or Substitution of Lessees</td>
<td>4</td>
</tr>
<tr>
<td>17. Representations and Warranties</td>
<td>5</td>
</tr>
<tr>
<td>17.1 Representations and Warranties of Lessor</td>
<td>5</td>
</tr>
<tr>
<td>17.2 Representations and Warranties of Lessee</td>
<td>5</td>
</tr>
<tr>
<td>18. Permitted Encumbrances</td>
<td>6</td>
</tr>
<tr>
<td>19. Defaults; Remedies</td>
<td>6</td>
</tr>
<tr>
<td>19.1 Defaults</td>
<td>6</td>
</tr>
<tr>
<td>19.2 Remedies</td>
<td>7</td>
</tr>
<tr>
<td>19.3 Default by Lessor</td>
<td>8</td>
</tr>
<tr>
<td>20. Use Covenants</td>
<td>8</td>
</tr>
<tr>
<td>21. Certificate of Compliance</td>
<td>8</td>
</tr>
<tr>
<td>22. Covenants</td>
<td>8</td>
</tr>
<tr>
<td>22.1 Financial Statements; Books and Records</td>
<td>8</td>
</tr>
<tr>
<td>22.2 No Discrimination</td>
<td>8</td>
</tr>
<tr>
<td>22.3 Notice of Default</td>
<td>9</td>
</tr>
<tr>
<td>22.4 Payment of Debt</td>
<td>9</td>
</tr>
<tr>
<td>22.5 Compliance with Laws</td>
<td>9</td>
</tr>
<tr>
<td>23. General Provisions</td>
<td>9</td>
</tr>
<tr>
<td>23.1 Severability</td>
<td>9</td>
</tr>
</tbody>
</table>
23.2 Time of Essence ........................................................................................................ 9
23.3 Notices ..................................................................................................................... 9
23.4 Waiver ...................................................................................................................... 10
23.5 Covenants and Conditions .................................................................................... 10
23.6 Authority ................................................................................................................ 10
23.7 Attorneys' Fees ....................................................................................................... 10
23.8 Quiet Possession .................................................................................................... 10
23.9 Relationship of Parties .......................................................................................... 10
23.10 Intention of the Parties ........................................................................................ 10
23.11 Consent .................................................................................................................. 10
23.12 Governing Law and Venue ................................................................................... 10
23.13 Memorandum of Lease ......................................................................................... 10
23.14 Estoppel Certificates ............................................................................................. 10

24. Amendments ........................................................................................................... 10

25. Leasehold Mortgage Provisions ............................................................................. 11
   25.1 Leasehold Mortgages Authorized ......................................................................... 11
   25.2 Default Notice ....................................................................................................... 11
   25.3 Notice to Leasehold Mortgagee ............................................................................ 11

26. HUD Provisions ....................................................................................................... 11

EXHIBIT A REAL PROPERTY DESCRIPTION ................................................................ A-1
EXHIBIT B MEMORANDUM OF LEASE ........................................................................ B-1
EXHIBIT C DEFINITIONS .............................................................................................. C-1
GROUND LEASE

This Ground Lease (this "Lease") is dated [_______, 2020], by and between 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. ("Lessor"), and BELL STREET LP, a Tennessee limited partnership, or its assigns ("Lessee").

Recitals

A. Lessor is the legal owner of the Property.

B. Lessee desires to lease the Property to develop thereon a low-income housing project that will be eligible for federal low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code").

C. Lessor wishes to lease the Property to Lessee, and Lessee wishes to lease the Property from Lessor, under the terms and conditions set forth below.

D. Certain capitalized terms used herein have the meanings set forth in Exhibit C, which shall be incorporated fully into the terms of this Lease.

 Lease

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

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference.

2. Grant; Ownership for Federal Tax Purposes. Lessor leases to Lessee, and Lessee leases from Lessor, the Property, upon the terms and conditions contained in this Lease. Lessee shall be deemed throughout the term of this Lease to own the Property and all Improvements on the Property for federal tax purposes and shall be entitled to all of the tax attributes of ownership thereof, including, without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the low-income housing tax credit described in Section 42 of the Code, with respect to the Improvements and the equipment therein, and Lessee shall have the right to amortize capital costs and to claim any other federal tax benefits attributable to the Improvements and the equipment therein.

3. Use. Lessee shall use the Project solely for the purpose of providing housing for low-income persons, together with any functionally related and subordinate facilities, all pursuant to the Housing Authorities Law, RAD Requirements, the HAP Contract and, at all times that the Extended Use Agreement is in effect, Section 42 of the Code. In addition, Lessee shall at all times operate the Project in a manner consistent with the Permitted Encumbrances and any other regulatory agreements or restrictions pertaining to the use and operation of the Project.

4. Term. The term of this Lease shall be [75] years commencing on [_______, 2020] (the "Commencement Date"), and expiring on [_______, 2095], unless earlier terminated as herein provided or as otherwise provided by law.
5. **Rent.** Lessee shall pay to Lessor, at 901 North Broadway, Knoxville, Tennessee 37917, rent in the amount of $1 per year in advance, on the Commencement Date and on each subsequent anniversary of the Commencement Date throughout the term of the Lease. Lessor acknowledges receipt as of the date hereof of advance payment in full by Lessee of rent in the amount of $75 for the entire term of the Lease.

6. **Security Deposit.** No security deposit shall be required as part of this Lease.

7. **Improvements.**
   
   (a) Lessee shall construct the Improvements on the Property, as well as all required public infrastructure relating thereto, in accordance with the terms of the Partnership Agreement.
   
   (b) Lessor (in its capacity as Lessor hereunder) shall not be obligated to maintain, replace, or rebuild the Improvements. Lessee shall perform all activities referred to in this section in compliance with all applicable governmental laws, ordinances, codes, and regulations. Lessor shall reasonably cooperate with Lessee in obtaining all required licenses, permits, and approvals with respect to such activities and shall reasonably consent to and/or sign all papers and documents at any time needed in connection with the same (in its capacity solely as Lessor) including, without limitation, such instruments as may be required for the laying out, maintenance, repair, replacement and use of utilities of all kinds.

8. **Repairs and Maintenance.**
   
   (a) Lessee shall be solely responsible for any repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, necessary to maintain the Project. Lessee will permit no waste, damage, or injury to the Project.
   
   (b) Lessee shall keep the Project (including, without limitation, the structural interior and exterior portions, roofing and covering material, foundations, exterior walls, plumbing, electrical systems, heating and ventilation systems, sidewalks, parking areas and landscaping) in good and safe condition, in compliance with all applicable laws, codes and regulations, and in good order and repair, ordinary wear and tear and damage by fire, casualty or condemnation which Lessee is not required to restore elsewhere hereunder excepted, and Lessee shall conform to and comply with all ordinances, regulations and laws affecting the Project or any improvements thereon or the use thereof. Lessor shall have the right to inspect the Project upon reasonable notice and subject to the rights of occupants to confirm Lessee's compliance with this paragraph. For purposes of this paragraph, 48 hours' notice of Lessor's intention to inspect the Project shall be deemed "reasonable notice."
   
   (c) Lessor (in its capacity as Lessor hereunder) shall have no obligation whatsoever to keep, maintain, alter, remodel, improve, repair, decorate, replace, or paint the Project. It is the intention of the parties that Lessee and not Lessor shall have the full responsibility and obligation for the repair, replacement, and maintenance of the Project, and Lessee waives, to the fullest extent allowed by law, any right or remedy against Lessor (in its capacity as Lessor hereunder) based upon the condition of the Project, any failure by Lessor (in its capacity as Lessor hereunder) or Lessee to repair, replace, or maintain the Project, or based upon any condition occurring on or omission in connection therewith.

9. **Services.** Lessee shall make arrangements for the provision to the Project of all utilities. Lessee shall directly pay for all utilities supplied to the Project, unless such utilities are billed to residents of the dwelling units in the Project.
10. **Conditions, Covenants and Restrictions.** Lessee shall operate the Project in compliance with all applicable conditions, covenants and restrictions recorded against the Property and shall pay any required assessments properly imposed by any governing neighborhood association, and shall have the exclusive right to exercise any rights, remedies, consents or votes in the owners' association on behalf of the Project or the Property.

11. **Taxes.** Lessee shall pay all real estate taxes and assessments levied or assessed directly against the Project and/or this Lease, including income and business and occupation taxes. Lessee may at its sole cost and expense, and in its own name, dispute and contest any taxes or assessments charged against the Project and/or this Lease. Lessee shall be responsible for any payments in lieu of taxes and any other obligations with respect to the Project. Lessee agrees to cooperate with Lessor in any reasonable effort necessary to cause the Project to obtain or retain an exemption or reduction from real estate or property taxes on the basis of the intended use and ownership of the Project.

12. **Indemnification.** During the term of this Lease, Lessee agrees to indemnify and defend Lessor and its commissioners, officers, employees and agents for and hold Lessor and its commissioners, officers, employees and agents harmless from all claims, actions, causes of action, judgments, liabilities, expenses, costs and reasonable attorneys' fees and all limitations, restraints, penalties or obligations pertaining to Lessor or its commissioners, officers, employees or agents arising or alleged to arise out of any act, omissions, or neglect in connection with Lessee's (including Lessee's employees, agents, officers, licensees, invitees or other occupants of the Project) use or occupancy of the Project covered by this Lease, except where such is a result solely of the negligence or willful misconduct of Lessor or its commissioners, officers, employees or agents.

During the term of this Lease and to the extent permitted by law, Lessor agrees, subject to the limitations imposed by law, to indemnify and defend and hold harmless Lessee and its partners, employees and agents from all claims, actions, causes of action, judgments, liabilities, expenses, costs and reasonable attorneys' fees and from all limitations, restraints, penalties or obligations pertaining to Lessee or its partners, employees or agents arising or alleged to arise out of any act, omissions or neglect in connection with Lessor's (including Lessor's commissioners, employees, agents, officers, licensees, or invitees) ownership of the Property covered by this Lease, including any such claims, actions, causes of action, judgments, liabilities, expenses, costs and reasonable attorneys' fees arising from any environmental condition existing prior to the date of this Lease, except where such is a result of the negligence or willful misconduct of Lessor or its partners, agents or employees.

The respective indemnity agreements of Lessor and Lessee shall survive the termination of this Lease as to any act alleged to have occurred during the term of this Lease, and shall survive until the expiration of the applicable statute of limitations.

13. **Insurance: Damage, Destruction and Condemnation.** During the term hereof, Lessee shall maintain at its sole cost and expense liability insurance and property insurance, including business interruption coverage and replacement cost valuation for buildings and personal property insurance against loss and/or damage to the Project and all equipment therein under a policy or policies covering such risks as are ordinarily insured against by like organizations engaged in like activities of comparable size and commercial general liability exposure. For purposes of this section, replacement coverage shall include an agreed upon amount endorsement with no co-insurance provision. All insurance required by this section shall be carried by insurers that are financially responsible and capable of fulfilling the requirements of such policies. All policies evidencing insurance shall be in the usual form and shall name Lessee as the insured party or loss payee and shall also name Lessor as an additional insured as to liability insurance. Lessee shall provide to Lessor copies of certificates from an insurance agent or consultant indicating that the insurance required by this section has been obtained upon execution of this Lease and
annually thereafter on each anniversary date of this Lease. Lessor shall not be required to maintain any
insurance with respect to the Property.

Lessee shall be obligated to continue to make the rent payments hereunder even if the Project or
the property therein is destroyed or damaged (in whole or in part) by fire or other casualty, or if title to, or
the temporary use of, the Project or the property therein or any part thereof shall be condemned by any
governmental body or any person acting under governmental authority.

If Insurance Proceeds or a Condemnation Award is paid, Lessee shall forthwith notify Lessor of
such fact and of the amount of Insurance Proceeds or Condemnation Award received by Lessee. To the
extent feasible, Lessee shall promptly cause the restoration, reconstruction and/or repair of the Project as
nearly as possible to its value, condition and character immediately prior to such taking or casualty.

If Lessee determines to restore the Project (such determination to be made within 120 days after
receipt of such Condemnation Award or Insurance Proceeds), such Condemnation Award or Insurance
Proceeds shall be used exclusively for such purpose, and Lessee shall so certify to Lessor.

If Lessee determines not to restore the Project (Lessee shall make such determination if, in the
opinion of Lessee, repair could not be substantially completed within 24 months or the restoration and
repair of the Project would not be economically practical or desirable), Lessee shall so certify to Lessor
within 120 days of the receipt of such Condemnation Award or Insurance Proceeds, and shall use such
Condemnation Award or Insurance Proceeds first to pay the Leasehold Mortgages, then to pay any other
obligations secured by Lessee's interest in the Project, with the residual, if any, being then distributed to
Lessee.

Notwithstanding any provision herein to the contrary, to the extent the Partnership Agreement
provides for the application of any Insurance Proceeds or Condemnation Award, the terms of the
Partnership Agreement shall control.

14. **Successors.** All covenants, agreements, terms and conditions contained in this Lease
shall apply to and be binding upon Lessor and Lessee and their respective permitted successors and/or
assigns.

15. **Labor and Material Liens.** Lessee shall pay, when due, all claims for labor or materials
furnished or alleged to have been furnished to or for Lessee at or for use in the Project, which claims are
or may be secured by mechanics' or materialmen’s liens against the Project or an interest therein. If
Lessee, in good faith, contests the validity of any lien, claim or demand, Lessee shall, at its sole expense,
defend itself and Lessor and shall satisfy any adverse judgment before its enforcement against Lessor or
the Project.

16. **Assignment, Subletting or Substitution of Lessees.** Lessor acknowledges and consents
to the Sublease, the PILOT Lease and the Leasehold Mortgages securing the Loans. Except to the extent
specifically provided or consented to herein, Lessee shall not, without Lessor’s prior written consent,
assign or otherwise transfer this Lease or any interest in this Lease, nor sublet or encumber all or any
portion of the Project. Anything herein to the contrary notwithstanding, Lessee shall have the right,
without Lessor’s consent: (1) to rent individual dwelling units at the Project in accordance with the terms
of this Lease; and (2) to transfer limited partner interests within Lessee or to transfer general partner
interests in Lessee pursuant to any removal provisions of Lessee’s Partnership Agreement or the pledge
and security for the benefit of Lessee’s Limited Partner executed in connection with the Partnership
Agreement.
In addition, except to the extent expressly permitted hereunder, Lessee agrees for itself and its successors and assigns in interest hereunder that it will not, other than the Sublease, the PILOT Lease and the Leasehold Mortgages securing the Loans: (1) assign this Lease or any of its rights under this Lease, or (2) make or permit any voluntary or involuntary total or partial sale, lease, assignment, conveyance, mortgage, pledge, encumbrance or other transfer ("Transfer") of all or any portion of the Project (including but not limited to (i) any sale at foreclosure or by the execution of any judgment of any or all of Lessee's rights hereunder, or (ii) any Transfer by operation of law), without first obtaining Lessor's express written consent thereto. Any person to whom any Transfer is attempted without such consent shall have no claim, right or remedy whatsoever hereunder against Lessor, and Lessor shall have no duty to recognize any person claiming under or through the same.

Notwithstanding any permitted assignment or subletting, Lessee shall at all times remain directly, primarily and fully responsible and liable for all payments hereunder and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease.

17. **Representations and Warranties.**

17.1 **Representations and Warranties of Lessor.** As of the date hereof, Lessor hereby represents and warrants as follows:

(a) Lessor is a housing and redevelopment authority of the City of Knoxville, Tennessee duly organized and validly existing under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq., the constitution and the other laws of the State, and has full power and authority under the constitution and laws of the State to enter into the transactions contemplated on its part by this Lease, and to carry out its obligations hereunder. Lessor has duly authorized the execution and delivery of this Lease and the performance of its obligations under this Lease. This Lease constitutes a valid and legally binding obligation of Lessor, enforceable in accordance with its terms, except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors' rights, and equitable principles.

(b) Neither Lessor's execution and delivery of this Lease, Lessor's consummation of the transactions contemplated on its part hereby, nor Lessor's fulfillment of or compliance with the terms and conditions or provisions of this Lease conflicts with or results in the breach of any of the terms, conditions or provisions of any constitutional provision or statute of the State or of any agreement, instrument, judgment, order or decree to which Lessor is now a party or by which it is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance of any nature upon any property or assets of Lessor prohibited under the terms of any instrument or agreement.

(c) There is no litigation pending or, to the best of Lessor's knowledge, threatened against Lessor questioning Lessor's execution, delivery or performance of its obligations under this Lease, or the organization, powers or authority of Lessor, or the right of the officers of Lessor to hold their respective offices.

(d) Lessor has fee title to the Property, and there are no liens or encumbrances against the Property other than Permitted Encumbrances. Lessor shall not transfer or in any way assign its interest in the Property.

17.2 **Representations and Warranties of Lessee.** As of the date hereof, Lessee hereby represents and warrants as follows:
(a) Lessee (1) is a limited partnership duly organized under the laws of the State; (2) is qualified, licensed and authorized to conduct affairs in the State; (3) has full power and authority to lease and operate the Project, to carry on its business as now conducted and to enter into this Lease; and (4) has duly authorized the execution and delivery of this Lease. This Lease constitutes a valid and legally binding obligation of Lessee, enforceable in accordance with its terms, except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors' rights, and equitable principles.

(b) Neither Lessee's execution and delivery of this Lease and Lessee's consummation of the transactions contemplated hereby, nor Lessee's fulfillment of or compliance with the provisions of this Lease conflicts with, violates or will result in a breach of any of the terms, conditions or provisions of any restriction contained in the Partnership Agreement or any agreement, instrument, statute, governmental rule or regulation, court order, judgment or decree to which Lessee is now a party or by which it or any of its property is bound, or constitutes a material default under any of the foregoing which has not been waived or consented to in writing by the appropriate party or parties, or results in the creation or imposition of any lien, charge, security interest or encumbrance of any nature whatsoever upon any of the property or assets of Lessee prohibited under the terms of any such restriction, agreement, instrument, statute, governmental rule or regulation, court order, judgment or decree. Lessee will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof.

(c) There is no litigation pending or, to the best of Lessee's knowledge, threatened against Lessee affecting its ability to construct the Improvements on the Property or the performance of its obligations hereunder.

(d) No further consent, approval, authorization or order of any governmental body is required to be obtained by Lessee for the execution and delivery of this Lease, the fulfillment of and compliance with the provisions hereof, or the construction of the Improvements on the Property, except such as have already been obtained or will be obtained in a timely manner.

(e) Lessee will take all action necessary to ensure that the Project is used exclusively as a "qualified low-income housing project" within the meaning of Section 42(g) of the Code.

18. **Permitted Encumbrances.** Lessor and Lessee acknowledge that this Lease shall be subject to the Permitted Encumbrances. Each of Lessor and Lessee covenants and agrees that it will keep the Project free from liens and claims of all kinds, except Permitted Encumbrances.

19. **Defaults; Remedies.**

19.1 **Defaults.** Each of the following shall constitute an Event of Default hereunder:

(a) Failure by Lessee to make any required rent or any other payment as and when due, if the failure continues for a period of 10 days after written notice from Lessor.

(b) Failure by Lessee to comply with any of the covenants or provisions of this Lease, other than those described in Sections 19.1(a), if the failure continues for a period of 60 days after written notice from Lessor. If the nature of Lessee's default reasonably requires more than 60 days for its cure, Lessee will not be in default if it commences to cure within the 60 day period and thereafter diligently pursues its completion.

(c) Lessee's making any general assignment or arrangement for the benefit of creditors; the filing by or against Lessee of a petition to have it adjudged a bankrupt or a petition for
reorganization or arrangement under any bankruptcy law (unless any petition filed against Lessee is dismissed or stayed within 60 days); the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets at the Project or its interest in this Lease, if possession is not restored to Lessee within 60 days; or the attachment, execution or other judicial seizure of substantially all of Lessee's assets at the Project or its interest in this Lease, if that seizure is not discharged within 60 days.

Notwithstanding the foregoing, an Event of Default shall not have occurred if Lessee is in default (not directly resulting from any act or omission of the Limited Partner, including the failure of Limited Partner to make capital contributions as required pursuant to the terms of the Partnership Agreement) and at such time Lessor or any affiliate thereof was a general partner of Lessee.

19.2 Remedies. Upon the occurrence of an Event of Default, Lessor may at any time thereafter without notice or demand (subject to the conditions of the Extended Use Agreement) do any or all of the following:

(a) Upon 90 days' written notice to Lessee and Limited Partner, terminate Lessee's right to possession of the Project and this Lease. Lessor may then re-enter and take possession of and remove all persons or property, and Lessee shall immediately surrender possession of the Project to Lessor. Lessor may recover from Lessee all damages incurred by Lessor resulting from the Event of Default, including but not limited to reasonable attorney's fees and costs.

(b) Maintain Lessee's right to possession, and continue this Lease in force whether or not Lessee has abandoned the Project. Lessor shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover rent as it becomes due.

(c) Pursue any other remedy available to Lessor under the law.

(d) No remedy conferred upon or reserved to Lessor by this Lease is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute, and Lessor shall be free to pursue, at the same time, each and every remedy, at law or in equity, which it may have under this Lease, or otherwise.

Notwithstanding any other provision herein, in the event Lessor exercises its remedies pursuant to Section 19.2(a) or 19.2(c) and terminates this Lease, Lessee may, within 90 days following such termination reinstitute this Lease for the balance of the term, by paying to Lessor an amount equal to the actual damages incurred by Lessor as a result of such breach and payment of any actual costs or expenses incurred by Lessor, including reasonable attorneys' fees and disbursements, as a result of such reinstatement of this Lease.

Notwithstanding anything to the contrary contained herein, Lessor shall not exercise any of its remedies hereunder without having given notice of the Event of Default to the Limited Partner, simultaneously with the giving of notice under Section 19.1 to Lessee. The Limited Partner shall have the same cure period after the giving of a notice as provided to Lessee, plus an additional period of 60 days. If the Limited Partner elects to cure the Event of Default (and nothing hereunder binds the Limited Partner to do so), Lessor agrees to accept such performance as though the same had been done or performed by Lessee.

Notwithstanding anything to the contrary contained herein, the Limited Partner shall be deemed a third-party beneficiary of the provisions of this Section 19.2 for the sole and exclusive purpose of entitling the Limited Partner to exercise its rights to notice and cure, as expressly stated in this
Section 19.2. The foregoing right of the Limited Partner to be a third-party beneficiary under this Lease shall be the only right of Limited Partner (express or implied) to be a third-party beneficiary hereunder.

In addition, Lessor agrees that it will take no action to effect a termination of this Lease by reason of any Event of Default (i) at any time that Lessor or an affiliate thereof is the general partner of Lessee or (ii) if Lessor or an affiliate thereof is not the general partner of Lessee, without first giving to the Limited Partner reasonable time, not to exceed 30 calendar days, to replace Lessee's general partner and/or to admit an additional general partner and cause the new general partner to cure the Event of Default; provided, however, that as a condition of such forbearance, Lessor must receive notice from the Limited Partner of the substitution of a new general partner of Lessee within 20 calendar days following Lessor's notice to Lessee and the Limited Partner of the Event of Default, and Lessee, following such substitution of general partners, shall thereupon proceed with due diligence to cure such Event of Default.

19.3 Default by Lessor. Lessor is not in default unless it fails to perform obligations required of it within a reasonable time, and not later than 60 days after delivery of written notice by Lessee to Lessor specifying Lessor's failures to perform its obligations. If Lessor's obligation reasonably requires more than 60 days for performance or cure, Lessor is not in default if it commences performance or cure within the 60-day period and thereafter diligently pursues its completion. In the event of default by Lessor, Lessee may pursue all remedies available to it at law or in equity.

20. Use Covenants. Lessee hereby agrees that the Project is to be owned, managed and operated pursuant to the Housing Authorities Law at all times during the term of this Lease. To that end, Lessee hereby represents, covenants and agrees as follows:

(a) that the Project will be used primarily for the purpose of providing low-income housing under the Housing Authorities Law, and Lessee shall operate the Project as a housing project within the meaning of the Housing Authorities Law;

(b) that the Project shall at all times during the term of the RAD Use Agreement be operated in accordance with the RAD Requirements, including, without limitation, all requirements of the RAD Documents;

(c) that the Project shall at all times during the term of the Extended Use Agreement be operated exclusively as a "qualified low-income housing project" within the meaning of Section 42(g) of the Code and in accordance with the Extended Use Agreement.

21. Certificate of Compliance. Lessee agrees to prepare and submit to Lessor on April 1 of each year a certificate of Lessee certifying that it has complied in all respects with the requirements of this Lease.

22. Covenants.

22.1 Financial Statements; Books and Records. Lessee shall deliver to Lessor, within 180 days after the end of each Fiscal Year beginning on or after January 1, 2021, a copy of the audited financial statements of Lessee for that Fiscal Year. In addition, Lessee grants a right of access to Lessor or any of its authorized representatives, with respect to any books, documents, papers, or other records related to this Lease in order to make audits, examinations, excerpts, and transcripts.

22.2 No Discrimination. Except as otherwise required or contemplated by this Lease for the purpose of providing housing for low income individuals or families, Lessee shall not discriminate in the provision of housing on the basis of race, creed, color, sex, national origin, religion, family status,
age, disability, sexual orientation, gender identity, the receipt of public assistance or housing assistance, or any other characteristic protected from discrimination by applicable law.

22.3 Notice of Default. Lessee covenants and agrees to notify Lessor and Limited Partner immediately upon the occurrence of (a) any event described in Section 19.1(a); and (b) any event described in Section 19.1(b) or 19.1(c) without regard to any cure periods mentioned therein which, with the giving of notice or the passage of time or both, might constitute an Event of Default hereunder, and shall state in such notice the measures it intends to take with respect thereto, if any.

22.4 Payment of Debt. Lessee covenants that it will pay as they become due all obligations secured by Leasehold Mortgages.

22.5 Compliance with Laws. Lessee covenants to maintain its existence as an entity duly qualified to do business in the State. With respect to the Project and any additions, alterations and improvements thereto, Lessee covenants and agrees to comply at all times with all applicable requirements of federal, State and local laws, including those related to environmental matters, and with all applicable lawful requirements of any agency, board, or commission created under the laws of the State or of any other duly constituted public authority; provided, however, that Lessee shall be deemed in compliance with this section so long as it is contesting in good faith any such requirement by appropriate legal proceedings.


23.1 Severability. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction will not affect the validity of any other provision.

23.2 Time of Essence. Time is of the essence of this Lease.

23.3 Notices. All notices which are required or may be given pursuant to the terms of this Lease shall be in writing and shall be sufficient in all respects if (i) delivered personally, (ii) mailed by registered or certified mail, return receipt requested and postage prepaid, or (iii) sent by a commercial overnight delivery service, in each case directed to any party at the address set forth below or at such other address as any party shall subsequently designate in writing:

If to Lessor: Knoxville's Community Development Corporation
901 Broadway, N.E.
Knoxville, Tennessee 37917

If to Lessee: Bell Street LP
c/o Bell Street Corporation
901 Broadway, N.E.
Knoxville, Tennessee 37917

If to Limited Partner: [ ]
[ ]
[ ]

Attention: [ ]
Copies of all notices given to Lessee shall be concurrently transmitted to its Limited Partner. Notices shall be effective (i) upon delivery if delivered personally, (ii) three (3) days after mailing if mailed by registered or certified mail, return receipt requested and postage prepaid, or (iii) one (1) day after delivery to a commercial overnight delivery service.

23.4 Waiver. Waiver by Lessor of the breach of any provision of this Lease is not a waiver of any subsequent breach by Lessee of the same or any other provision. Lessor's consent to or approval of any act does not make Lessor's consent to or approval of any subsequent act unnecessary. Acceptance of rent by Lessor is not a waiver of any preceding breach of any provision of this Lease other than Lessee's failure to pay the rent so accepted.

23.5 Covenants and Conditions. Each provision of this Lease performable by Lessor or Lessee is both a covenant and a condition.

23.6 Authority. Each individual executing this Lease on behalf of the respective entities represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of such entity, and that this Lease is binding upon that entity in accordance with its terms.

23.7 Attorneys' Fees. In any action to enforce or interpret this Lease the prevailing party is entitled to recover reasonable costs and attorneys' fees from the losing party.

23.8 Quiet Possession. Upon paying the rent and observing and performing all of its covenants and conditions, Lessee shall have quiet possession of the Project for the entire term subject to all of the provisions of this Lease.

23.9 Relationship of Parties. Nothing herein shall be construed so as to create a partnership, joint venture, or agency relationship between the parties. Nothing herein shall relieve Lessor of any obligation Lessor may have to the Limited Partner under the Partnership Agreement of Lessee or any other document associated therewith.

23.10 Intention of the Parties. It is the intention of the parties hereto that pursuant to the terms of this Lease, the full burdens and benefits associated with the Property, except those pertaining to ownership for state law purposes, shall pass to Lessee during the term of this Lease.

23.11 Consent. Consent or approval of parties whenever required under this Lease shall not be unreasonably withheld or delayed, unless otherwise specifically provided by the terms of this Lease.

23.12 Governing Law and Venue. The validity of this Lease, the interpretation of the rights and duties of the parties hereunder and the construction of the terms hereof shall be governed in accordance with the internal laws of the State. Venue in the event of any dispute shall be Knox County, Tennessee.

23.13 Memorandum of Lease. The parties hereto agree to the recording of a Memorandum of Lease in the form of Exhibit B hereto.

23.14 Estoppel Certificates. Each party hereto shall, upon 10 days' prior written request, provide an estoppel certificate addressing such matters as the requesting party may reasonably request.

24. Amendments. The provisions hereof shall not be amended, revised or terminated prior
to the expiration of the stated term hereof except by an instrument in writing duly executed by Lessor and Lessee (or its successors in title). No amendments shall become effective without the prior written consent of the Limited Partner, which consent shall not be unreasonably withheld. If appropriate, the parties shall record an amendment to the Memorandum of Lease incorporating the changes to this Lease effected by the amendment.

25. **Leasehold Mortgage Provisions.**

25.1 **Leasehold Mortgages Authorized.** Lessee may mortgage or otherwise encumber the Leasehold Estate with Leasehold Mortgages securing the Loans to the extent permitted by the Partnership Agreement.

25.2 **Default Notice.** Lessor, upon providing Lessee any notice of (i) an Event of Default under this Lease or (ii) termination of this Lease, shall, at the same time provide a copy of such notice to any leasehold mortgagee and to the Limited Partner. After such notice has been given to a leasehold mortgagee, such leasehold mortgagee shall have the same period, after the giving of such notice upon it, for remedying any Event of Default or causing the same to be remedied, as is given Lessee after the giving of such notice to Lessee, plus in each instance, the additional periods of time specified herein to remedy, commence remedying, or cause to be remedied the Events of Default specified in any such notice. Lessor shall accept such performance by or at the instigation of such leasehold mortgagee as if the same had been done by Lessee. Lessee authorizes each leasehold mortgagee to make any such action at such leasehold mortgagee's option and does hereby authorize entry upon the Project by the leasehold mortgagee for such purpose.

25.3 **Notice to Leasehold Mortgagee.** Anything contained in this Lease to the contrary notwithstanding, if any Event of Default shall occur which entitles Lessor to terminate this Lease, Lessor shall have no right to terminate this Lease unless, following the expiration of the period of time given Lessee to cure such Event of Default, Lessor shall notify any leasehold mortgagee of Lessor's intent to so terminate at least 30 days in advance of the proposed effective date of such termination if the nature of such Event of Default is the failure to pay a sum of money, and at least 60 days in advance of the proposed effective date of such termination if such Event of Default is not the failure to pay a sum of money.

26. **HUD Provisions.** In addition to entering into this Lease, Lessor and Lessee also contemplate the provision of rental assistance to the Project pursuant to the HAP Contract. If a HAP Contract is entered into pursuant to the Rental Assistance Demonstration ("RAD"), HUD will require Lessor and Lessee to enter into the RAD Use Agreement in connection with the provision of rental assistance to the Project. Notwithstanding any other clause or provision in this Lease, upon execution of the RAD Use Agreement and for so long as the RAD Use Agreement is in effect, the following provisions shall apply:

26.1 This Lease shall in all respects be subordinate to the RAD Use Agreement. Subordination continues in effect with respect to any future amendment, extension, renewal, or any other modification of the RAD Use Agreement or this Lease.

26.2 If any of the provisions of this Lease conflict with the terms of the RAD Use Agreement, the provisions of the RAD Use Agreement shall control.

26.3 The provisions in this Section 26 are required to be inserted into this Lease by HUD and may not be amended without HUD's prior written approval.
26.4 Violation of the RAD Use Agreement constitutes a default of this Lease.

26.5 Notwithstanding any other contract, document or other arrangement, upon termination of this Lease, title to the real property leased herein shall remain vested in Lessor and title to the buildings, fixtures, improvements, trade fixtures and equipment that belong to Lessee shall vest in Lessor.

26.6 Neither the Lessee nor any of its partners shall have any authority to:

(a) Take any action in violation of the RAD Use Agreement; or

(b) Fail to renew the HAP Contract upon such terms and conditions applicable at the time of renewal when offered for renewal by the Lessor or HUD.

(c) Except to the extent permitted by the HAP Contract or RAD Use Agreement and the normal operation of the Project, neither the Lessee nor any partners shall have any authority without the consent of Lessor to sell, transfer, convey, assign, mortgage, pledge, sublease or otherwise dispose of, at any time, the Project or any part thereof.

27. **Annual Report.** Lessee agrees to prepare and submit to Lessor on April 1 of each year a certificate of Lessee certifying that it has complied in all respects with the requirements of this Lease.

*remainder of this page left intentionally blank*
IN WITNESS WHEREOF, the parties have executed this Ground Lease on the date set forth above.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, Lessor:

By: __________________________________________
    John T. Winemiller, Chairman

BELL STREET LP,
a Tennessee limited partnership, Lessee:

By: BELL STREET CORPORATION,
    its general partner

By: __________________________________________
    Benjamin M. Bentley, President
STATE OF TENNESSEE

COUNTY OF KNOX

Before me, the undersigned, a Notary Public in and for the state and county aforesaid, personally appeared John T. Winemiller, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Chairman of KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority organized under the laws of the State of Tennessee, and that he, as such Chairman, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the housing and redevelopment authority by himself as Chairman thereof.

WITNESS MY HAND AND SEAL, this ______ day of ______, 2020.

___________________________
Notary Public

My Commission Expires: _____________

STATE OF TENNESSEE

COUNTY OF KNOX

Before me, the undersigned, a Notary Public in and for the state and county aforesaid, personally appeared Benjamin M. Bentley, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the President of BELL STREET CORPORATION, a Tennessee corporation, said corporation being the general partner of BELL STREET LP, the within named bargainer, a Tennessee limited partnership, and that he, as such President and BELL STREET CORPORATION as such general partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited partnership by himself as President of the general partner thereof.

WITNESS MY HAND AND SEAL, this ______ day of ______, 2020.

___________________________
Notary Public

My Commission Expires: _____________
EXHIBIT A

REAL PROPERTY DESCRIPTION
EXHIBIT B
MEMORANDUM OF LEASE

RECORDED AT THE REQUEST OF
AND AFTER RECORDING RETURN TO:

Knoxville's Community Development Corporation
901 Broadway, N.E.
Knoxville, Tennessee 37917
Attn: Brad Peters

MEMORANDUM OF LEASE

Lessor: KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

Lessees: BELL STREET LP

Legal Description: [District __________] of Knox County, Tennessee, within the [___ Ward] of the City of Knoxville, Tennessee
Official legal description on Exhibit A
MEMORANDUM OF GROUND LEASE

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
AND
BELL STREET LP

This Memorandum of Ground Lease is dated _____________, 2020, by and between the
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a public body corporate and politic
of the State of Tennessee ("Lessor") created under the Housing Authorities Law, being §§ 13-20-101 et
seq. of Tennessee Code Annotated, as amended., and BELL STREET LP, a Tennessee limited partnership
("Lessee").

1. Lease. Pursuant to a Ground Lease dated _____________, 2020, Lessor has leased to
Lessee and Lessee has leased from Lessor the property located in Knox County, Tennessee, and described
on Exhibit A hereto (hereinafter referred to as the "Property").

2. Term. The term of the Lease commenced on _____________, 2020, and ends on
___________, 2095.

3. Covenants. The Lease contains the certain representations, covenants and agreements of
Lessee regarding the use of the Property as a low-income housing project. Reference is made to the
Lease for a full description of such representations, covenants and agreements.

4. Purpose of Memorandum. This memorandum is prepared for the purpose of recordation
to give notice of the Lease. This memorandum shall not constitute an amendment or modification of the
Lease, and in the event of any conflict between the terms of this memorandum and the Lease, the terms of
the Lease shall control.
LESOR:  
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By
John T. Winemiller, Chairman

LESSEE:  
BELL STREET LP, a Tennessee limited partnership

By:  
BELL STREET CORPORATION,
its general partner

By
Benjamin M. Bentley, President
STATE OF TENNESSEE

COUNTY OF KNOX

Personally appeared before me, the undersigned, a Notary Public of said county, John T. Winemiller as Chairman of Knoxville's Community Development Corporation the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he/she executed the within instrument for the purposes therein contained.

WITNESS MY HAND AND SEAL, this ______ day of _________, 2020.

Notary Public

My Commission Expires: ____________

STATE OF TENNESSEE

COUNTY OF KNOX

Before me, the undersigned, a Notary Public in and for the state and county aforesaid, personally appeared Benjamin M. Bentley, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the President of BELL STREET CORPORATION, a Tennessee corporation, said corporation being the general partner of BELL STREET LP, the within named bargainor, a Tennessee limited partnership, and that he, as such President and BELL STREET CORPORATION as such general partner, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited partnership by himself as President of the general partner thereof.

WITNESS MY HAND AND SEAL, this ______ day of _________, 2020.

Notary Public

My Commission Expires: ____________
EXHIBIT A

TO
MEMORANDUM OF LEASE
REAL PROPERTY DESCRIPTION
EXHIBIT C

DEFINITIONS

"Commencement Date" shall have the meaning set forth in Section 4 of the Lease.

"Condemnation Award" means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the Project, less the actual costs and expenses, including attorneys' fees, incurred by Lessee and/or Lessor in obtaining such award.

"Extended Use Agreement" means that certain Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits in favor of THDA to be filed in the Office of the Register of Deeds for Knox County, Tennessee and relating to the allocation of Low Income Housing Tax Credits to the Project.

"Fiscal Year" means the fiscal year of Lessee, initially the 12-month period ending on December 31 of each year.

"HAP Contract" shall mean the Housing Assistance Payment Contract (including riders) to be entered into between HUD and Lessee evidencing a project-based Section 8 operating subsidy, pursuant to HUD's Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to Project-Based Section 8, for 82 units in the Project.

"Housing Authorities Law" means §§ 13-20-101 et seq. of Tennessee Code Annotated, as amended.

"HUD" means the United States Department of Housing and Urban Development.

"Improvements" means the buildings and other improvements constructed or to be constructed on the Property, together with all personal property (other than personal property owned by individual tenants) therein, whenever such personal property is acquired.

"Insurance Proceeds" means the total proceeds of casualty insurance actually paid or payable in respect of insurance on all or any part of the Project, less the actual costs and expenses, including attorneys' fees, incurred by Lessee in collecting such proceeds.

"Lease" means this Ground Lease, which is dated [_______ __, 2020], between Lessor and Lessee.

"Leasehold Estate" means the leasehold estate in the Property held by Lessee.

"Leasehold Mortgage" means a mortgage, deed of trust or any financing statement, security agreement or other documentation used pursuant to the Uniform Commercial Code or any successor or similar statute granted by Lessee on its Leasehold Estate.

"Limited Partner" means, initially, [____________________], a [____________________], and its successors and assigns.

"Loans" means the Project Loans as defined in the Partnership Agreement.

"Owner's Title Policy" means the Owner's Policy of Title Insurance issued by Old Republic Title
insuring the interests of Lessee under this Lease.

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership, dated as of [______ __, 2020], as such agreement may be amended or supplemented.

"Permitted Encumbrances" means liens and encumbrances set forth in Schedule B to the Owner's Title Policy.

"PILOT Lease" means that certain Lease dated on or about the date hereof pursuant to which Lessor leases back the Project to Lessee for a term of 20 years.

"Project" means the Property and all Improvements thereon and rights and entitlements appurtenant thereto.

"Property" means the real property legally described in Exhibit A.

"RAD Conversion Commitment" shall mean that certain Rental Assistance Demonstration (RAD) Conversion Commitment (Public Housing and Section 8 Moderate Rehabilitation (Mod Rehab) Program Conversions; First Component) (HUD Form 52624) to be entered into by and among HUD, Lessor and Lessee (as "transferee" thereunder), and assigned to Lessee.

"RAD Documents" means the RAD Conversion Commitment, the HAP Contract, the RAD Use Agreement, and any other documents required by the RAD Requirements.

"RAD Program" means HUD's Rental Assistance Demonstration (RAD) (Public Housing and Section 8 Moderate Rehabilitation (Mod Rehab) Program; First Component.

"RAD Requirements" means all requirements of the RAD Program, including without limitation, those set forth in HUD Notice PIJ-2012-32(HA), REV-2, as may be amended, and those set forth in the RAD Documents.

"RAD Use Agreement" means that certain Rental Assistance Demonstration Use Agreement to be entered into between Lessee and HUD and recorded prior to the Extended Use Agreement and any Mortgages.

"State" means the State of Tennessee.

"Sublease" means that certain Ground Sublease dated as on or about the date hereof pursuant to which Lessee subleases the Project to Lessor for a term of 20 years.

"THDA" means the Tennessee Housing Development Agency.

"Treasury Regulations" means the regulations of the Department of the Treasury under the Code.
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>December 12, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution regarding a PILOT transaction with ECG Moss Grove, L.P.</td>
</tr>
</tbody>
</table>
| SUBMITTED BY       | Name & Title: Jim Hatfield, Real Estate and Redevelopment Director  
                     Department: Redevelopment |
| MEETING TYPE       | ☒ Regular  
                     ☐ Special |
| AGENDA CLASSIFICATION | ☒ Resolution  
                     ☐ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted:  
                     Expenditure: fee to KCDC of $35K  
                     Source of Funds: N/A (we are being paid the fee) |
| APPROVAL/REVIEWS   | ☒ Department Head/Vice President  
                     ☒ Legal Counsel  
                     ☒ Executive Director/CEO  
                     ☐ Budget/Finance  
                     ☐ Name of Reviewer: Brad Peters  
                     ☐ Other - Name & Title: |
| STAFF RECOMMENDED ACTIONS | Approve: ☒  
                     Deny: ☐  
                     Defer: ☐ |

## BACKGROUND

1. **What's the objective of the requested action?**
   The objective of this action is to obtain authorization to execute documents to provide a payment in lieu of taxes to ECG Moss Grove, L.P. ECG Moss Grove will construct 192 units of affordable housing in west Knoxville. ECG Moss Grove, L.P. will also be seeking 4% tax credits from THDA. The PILOT will have a 20-year term.

2. **Why is the action needed now?**
   The bond closing for the deal is expected to occur in December 2019 and a financial close in early 2020.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   ECG Moss Grove, L.P. - The developer who is building the apartments, and the party who will lease back the property from KCDC. KCDC is the GP of ECG Moss Grove, LP.  
   KCDC will be the fee Owner of the land for purposes of the PILOT.

4. **What are the long term and short term exposures to KCDC?**
   KCDC will have minimal exposure in connection with holding nominal title to the property. Under the lease, ECG Moss Grove, L.P. is required to broadly indemnify KCDC in connection with KCDC's ownership of the property. It is also required to add KCDC as an additional insured on it commercial general liability insurance.

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

In 2015, Tenn. Code Ann. § 48-101-312 was amended to permit housing authorities, in certain circumstances, to provide property tax abatement for low-income housing tax projects upon the receipt of a support letter from the mayor.

## ATTACHMENTS

Resolution, Support Letter, Lease
Mr. Benjamin Bentley  
Knoxville's Community Development Corporation  
901 N. Broadway  
Knoxville, Tennessee 37917

Re: Support Letter for ECG Moss Grove, LP Project

Dear Mr. Bentley:

I understand that Knoxville’s Community Development Corporation (“KCDC”), through its proposed lessee, ECG Moss Grove, LP, is undertaking the acquisition and construction of multi-family apartments located at 0 Moss Grove Boulevard, currently owned by Kingston Pike, LLC. I understand that this project entails building a 192-unit apartment community to provide affordable and workforce housing for the local community. To provide financing for this project, ECG Moss Grove intends to apply for a 4% allocation of low-income housing tax credits from the Tennessee Housing Development Agency (“THDA”) to ensure these apartments remain as affordable housing for the next 20 years. ECG Moss Grove has also applied for funding through the City's Affordable Rental Development Program and intends to apply for tax-exempt bonds allocated by THDA, a Fannie Mae loan, and a sponsor loan, in addition to payments in lieu of taxes through KCDC.

Pursuant to Section 48-101-312 of the Tennessee Code Annotated, and because the City has not formed a health, educational, and housing facility corporation, KCDC is permitted to enter into an agreement for payments in lieu of taxes with respect to this project provided that I, as the chief executive officer of the City, provide a letter in support of the project. Please accept this letter as evidence of my support of this project for payments in lieu of taxes for a term of up to 20 years with the payment amount set at $17,003.00 to the City of Knoxville and $14,631.00 to Knox County. The construction of these apartments and the provision of affordable housing for low-income citizens are important goals of the City, and this project is consistent with those goals.

Please do not hesitate to contact my office if you have any questions.

Sincerely,

Madeline Rogero  
Mayor

APPROVED AS TO FORM:

Ronald E. Mills  
Deputy Law Director
RESOLUTION NO. ________

RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION REGARDING A PAYMENT IN LIEU OF TAX TRANSACTION WITH ECG MOSS GROVE, LP

WHEREAS, the Board of Commissioners of Knoxville's Community Development Corporation ("KCDC") has met pursuant to proper notice; and

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

WHEREAS, to induce ECG Moss Grove, LP, a Tennessee limited partnership (the "Company"), to cause the acquisition and construction of an approximately 192-unit housing facility (the "Project") located at 0 Moss Grove Boulevard, Knoxville, Tennessee (the "Property"), KCDC will acquire the Project, and KCDC will lease said property to the Company on the terms and conditions set forth in the Lease referenced herein; and

WHEREAS, KCDC has received a letter from the Mayor of the City expressing her support for the Project pursuant to Tenn. Code Ann. § 48-101-312(b)(4)(C); and

WHEREAS, there has been submitted to KCDC a form of a Lease (the "Lease"), between KCDC and the Company, which provides for certain payments in lieu of tax as described therein and which KCDC proposes to execute to carry out the transaction described above, copies of which instruments shall be filed with the records of KCDC.

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

1. It is hereby found and determined that the acquisition and ownership of the Project will promote industry, trade, commerce and housing in the State of Tennessee and will increase the availability of affordable housing and employment in the City.

2. 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 execute the Lease and deliver the same to the Company.

3. KCDC is hereby authorized and directed to own the Project pursuant to
the terms of the Lease.

4. The Lease shall be in substantially the form submitted, which is hereby
approved, with such completions, omissions, insertions and changes as may be
approved by the officer executing them, his or her execution to constitute conclusive
evidence of his or her approval of any such omissions, insertions and changes.

5. The officers of KCDC are hereby authorized and directed to execute,
deriver and file such other certificates and instruments and to take all such further
action as they may consider necessary or desirable in connection with the
consummation of the transactions described above, including, without limitation,
executing such documents as any lender of the Company may request in connection
with its liens on the Project.

6. Any authorization herein to execute any document shall include
authorization to record such document where appropriate.

7. All other acts of the officers of KCDC which are in conformity with the
purposes and intent of this resolution are hereby approved and confirmed.

Approved this 12th day of December, 2019.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By:_____________________________________
Secretary
LEASE

FROM

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

(a housing and redevelopment authority of
the City of Knoxville, Tennessee organized under Tennessee law)

TO

ECG MOSS GROVE, LP

(a Tennessee limited partnership)

DATED AS OF [_______ __, 20____]

This Instrument Prepared By:
BASS, BERRY & SIMS PLC (GMM)
900 S. Gay Street, Suite 1700
Knoxville, Tennessee 37902
LEASE

This Lease is made and entered into as of the ___ day of ___, 20__ by and between 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. ("Lessor"), and ECG MOSS GROVE, LP, a Tennessee limited partnership ("Lessee").

WITNESSETH:

WHEREAS, Lessor 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., as amended (the "Act"), and is authorized under the Act to acquire, whether by purchase, exchange, gift, lease, or otherwise, and to own, lease and dispose of properties for the purpose of providing safe and sanitary dwelling accommodations for persons of low income;

WHEREAS, in order to encourage Lessee to acquire the Leased Premises (as defined below) and construct the Improvements (as defined below) consisting of approximately 192 units of affordable rental housing, thereby furthering the purposes of the Act, Lessor desires to lease to Lessee and Lessee desires to rent from Lessor the Leased Premises on the terms and conditions set forth herein;

WHEREAS, pursuant to Tenn. Code Ann. § 48-101-312(b)(4)(C), the Mayor of the City of Knoxville, Tennessee submitted a letter dated November 13, 2019 to the Lessor supporting the Project (as defined below) and approving the Lessor to negotiate and accept from Lessee payments in lieu of ad-valorem taxes; and

NOW, THEREFORE, Lessor, for and in consideration of the payments hereinafter stipulated to be made by Lessee, and the covenants and agreements hereinafter contained to be kept and performed by Lessee, does by these presents demise, lease and let unto Lessee, and Lessee does by these presents hire, lease and rent from Lessor, for the Term (as defined below) and upon the conditions hereinafter stated, the Leased Premises;

UNDER AND SUBJECT, however, to deed restrictions, covenants, easements, reservations, rights of way and other encumbrances existing as of the date hereof and any other encumbrance hereafter existing that is not created by Lessor; and

UNDER AND SUBJECT to the following terms and conditions:

ARTICLE I

DEFINITIONS

Section 1.01. In addition to the words, terms and phrases elsewhere defined in this Lease, the following words, terms and phrases as used in this Lease shall have the following respective meanings:

"Acquisition Deed" shall mean the deed pursuant to which Lessor acquires title to the Leased Land.

"Act" shall have the meaning set forth in the Recitals above.

"Basic Rent" shall mean the amounts described in Section 4.01 herein.
"City" shall mean the City of Knoxville, Tennessee.

"County" shall mean Knox County, Tennessee.

"Completion Date" shall mean the earlier of (i) [_______, 20_] and (ii) the date that a certificate of occupancy is issued for the Improvements. Lessee shall provide a certificate to Lessor evidencing the Completion Date no later than thirty (30) days after the occurrence of the Completion Date.

"Costs of the Project" shall mean anticipated costs of the construction of the Improvements which the Lessee estimates are not less than $[___________] (as described in Article X of this Lease).

"Event of Default" shall have the meaning provided in Article XII herein.

"Improvements" shall mean the approximately 192 units of affordable rental housing to be constructed on the Leased Land.

"Lease" shall mean this instrument as originally executed or as it may from time to time be supplemented or amended by one or more instruments supplemental hereto.

"Leased Land" shall mean the real property described in Exhibit A attached hereto.

"Leased Premises" shall mean the Leased Land together with the Improvements to be constructed by Lessee on the Leased Land.

"Lessee" shall mean ECG Moss Grove, LP, a Tennessee limited partnership, or its successors and assigns as permitted herein.

"Lessor" shall mean 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.

"Limited Partner" shall mean Lessee's limited partner, its affiliates, successors, and/or assigns. As of the date hereof, [____________________], a [_________ ______], is the Limited Partner.

"Loan Documents" shall mean any and all loan documents executed and delivered in favor of an Approved Mortgagee or Lender.

"Partnership Agreement" shall mean that certain Amended and Restated Agreement of Limited Partnership of ECG Moss Grove, LP dated as of substantially even date herewith.

"PILOT Payments" shall have the meaning set forth in Section 6.04(a) herein.

"Project" shall mean real estate development project commonly known as ["Moss Grove Flats"] which includes the Leased Land and the Improvements.

"Tax Year" shall mean each annual period beginning on January 1 of each year and ending on December 31 of that year.

"Term" shall mean the term described in Article III herein.
ARTICLE II

REPRESENTATIONS OF LESSOR AND LESSEE

Section 2.01  Lessor Representations. Lessor makes the following representations and warranties, to the best of Lessor's knowledge, to induce Lessee to enter into this Lease:

   (a) As of the date hereof, Lessor is a housing and redevelopment authority of the City of Knoxville, Tennessee duly formed and existing under the laws of the State of Tennessee, authorized to conduct business in the State of Tennessee and is in good standing under Tennessee law, with full power and authority to enter into this Lease and to perform all obligations contained herein, and has, by proper action, been duly authorized to execute and deliver this Lease and, when executed and delivered by the parties thereto, this Lease will constitute the valid and binding obligation of Lessor enforceable in accordance with its terms.

   (b) Neither the execution and delivery of this Lease, nor the consummation of the transactions contemplated herein by Lessor, nor the fulfillment of or compliance with the terms and conditions of this Lease, does or will conflict with or result in a breach of the terms, conditions or provisions of any restriction or internal governing document of Lessor or any agreement or instrument to which Lessor is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree to which it is subject, or constitutes a default under any of the foregoing or, except as contemplated hereby, results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Lessor under the terms of any instrument or agreement.

   (c) Lessor has not assigned, mortgaged or granted to any party any interest in the Leased Premises.

   (d) There are no proceedings pending, or to the knowledge of Lessor threatened, against or affecting Lessor in any court or before any governmental authority, arbitration board or tribunal which affect the possibility of materially and adversely affecting the properties, business, prospects, profits or condition (financial or otherwise) of Lessor, the ability of Lessee to perform its obligations under this Lease, or the ability of Lessee to construct and develop the Improvements or operate a one hundred two (102) unit affordable housing rental apartment complex. Lessor is not in default with respect to an order of any court, governmental authority, arbitration board or tribunal.

Section 2.02  Lessee Representations. Lessee makes the following representations and warranties, to the best of Lessee's knowledge, to induce Lessor to enter into this Lease:

(a) As of the date hereof, Lessee is a limited partnership duly formed and existing under the laws of the State of Tennessee, authorized to conduct business in the State of Tennessee and is in good standing under Tennessee law, with full power and authority to enter into this Lease and to perform all obligations contained herein and therein, and has, by proper action, been duly authorized to execute and deliver this Lease and, when executed and delivered by the parties thereto, this Lease will constitute the valid and binding obligation of Lessee enforceable in accordance with its terms.

(b) Neither the execution and delivery of this Lease, nor the consummation of the transactions contemplated herein by Lessee, nor the fulfillment of or compliance with the terms and conditions of this Lease, does or will conflict with or result in a breach of the terms, conditions or provisions of any restriction or internal governing document of Lessee or any agreement or instrument to which Lessee is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree to which it is subject, or constitutes a default under any of the foregoing or, except as
contemplated hereby, results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Lessee under the terms of any instrument or agreement.

(c) There are no proceedings pending, or to the knowledge of Lessee threatened, against or affecting Lessee in any court or before any governmental authority, arbitration board or tribunal which affect the possibility of materially and adversely affecting the properties, business, prospects, profits or condition (financial or otherwise) of Lessee, or the ability of Lessee to perform its obligations under this Lease. Lessee is not in default with respect to an order of any court, governmental authority, arbitration board or tribunal.

(d) No event has occurred and no condition exists with respect to Lessee that would constitute an Event of Default under this Lease, as defined in Article XII, or which, with the lapse of time or with the giving of notice, or both, would become such an Event of Default.

(e) To Lessee's knowledge, there are no substances, materials, wastes, pollutants or contaminants located on the Leased Premises that are regulated under any environmental law or regulation except those materials and substances that are maintained in compliance with such laws and regulations, and Lessee shall not permit any such substances, materials, wastes, pollutants or contaminants to exist on the Leased Premises during the Term of this Lease except in compliance with such laws and regulations.


ARTICLE III

LEASE TERM

Subject to the provisions contained in this Lease, this Lease shall be in full force and effect for a "Term" commencing on the date hereof and ending on the twentieth (20th) anniversary of the Completion Date, unless terminated earlier, in accordance with the terms hereof. Lessee shall provide a certificate to Lessor evidencing the Completion Date no later than thirty (30) days after the occurrence of the Completion Date.

The Lessor covenants that, subject to the Lessee's payment of rent and performance and observation of the covenants and agreements herein contained and provided to be performed by the Lessee, the Lessee shall and may peaceably and quietly have, hold, occupy, use and enjoy the Leased Premises during the Term and may exercise all of its rights hereunder. The Lessor agrees to warrant and forever defend the Lessee's right to such occupancy, use and enjoyment of the Leased Premises against the claims of any and all persons whomsoever lawfully claiming the same under or through the Lessor, or any part thereof, subject only to the provisions of this Lease. Lessor does not warrant its title to the property and nothing herein shall be deemed a warranty of Lessor's title. The Lessor covenants that it shall not grant any mortgage or lien on or in respect of its fee interest in the Leased Premises unless the same is expressly subject and subordinate to this Lease, and in such an event Lessor agrees to execute a subordination, non-disturbance and attornment agreement with respect to the Lease and Lessee's right thereunder and a recognition agreement with respect to each Lender's Loan Documents in form and substance satisfactory to Lessee and Lender.

Notwithstanding the foregoing, the Term of this Lease may be terminated at any time upon exercise by Lessee (or, following foreclosure or other acquisition of control of the Leased Premises under the Loan Documents, by Lender) of the purchase option described in Article XIII hereof.
ARTICLE IV

RENT

Section 4.01. Basic Rent. Lessee will pay to Lessor without notice or demand, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, as "Basic Rent": (a) annual rent in the amount of $100.00 and (b) all costs and expenses incurred by Lessor in connection with its obligations described herein including but not limited to attorney fees and expenses incurred by Lessor in connection with this Lease. Lessor acknowledges that Lessee has paid all Basic Rent described in clause (a) of the foregoing sentence in advance on the date hereof.

Section 4.02. Additional Rent.

(a) Lessee agrees, as additional rent, to complete the construction of Improvements contemplated in Article X of this Lease and to pay all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay.

(b) Lessee shall also pay as additional rent the payments in lieu of taxes described in Section 6.04 hereof.

(c) In the event of any failure on the part of Lessee to pay any amounts, liabilities or obligations described in this Section 4.02, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of the Basic Rent.

ARTICLE V

COMPLIANCE WITH LAWS; PERMITTED CONTESTS; LESSEE’S ACCEPTANCE OF LEASED PREMISES

Section 5.01. Compliance with Laws. Lessee shall throughout the Term and at no expense to Lessor cure within a commercially reasonable timeframe any material violations under all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which are or shall become applicable to the Leased Premises, the repair and alteration thereof, and the use or manner of use of the Leased Premises, whether or not such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary, and whether or not they shall involve any change of governmental policy or shall require structural or extraordinary repairs, alterations or additions, irrespective of the cost thereof; provided, however, that Lessee, in lieu of compliance with such laws, orders, rules, regulations and requirements, or the making of such additions, changes or alterations, may, at its option, exercise the purchase option described in Article XIII herein.

Section 5.02. Permitted Contests. Lessee shall not be required to comply or cause compliance with the laws, ordinances, orders, rules, regulations or requirements referenced in Section 5.01, so long as Lessee shall, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses (including reasonable attorneys' fees)
in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses.

Section 5.03. Acceptance of Leased Premises. Lessee acknowledges that (a) it has examined the state of the Leased Premises prior to the making of this Lease, including, without limitation, the environmental and soil conditions; (b) it accepts the same; and that (c) no representations as to the condition or state thereof have been made by representatives of Lessor; and (d) in entering into this Lease, Lessee is relying solely upon its own examination thereof.

ARTICLE VI

TAXES AND OTHER CHARGES

Section 6.01. Taxes and Other Governmental Charges. Lessee agrees, subject to the provisions of Section 6.04, to pay and discharge, as additional rent, punctually as and when the same shall become due and payable without penalty, all ad valorem taxes that at any time from the date hereof and during the Term shall be or become due and payable by Lessor or Lessee and that shall be levied, assessed or imposed upon, or that shall be or become liens upon, the Leased Premises or any portion thereof or any interest of Lessor or Lessee therein, under and by virtue of any present or future law, statute, regulation or other requirement of any governmental authority.

Section 6.02. Lessee Subrogated to Lessor's Rights. To the extent of any payments of additional rent by Lessee under this Article VI, Lessee shall be subrogated to Lessor's rights in respect to the proceedings or matters relating to such payments, and any recovery in such proceedings or matter shall be used to reimburse Lessee for the amount of such additional rent so paid by Lessee.

Section 6.03. Utility Services. Lessee agrees that Lessor is not, nor shall it be, required to furnish to Lessee or any other user of the Leased Premises any gas, water, sewer, electricity, light, heat, power or any other facilities, equipment, labor, materials or services of any kind and Lessee agrees that it shall pay all costs and expenses related to the foregoing.

Section 6.04. Payments in Lieu of Taxes.

(a) PILOT Payments. Lessee recognizes that title to the Leased Premises is held by Lessor and that title to the Leased Premises is exempt from all taxation in the State of Tennessee. In addition to Basic Rent and any additional rent hereunder, Lessee and Lessor agree that Lessee shall pay directly to the City and the County for each Tax Year during the Term, an annual payment in lieu of taxes to the City equal to Seventeen Thousand Three Dollars and 00/100 Dollars ($17,003.00) and an annual payment in lieu of taxes to the County equal to Fourteen Thousand Six Hundred Thirty-One and 00/100 Dollars ($14,631.00), subject to adjustment in accordance with the following paragraph and as otherwise provided herein (collectively, the "PILOT Payments"). Amounts payable with respect to any partial Tax Years included within the Term will be prorated based upon the actual number of days included within such Tax Year.

Notwithstanding anything to the contrary contained in this Section, in the event that Lessee fails to complete the construction of the Improvements in accordance with Article X hereof or the Leased Premises no longer continues to be operated as an affordable housing residential rental project and becomes ineligible for federal low-income housing tax credits applicable to the Leased Premises as a result thereof, then Lessee shall make an annual payment in lieu of taxes with respect to each Tax Year remaining in the Term on behalf of the Lessor to the City and the County in an amount equal to the ad
valorem taxes that would otherwise be payable with respect to the Leased Premises for each such Tax Year if the Leased Premises were owned by Lessee.

(b) Maximum Tax Payment. Nothing contained in this Section 6.04 is intended or shall be construed to require the payment by Lessee of any greater amounts in lieu of taxes than would be payable if the Leased Premises were owned by Lessee. It is accordingly understood and agreed that the amount payable by Lessee in any year under the provisions of this Section 6.04 shall be reduced by the amount of any ad valorem taxes lawfully levied upon the Leased Premises or any part thereof, or upon Lessee's leasehold estate therein, and actually paid by Lessee to the City or the County pursuant to the requirements of Section 6.01 hereof and to the extent that any such tax payments paid by Lessee pursuant to the requirements of Section 6.01 hereof for any year shall exceed the in-lieu-of-tax payments for such year otherwise provided in this Section 6.04 the amount payable by Lessee in any subsequent year under the provisions of this Section 6.04 shall be reduced by such excess amount.

(c) Time of Payment. Any in-lieu-of-tax payments shall be due on or before (i) February 28 following the Tax Year with respect to which each such payment relates; and (ii) for the final Tax Year of the Term, payments in lieu of tax payments required by this Lease, and payments of taxes owed for the remainder of the Tax Year after termination of this Lease, shall be due and payable on the last day of the Term. The obligation to make any payment in lieu of taxes with respect to any Tax Year shall survive the termination of this Lease.

(d) Tax on Additional Improvements. The payments in lieu of taxes payable hereunder shall only apply to the Leased Land and Improvements. In the event Lessee constructs improvements on the Leased Land other than the Improvements, Lessee shall make payments in lieu of taxes to the appropriate taxing jurisdictions with respect to such additional improvements in an amount equal to the ad valorem taxes that would otherwise be payable by Lessee if Lessee was the owner of such additional improvements unless the parties hereto agree in writing to the contrary.

(e) Pro Ration. If the calculation of any payment in lieu of tax is required for any reason hereunder with respect to only a portion of a Tax Year, a pro-rated amount shall be determined based upon the proportion that the period for which such payment relates bears to the entire Tax Year.

(f) Cessation of Business or Foreclosure. In the event Lessee ceases the active operation of a low-income housing facility for eligible residents at the Leased Premises, and notwithstanding any provision herein to the contrary, Lessee shall make payments in lieu of taxes beginning as of the date Lessee ceases such operation equal to the ad valorem taxes that Lessee otherwise would have been required to make with respect to the Leased Premises if the Leased Premises was owned by Lessee. Upon the foreclosure of Lessee's leasehold interest in this Lease, so long as such successor continues to operate a low income housing facility for eligible residents on the Leased Premises, such successor shall be permitted to make the PILOT Payments, and shall not be required to pay ad valorem taxes unless a low income housing facility ceases to be operated on the Leased Premises; provided, however, that any such purchaser or successor which is not [            ], Berkadia Commercial Mortgage LLC, a Delaware limited liability company, or Fannie Mae shall be subject to Lessor's approval, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of request or shall be deemed approved.

Section 6.05. Permitted Contests. Lessee shall not be required to pay any tax or assessment against the Leased Premises or any part thereof, so long as Lessee shall, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings which shall operate to prevent the collection of the tax or assessment so contested or resulting from such contest and the sale of the Leased Premises or any part thereof to satisfy the same. Such contest may be made by Lessee in the name of
Lessor or of Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses (including attorneys' fees) in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses.

ARTICLE VII

MAINTENANCE AND REPAIR

Lessor shall not be required to rebuild or to make any repairs, replacements or renewals of any nature or description to the Leased Premises or to make any expenditures whatsoever in connection with this Lease or to maintain the Leased Premises in any way. Lessee expressly waives the right contained in any law now or hereafter in effect to make any repairs at the expense of Lessor.

Except as provided in the next paragraph, Lessee shall keep and maintain in good order, condition and repair (including any such repair as is required due to fire, storm or other casualty) the Leased Premises and every part thereof and any and all appurtenances thereto. Lessee shall save Lessor harmless on account of claims for mechanics, materialmen's or other liens in connection with any work by Lessee, and any such liens shall exist only against Lessee's leasehold interest and shall be discharged, by bond or otherwise, within thirty (30) days after filing. Lessee shall keep and maintain the Leased Premises in accordance with all directions, rules and regulations of the proper officials of the government agencies having jurisdiction, at the sole cost and expense of Lessee.

Subject to the Loan Documents of the senior (as against other Lenders) Lender, in the event the Improvements are destroyed or substantially damaged by fire, storm or other casualty, Lessee shall be entitled to and shall receive the entire award of insurance proceeds and Lessee shall not be required to rebuild the Improvements on the Leased Premises. In the event Lessee does not elect to rebuild the Improvements on the Leased Premises in such a case, Lessee shall within sixty (60) days after such casualty (a) remove all rubble, debris, materials and any remaining Improvements on the Leased Premises so that the Leased Premises are in good condition and would be ready to develop with other improvements, and (b) terminate this Lease by giving written notice to Lessor.

ARTICLE VIII

CONDEMNATION

If during the Term, all or any part of the Leased Premises be taken by the exercise of the power of eminent domain or condemnation, Lessee shall be entitled to and shall receive the entire award for the taking, and such award shall be applied as provided in the Loan Documents of the senior (as against other Lenders) Lender. If title to or control of all of the Leased Premises shall be taken by the exercise of the power of eminent domain or condemnation, or if such use or control of a substantial part of the Leased Premises shall be taken as to result in rendering the Leased Premises undeliverable to Lessee, Lessee may, with prior written consent of each Approved Mortgagee and Limited Partner, exercise its option to purchase the Leased Premises as provided in Article XIII hereof and thereafter shall have no further liability hereunder except as specifically provided herein.
ARTICLE IX

INSURANCE, INDEMNIFICATION AND LIMITATION OF LIABILITY

Section 9.01. Insurance. Lessee shall carry commercial general liability insurance covering the Leased Premises and the use and occupancy of the same in a company or companies licensed to do business in Tennessee under a policy reasonably satisfactory to Lessor both as to amount and coverage and shall provide evidence of same to Lessor. Lessor shall be listed as an additional insured on such policy. Lessee shall also insure all Improvements on the Leased Premises at their full replacement value, with Lessor being included as an additional insured, and Lessee shall provide evidence of same to Lessor. Each policy described above shall contain a provision that it may not be canceled without first giving Lessor not less than thirty (30) days prior written notice.

Section 9.02. Indemnification. Lessee covenants and agrees, at its expense, to pay, and to indemnify and save Lessor and its directors, agents and employees (collectively, the "Indemnified Parties") harmless against and from any and all claims by or on behalf of any person, firm, corporation, or governmental authority, arising from the occupation, use, possession, conduct or management of or from any work or activity done in or about the Leased Premises or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Leased Premises or the occupancy or use thereof. Lessee also covenants and agrees, at its expense, to pay, and to indemnify and save the Indemnified Parties harmless against and from any and all claims, costs or expenses arising from (i) any condition, including any environmental condition, now existing or hereafter arising, on the Leased Premises, (ii) any breach or default on the part of Lessee in the performance of any covenant or agreement to be performed by Lessee pursuant to this Lease, (iii) any act or negligence of Lessee, or any of its agents, contractors, servants, employees or licensees, (iv) the failure of the Acquisition Deed to convey title to the Leased Land to Lessor on the date hereof other than as described in the Acquisition Deed, (v) any disputes, demands or claims related to the title of the Leased Land or any liens or other encumbrances affecting the Leased Land, or (vi) any accident, injury or damage whatever caused to any person, firm or corporation in or about the Leased Premises and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section. In the event that any action or proceeding is brought against any Indemnified Party by reason of any such claims, Lessee, upon notice from such Indemnified Party, covenants to resist or defend such action or proceeding. Notwithstanding the foregoing, Lessee shall not be bound to indemnify any Indemnified Party, its incorporators, members, directors, officers, employees, counsels or agent, from any such claims, demands, causes of action, accounting, or any other matter due to the gross negligence or willful misconduct of such Indemnified Party, its incorporators, members, directors, officers, employees, counsels or agents. The indemnification provided shall survive termination of this Lease.

Section 9.03. Limitation of Liability. This Lease and the obligations of Lessor hereunder shall be non-recourse as to Lessor, and Lessor shall have absolutely no personal or individual liability with respect to any of the terms, covenants and conditions of this Lease. Lessee hereby expressly agrees that it shall look solely to the equity of Lessor or its successor(s) interest in the Leased Premises for the satisfaction of any remedy of Lessee in the event of any breach by Lessor of any of the terms covenants and conditions of this Lease. This exculpation of Lessor's personal liability is absolute and without any exception whatsoever. Lessee acknowledges that Lessor is a governmental entity and is subject to the protection of the Tennessee Governmental Tort Liability Act, Tennessee Code Annotated § 29-20-101 through 29-20-408 (as amended from time to time), and nothing contained herein shall constitute a waiver or release of Lessor's rights and protections under said Act.
ARTICLE X

CONSTRUCTION OF IMPROVEMENTS; ALTERATIONS

Lessee agrees during the Term of the Lease to use the Leased Premises for the Project and no other purpose unless permitted in writing by Lessor.

Lessee also agrees to construct the Improvements by [__________, 20__], pursuant to plans and specifications that have previously been provided by Lessee to Lessor and approved by the City. In addition to the Improvements described above, Lessee shall have the right to construct buildings and other improvements on the Leased Land from time to time and to make additions to and alterations to the Improvements without Lessor's consent. The Improvements and any other improvements to the Leased Land shall be constructed in good and workmanlike manner, and in compliance with all applicable laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and offices thereof. Lessee shall maintain or cause to be maintained, at all times when any work is in process on the Improvements, workmen's compensation insurance covering all persons employed in connection with such work and with respect to whom death or bodily injury claims could be asserted against Lessor, Lessee or the Leased Premises.

Lessee covenants and agrees at its expense to construct the Improvements on the Leased Land in accordance with plans that have previously been presented by Lessee to the City. Lessee covenants and agrees it shall expend not less than [$__________] for the Costs of the Project. The Costs of the Project shall be treated as additional rent payable by Lessee under this Lease. Lessee shall provide to Lessor, at Lessor's request, evidence of the completion of the Project, and spending of anticipated Costs of the Project, in a form reasonably required by Lessor.

ARTICLE XI

SUBLETTING, ASSIGNMENTS AND MORTGAGING

(a) Except for: (i) leases in the ordinary course of business or otherwise desirable for operation of an apartment complex (including without limitation, residential leases to tenants at the Leased Premises), (ii) a deed of trust in favor of [__________], Berkadia Commercial Mortgage LLC, a Delaware limited liability company, or Fannie Mae (collectively, the "Approved Mortgagees"), (iii) removal of the general partner of Lessee in accordance with the terms of the Partnership Agreement so long as any new general partner of Lessee is approved by Lessor, such approval not be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of the date of request or shall be deemed approved, or, if Elmington Capital Group, LLC or an affiliate thereof is the substitute general partner, no such approval shall be required, and (iv) any other transfer of a partnership interest of Lessee in accordance with the terms of the Partnership Agreement so long as (A) Elmington Capital Group, LLC or an affiliate thereof, or except in the case of a removal pursuant to (iii) herein, Lessor or an affiliate thereof remains a direct or indirect partner of Lessee or (B) the transferee is approved by Lessor, such approval not be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of the date of request or shall be deemed approved (each of the foregoing being a "Permitted Transfer" which shall not require Lessor's consent), Lessee shall not have the right to assign or otherwise transfer its rights and interest hereunder except with the prior written consent of Lessor or as explicitly permitted in this Lease. In the event that any Approved Mortgagee becomes the successor lessee hereunder pursuant to a foreclosure or deed in lieu of foreclosure of a deed of trust described in clause (ii) above or clause (e) below, such Approved Mortgagee shall be eligible to
make PILOT Payments pursuant to Section 6.04(a) hereof; and further provided that any successor or assign of an Approved Mortgagee, or any purchaser at a foreclosure sale other than an Approved Mortgagee, shall be entitled to make PILOT Payments pursuant to Section 6.04(a) hereof so long as Lessor has reasonably approved such person or entity, such approval not be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of the date of request or shall be deemed approved. If such successor or assign of an Approved Mortgagee or any purchaser at a foreclosure sale other than an Approved Mortgagee is not approved by Lessor (the "Non Approved Party") in accordance with the foregoing sentence, then the Non Approved Party shall be deemed to have exercised the option to purchase the Property under Section 13.01.

(b) In addition to the rights granted in Article XI(a) above, subject to the other terms of this Lease, Lessee is hereby given the right, at any time and from time to time, to mortgage its leasehold estate in the Leased Premises, provided that any such leasehold mortgage shall be subject and subordinate to the rights of Lessor hereunder. As used in this Section and throughout this Lease, the noun "mortgage" shall include a leasehold deed of trust, the verb "mortgage" shall include the creation of a leasehold deed of trust, the word "mortgagee" shall include the beneficiary under a leasehold deed of trust, and the terms "foreclose" or "foreclosure" shall include a trustee's sale under a deed of trust as well as a foreclosure by judicial process.

(c) Any mortgagee, lender or other holder of similar rights ("Lender") must comply with the requirements described in the Lease.

(d) If a Lender shall have given Lessor a written notice specifying the name and mailing address of the Lender, then Lessor shall not terminate this Lease by reason of the occurrence of any Event of Default hereunder unless (i) Lessor shall have given the Lender a copy of its written notice to Lessee of such Event of Default addressed to the mailing address last furnished by the Lender, and (ii) any applicable Cure Period (as defined herein) afforded Lender shall have expired. [_________________] and Berkadia Commercial Mortgage, LLC are deemed to have provided such notice to the Lessor.

ARTICLE XII

EVENTS OF DEFAULT; TERMINATION

Section 12.01. Events of Default. Subject to any applicable notice and cure periods set forth herein, if any one or more of the following events (herein called "Events of Default") shall happen:

(a) if Lessee shall cease to exist as a legal entity (as determined by the State in which the Lessee is organized);

(b) if Lessee shall fail to construct the Improvements as required by the terms of Article X of this Lease;

(c) if Lessee fails to spend the Costs of the Project in order to complete the acquisition and construction of the Project;

(d) if Lessee fails to maintain the commercial general liability insurance required herein;

(e) if default shall be made in the due and punctual payment of any additional rent payment due pursuant to Section 6.04 hereof, and such default shall continue for more than ten (10) days after receipt of written notice to the Lessee from the Lessor (the "Monetary Cure Period"); or
(f) if default shall be made by Lessee in the due performance of or compliance with any of the terms hereof and such default shall continue for more than thirty (30) days after receipt of written notice to the Lessee from the Lessor (the "Non-Monetary Cure Period" and together with the Monetary Cure Period, as applicable, the "Cure Period");

then in any such event Lessor at any time thereafter and, while such Event of Default shall continue, may give a written termination notice to Lessee, Limited Partner and Lender (provided such Lender shall have given Lessor a written notice specifying the name and mailing address of the Lender) which notice shall specify the nature of the Event of Default, the right of Lessee to cure such Event of Default, and a date of termination of this Lease, not earlier than the expiration of the Cure Period, if such Event of Default is not cured. Upon such termination, Lessor shall have the right, but not the obligation, to enter upon the Leased Premises and repossess the Leased Premises and recover from Lessee all taxes of any kind accruing from the date of this Lease to and including the date of default that would have been paid by Lessee but for the terms granted in this Lease.

ARTICLE XIII

PURCHASES AND PURCHASE PRICES

Section 13.01. Option to Purchase. Lessee shall have an irrevocable and exclusive option to purchase the Leased Premises as a whole at any time during the Term or within one hundred eighty (180) days after the termination or expiration of the Lease for the amount provided in Section 13.03. To exercise such option Lessee shall (i) give Lessor at least ten (10) days’ prior written notice of its intent to exercise any option granted pursuant to this Section 13.01, which notice shall state the purchase date, and (ii) comply with the provisions of Section 13.03 hereof. The option to be exercised by Lessee hereunder may be exercised whether or not a default or Event of Default has occurred hereunder. If a default or an Event of Default has occurred under this Lease and the notice and cure periods described in Section 14.13 hereof have expired, an Approved Mortgagee or Limited Partner may exercise Lessee’s option to purchase the Leased Premises on behalf of Lessee.

Section 13.02. Granting of Easements. From time to time during the Term, Lessee, shall have
the right, at Lessee's expense, to (i) grant easements affecting the Leased Land, (ii) to dedicate or convey, as required, portions of the Leased Land for road, highway and utilities and other public purposes, and (iii) to execute petitions to have the Leased Land or portions thereof annexed to any municipality or included within any utility, highway or other improvement or service district. Lessor hereby consents to Lessee granting third parties such easements, licenses and other use rights and upon the written request of Lessee, Lessor shall join in the grants to the third parties of such easements, licenses and other use rights, in order to confirm Lessee's right to grant the same and in order to evidence the Lessor's consent thereto; provided, however, that (a) any documentation to be signed by Lessor evidencing such grant shall be subject to Lessor's reasonable approval (which approval shall not be unreasonably withheld, conditioned, or delayed), (b) Lessor's liability under any such grant shall be limited in substantially the same manner as Lessor's liability is limited hereunder in Sections 14.08, 14.09 and 14.10 and (c) if Lessor fails to respond to Lessee's request to join in granting any such easements, licenses or other use rights for a period of thirty (30) days, Lessor's approval and consent to such grant of easement, license or other use rights shall be deemed given and Lessee may proceed with such grant of easement, license, or use rights without Lessor's consent.

Section 13.03. Exercise of Option.

(a) To exercise any option contained in Section 13.01, Lessee shall pay, or cause to be paid, on or prior to the purchase date, as the purchase price the sum of (i) $1.00 plus (ii) any other amounts that
are then due or that have accrued under this Lease (including, without limitation, any amounts due upon termination or expiration of this Lease), but excluding any amounts required to be expended pursuant to Article X.

(b) On the purchase date for the purchase of the Leased Premises pursuant to Section 13.01, Lessor shall convey the Leased Premises to Lessee (or its assigns) by quitclaim deed, without warranty of any type, conveying Lessor's interest in the Leased Premises being conveyed. The form of the quitclaim deed pursuant to which property will be conveyed pursuant to this Section shall be in the form attached hereto as Exhibit B. Lessee shall pay all expenses relating to such conveyance.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Applicable Law. This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Tennessee.

Section 14.02. Severability. In the event that any clause or provision of this Lease shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.

Section 14.03. Notices and Demands. All notices, certificates, demands, requests, consents, approvals and other similar instruments under this Lease shall be in writing, and shall be deemed to have been properly given and received if hand delivered or sent by certified mail return receipt requested, postage prepaid or via overnight courier service, addressed in each case as follows (or at such other address as a party shall specify by written notice to the other party):

If to Lessor:
Knoxville's Community Development Corporation
P.O. Box 3550
Knoxville, Tennessee 37927
Attention: Benjamin M. Bentley

With copy to:
c/o G. Mark Mamantov, Esq.
Bass, Berry & Sims PLC
1700 Riverview Tower
Knoxville, Tennessee 37902

If to Lessee:
ECG Moss Grove, LP
c/o Elmington Capital Group
118 16th Avenue, Suite 200
Nashville, Tennessee 37203
Attention: John Shepard

With a copy to:

Attn: [ ]

With a copy to:
[ ]
[ ]
[ ]
13
Section 14.04. Headings and References. The headings in this Lease are for convenience of reference only and shall not define or limit the provisions thereof. All references in this Lease to particular Articles or Sections are references to Articles or Sections of this Lease, unless otherwise indicated.

Section 14.05. Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their permitted respective successors and assigns.

Section 14.06. Multiple Counterparts. This Lease may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument.

Section 14.07. Expenses. Lessee shall pay all costs and expenses of Lessor in connection with the negotiation and execution of this Lease and the performance hereof, including the reasonable fees and expenses of Lessor's attorneys. In addition, in the event that Lessor shall be required to engage legal counsel for the enforcement of any of the terms of this Lease, whether or not such employment shall require institution of suit or other legal services required to secure compliance on the part of Lessee, Lessee shall be responsible for and shall promptly pay to Lessor the reasonable value of said attorneys' fees, and any other expenses incurred by Lessor as a result of such default.

Section 14.08. No Liability of Officers, Etc. No recourse under or upon any obligation, covenants or agreement contained in this Lease shall be had against any incorporator, members, director or officer, as such, past, present or future, of Lessor, either directly or through the Lessor. 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 by Lessee as a condition of and consideration for the execution of this Lease.
Section 14.09. No Liability of City, Officer, Etc. The City of Knoxville, Tennessee, and its officials 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 Lessor contained in this Lease or otherwise shall be construed to constitute an indebtedness of the City of Knoxville, Tennessee, or its officials or agents, within the meaning of any constitutional or statutory provision whatsoever.

Section 14.10. Limitation of Liability. Notwithstanding any other provision hereof, Lessor's liability hereunder shall be limited to its interest in the Leased Premises and Lessee shall not have any recourse against any other assets of Lessor.

Section 14.11. Reports. During the term of the Lease, Lessee shall, at the request of Lessor, assist Lessor by providing to Lessor, or its designee, information necessary to complete (a) reports required under applicable law or (b) any other certificate or form relating to the Project reasonably requested by the Lessor. If requested by Lessor, Lessee shall certify such information and sign the reports in its capacity as Lessor under the terms of this Lease.

Section 14.12. Investment Tax Credit. Lessor and Lessee hereby elect and agree that Lessee shall be entitled to any investment tax or similar credit, or grants, with respect to the Leased Premises now or hereafter authorized by the Internal Revenue Code, or other legislation, and Lessor agrees to take all reasonable action necessary to make such investment tax election and obtain the benefits for same for Lessee's at Lessee's request and expense, and to obtain such grants. In addition, Lessor and Lessee acknowledge and agree that during the entire Term, Lessee shall be the owner of the Improvements for income tax purposes, and as such, Lessee alone shall be entitled to all depreciation deductions and low-income housing tax credits or other benefits for income tax purposes relating to the Improvements, and Lessee shall have the right to amortize capital costs and to claim any other federal or state tax benefit attributable to the Improvements.

Section 14.13. Notice and Cure Rights. Lessor will give the Limited Partner (at the Limited Partner's address set forth above) and any Lender (provided such Lender shall have given Lessor a written notice specifying the name and mailing address of the Lender) a copy of any written notice that it gives to Lessee under this Lease. Lessor will allow the Limited Partner and Lender the right, but not the obligation, to cure any default on behalf of Lessee within a period of (a) thirty (30) days after the expiration of any notice and cure period granted to Lessee in this Lease with regard to a monetary default or (b) sixty (60) days after the expiration of any notice and cure period granted to Lessee in this Lease with regard to a non-monetary default; provided however that, in the event a non-monetary default is not susceptible to being cured within such sixty (60) days, Lessor will allow the Limited Partner and Lender such additional time (not to exceed an additional sixty (60) days) as is necessary to cure such default provided the Limited Partner or Lender, as applicable, has commenced to cure such default and is diligently and continuously proceeding to cure such default. If the Limited Partner or Lender makes any such payment or otherwise offers cure of a default, Lessor will accept or reject such action as curing such default on the same basis as if such payment or cure were made directly by Lessee.

Section 14.14. No Modifications. The following shall not be binding on Limited Partner or Lender without Limited Partner's and Lender's prior written consent:

(a) Any modification, amendment or other alteration of the terms of this Lease;

(b) Any waiver, release, excuse or cessation of performance by Lessor of its obligations, duties or covenants under this Lease; or
(c) Any surrender, abandonment, termination or cancellation of this Lease or of the leasehold estate or any portion thereof created thereby.

Section 14.15. Non-Merger. There shall be no merger of this Lease with any ground leasehold interest or the fee estate in the Leased Premises or any part thereof by reason of the fact that the Lessor may acquire or hold, directly or indirectly, Lessee's interest in this Lease as well as the fee estate in the Leased Premises or any interest in such fee estate.

Section 14.16. Estoppel. Lessor shall deliver to Lender or Limited Partner, within ten (10) days after receipt of such request by Lender or Limited Partner and without charge therefor, a written estoppel certificate, in form and content reasonably satisfactory to Lessor and Lender or Limited Partner, as applicable. Notwithstanding the foregoing, Lessee shall pay all costs and expenses in connection with the delivery of such estoppel certificate, including the reasonable fees and expenses of Lessor's attorneys.

[Signature Pages Follow]
IN WITNESS WHEREOF, the parties have executed this Lease on the date set forth above.

LESSOR:

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.

By: ________________________________
    John T. Winemiller, Chairman

LESSEE:

ECG MOSS GROVE, LP, a Tennessee limited partnership

By: Moss Grove GP Corporation, a Tennessee nonprofit corporation, its general partner

By: ________________________________
    Benjamin M. Bentley, President
EXHIBIT A

LEGAL DESCRIPTION OF LEASED LAND
EXHIBIT B

This Instrument Prepared By:
G. Mark Mamantov, Attorney
BASS, BERRY & SIMS PLC
1700 Riverview Tower
900 South Gay Street
Knoxville, Tennessee 37902

QUITCLAIM DEED

THIS INDENTURE, made this _______ day of ____________________, 2022, between:

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

First Party, and

ECG MOSS GROVE, LP, a Tennessee limited partnership.

Second Party,

WITNESSETH: that said First Party, for and in consideration of the sum of ONE DOLLAR ($1.00) cash
and other good and valuable considerations in hand paid by Second Party, the receipt and sufficiency of
which is hereby acknowledged, has quitclaimed and does hereby quitclaim unto the said Second Party the
following described premises:

SEE LEGAL DESCRIPTION ATTACHED HERETO AS EXHIBIT A AND MADE A PART HEREOF.

THIS CONVEYANCE is made subject to applicable easements, restrictions and building set back lines of
record.

TOGETHER with all the estate, right, title and interest of the First Party therein, with the hereditaments
and appurtenances thereto appertaining releasing all claims therein.

In this instrument in every case the plural shall include the singular and vice-versa and each gender the
others.

IN WITNESS WHEREOF, this instrument has been executed on behalf of First Party by its duly
authorized officer on the day and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: _____________________________

Chairman
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>December 12, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution authorizing execution of Owner's Representative Agreement for Austin Homes Phases 1A and 1B and the infrastructure.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: Rachel Maples</td>
</tr>
<tr>
<td>Department: Redevelopment</td>
<td></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: 2.89% of construction costs</td>
</tr>
<tr>
<td>Source of Funds: Developer Fee</td>
<td></td>
</tr>
<tr>
<td>APPROVAL/REVIEWS</td>
<td>☐ Department Head /Vice President  ☐ Budget/Finance</td>
</tr>
<tr>
<td>☐ Legal Counsel</td>
<td>Name of Reviewer: Brad Peters</td>
</tr>
<tr>
<td>☐ Executive Director/CEO  ☐ Other - Name &amp; Title:</td>
<td></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 resolution, KCDC requests approval to add additional scope of work to the existing contract with Partners & Associates, Incorporated. This additional scope of work would be as its owner's representative on the redevelopment of Austin Homes Phases 1A and 1B, and the infrastructure.

2. **Why is the action needed now?**
   Design work has already commenced so it is important to finalize this contract amendment.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   - Partner's & Associates- Owner's representative. In this role, Partners help oversee the project, from permitting, to selection of a contractor, to construction management.
   - KCDC- Owner.

4. **What are the long term and short term exposures to KCDC?**
   The goal of an owner's representative is to reduce construction related risks.

## HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)  
The current Partners contract was executed on August 16 2016.

## ATTACHMENTS  
Resolution
RESOLUTION NO. ________

RESOLUTION OF THE BOARD COMMISSIONERS OF KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION REGARDING THE AUTHORIZATION TO EXECUTE OWNER’S REPRESENTATIVE AGREEMENT

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, by Sections 13-20-101 et seq., Tennessee Code Annotated, housing and redevelopment authorities in Tennessee are authorized through their respective governing bodies to finance and/or refinance housing and redevelopment projects; and

WHEREAS, owner's representative services are required to help KCDC guide the progress of the development from the early stages through construction of the development.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD, AS FOLLOWS:

Section 1. KCDC is hereby authorized to negotiate and add additional scope of work to the existing contract with Partners & Associates Incorporated (for phases 1A, 1B, and infrastructure at the former Austin site), for owners representative services in an amount equal to 2.89% of construction cost, in a form approved by KCDC’s legal counsel.

Section 2. The Chairman, Vice Chairman, Secretary or any other officer of KCDC are authorized, empowered, and directed to negotiate, execute, and deliver, and, if required, the Secretary is authorized to affix the official seal of KCDC to, the agreement in the name, for and on behalf of the KCDC, and thereupon to cause the agreement to be executed, acknowledged, recorded and delivered to the other party or parties thereto.

Section 3. From and after the execution and delivery of the agreement, the officers, employees and agents of KCDC are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the agreement.

Approved this 12th day of December, 2019.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

By:________________________
Secretary
STATEMENT OF WORK SIX (SOW 6)
TO
PROFESSIONAL SERVICES/CONSULTING AGREEMENT
BETWEEN

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION (KCDC)
AND PARTNERS DEVELOPMENT (PARTNERS)

THIS SOW 6 adopts and incorporates by reference the terms and conditions of the Professional
Services / Consulting Agreement between the parties dated August 22, 2016, contract C17014 ("Original
Contract"), but does not change or incorporate the terms and conditions of any previously executed
Statement of Work.

Pursuant to Article 2 of the Original Contract, the parties now wish to expand the scope of
services to include the Infrastructure Work for Austin Homes Phase 1A & 1B (Project).

1. Expansion of Services. The parties agree that the scope of services provided for SOW 6 is
similar to the scope of services included in the Original Contract, the main difference being the scope of
services for SOW 6 will apply to the demolition and infrastructure improvements that will support the
development of the Austin Homes Phase 1A & 1B projects.

2. Compensation. Paragraph 4(a) is deleted and hereby replaced with the following:

(a) Partners shall prepare an itemized budget (Project Budget) that will include all anticipated
costs for design and other consultant services, demolition and infrastructure construction
activities associated with the Project for KCDC's approval. The Project Budget shall be
updated monthly to reflect actual contract values as they are executed and any approved
changes. Partners' total compensation for SOW 6 shall be 2.89% of the approved Project
Budget. KCDC will pay Partners' fee for SOW 6 based on monthly invoices for payment
submitted to KCDC. Each monthly invoice shall be in level amounts based upon the
approved schedule for the project. Notwithstanding the foregoing, Partners will hold its final
10% of billings until completion of the project.

(b) Partners shall also be compensated for reimbursable expenses directly related to the project
as follows:

.1 Transportation
.2 Long distance and teleconference services, and
dedicated data and communication services
.3 Fees paid for securing approval of authorities having
jurisdiction over the Project
.4 Printing and reproductions
.5 Postage, handling and delivery
.6 Expenses of overtime work requiring higher than
regular rates, if authorized in advance by KCDC
.7 Presentation materials requested by KCDC
.8 All taxes levied on professional services and on
reimbursable expenses
.9 Direct expenses of consultants and vendors secured on behalf of KCDC.

Such expenses shall be approved in advance by KCDC. Compensation shall be 1.10% of the approved
reimbursable expenses incurred.

ACCEPTED BY:

PARTNERS AND ASSOCIATES, INC
DBA PARTNERS DEVELOPMENT

BY: ____________________________
TITLE: CEO
DATE: 26 Nov. 2019

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

BY: ____________________________
TITLE: ____________________________
DATE: ____________________________
### BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>December 12, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution regarding authorization to execute Architect's Agreement.</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 ☐ Special</td>
</tr>
<tr>
<td>AGENDA CLASSIFICATION</td>
<td>☒ Resolution ☐ Regular</td>
</tr>
<tr>
<td>BUDGET / FINANCIAL IMPACT</td>
<td>Budgeted: ☐ ☐ Expenditure: $------</td>
</tr>
<tr>
<td></td>
<td>Source of Funds: Equity and other financing</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: Brad Peters</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?**
   This action seeks to provide authority to enter into a contract for architectural design for Austin Homes Phases 1A and 1B. The architect fee is for $---- (estimate of _____ percent of construction cost).

2. **Why is the action needed now?**
   Now that our 9% tax credits have been announced, an agreement is needed to allow for continued work/progress of demolition of the property and to allow construction to commence soon thereafter.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   KCDC is the project owner. Johnson Architects, Incorporated is the architect.

4. **What are the long term and short term exposures to KCDC?**
   While there is some monetary risk associated with pre-development costs in a construction project, it is necessary to stay on schedule.

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

Much internal work, as well as work with architects and other partners, was required to prepare for the filing of the tax credit application. With the success of the tax credit application, work must continue in order for the project to continue on schedule.

**ATTACHMENTS**

Resolution

---

EM Form (8/25/2015)
RESOLUTION NO. ________

RESOLUTION OF THE BOARD OF DIRECTORS OF KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION REGARDING THE AUTHORIZATION TO EXECUTE ARCHITECT’S AGREEMENT

WHEREAS, the Board of Directors of Knoxville’s Community Development Corporation (the "KCDC") has met pursuant to proper notice; and

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

WHEREAS, by Sections 13–20–101 et seq., Tennessee Code Annotated, housing and redevelopment authorities in Tennessee are authorized through their respective governing bodies to finance and/or refinance housing and redevelopment projects; and

WHEREAS, KCDC, received an allocation of tax credits and wishes to redevelop Austin Homes; and

WHEREAS, architect and engineering services are required to develop plans a specifications needed to obtain financing for eventual construction of the project.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD, AS FOLLOWS:

Section 1. The KCDC is hereby authorized to negotiate and enter into an Architect’s Agreement in a total amount of approximately $_____; of which an estimated $_____ is for engineering services and $_____ for architecture services, based on _________ of current estimated construction costs.

Section 2. The Chairman, Vice Chairman, Secretary or any other officer of KCDC are authorized, empowered, and directed to negotiate, execute, and deliver, and, if required, the Secretary is authorized to affix the official seal of KCDC to, the agreement in the name, for and on behalf of the KCDC, and thereupon to cause the agreement to be executed, acknowledged, recorded and delivered to the other party or parties thereto.
Section 3. From and after the execution and delivery of the agreement, the officers, employees and agents of KCDC are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the agreement.

Approved this 12th day of December, 2019.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By:__________________________  
  Secretary
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th><strong>MEETING DATE</strong></th>
<th>December 12, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AGENDA ITEM DESCRIPTION</strong></td>
<td>Approval is requested to authorize submission of Rental Assistance Demonstration (RAD) applications for Western Heights and Northgate Terrace.</td>
</tr>
<tr>
<td><strong>SUBMITTED BY</strong></td>
<td>Name &amp; Title: Joyce Floyd, VP Strategic Planning &amp; Development</td>
</tr>
<tr>
<td></td>
<td>Department: Executive Management</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: N/A ☐ Expenditure: N/A ☒</td>
</tr>
<tr>
<td></td>
<td>Source of Funds: ☒ Department Head /Vice President ☒ Budget/Finance</td>
</tr>
<tr>
<td><strong>APPROVAL/REVIEWS</strong></td>
<td>☐ Legal Counsel Name of Reviewer: ________________________</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?**
   Allow for the submission of the RAD applications for Western Heights and Northgate Terrace.

2. **Why is the action needed now?**
   HUD previously approved all KCDC properties for conversion. Board approval is required for each application.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   KCDC as current owner.
   HUD as approver of applications.

4. **What are the long term and short term exposures to KCDC?**
   No short term exposures. HUD allows for withdrawal of the application at anytime up to closing for any reason. Appropriations for multifamily funding are a much more stable and guaranteed revenue stream.

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

HUD previously approved a phased portfolio award for all KCDC Public Housing properties. These are the last two remaining PH properties for the RAD application process.

## ATTACHMENTS

RAD Application
SECTION 1: PIC DEVELOPMENT NUMBER AND NAME

Enter the PIC Development Number and Name.

Development Number
TN003000001

Name of Development
WESTERN HEIGHTS ADDITION

Public Housing Agency (PHA) Name
Knoxville's Community Development Corp.

Project Name for Tracking Purposes
WESTERN HEIGHTS ADDITION

Enter the requested contact information that HUD will use for any questions about the application

PHA Contact Name
Bentley, Ben

Title
ED/CEO

Telephone Number
865-403-1116

Email
bbentley@kcdc.org
SECTION 2: BACKGROUND INFORMATION ON THE PHA AND THE PROJECT

Has this property been approved for Section 18 Demolition or Disposition?
No

Is the property subject to a Capital Fund Financing Program (CFFP), Energy Performance Contract (EPC), or repayment agreement?
☑ CFFP  ☑ EPC  ☐ Other

Initial Conversion Plans
Identify which of these items are expected to occur as part of the conversion (check all applicable):
☐ New Construction ☑ Rehabilitation ☐ Transfer of Assistance (TOA) ☐ No Rehabilitation

Type of Conversion
PBRA

Is this conversion seeking a good cause Choice Mobility exemption?
No

For all conversions, a PHA must provide a RAD Information Notice to all residents prior to the resident meetings to inform residents of projects proposed for conversion of their rights in connection with a proposed conversion.
Date of RIN issuance
11/21/2019

A PHA must provide any resident that may be displaced as a result of acquisition, rehabilitation, or demolition with a General Information Notice (GIN) detailing potential rights under the Uniform Relocation Act. The GIN may be issued simultaneous with the RIN, but no later than 30 days following the issuance of a CHAP.

Date of General Information Notice (GIN) issuance (If applicable)?
12/03/2019

If awarded a CHAP, you must provide the GIN as soon as reasonable, but not later than 30 days from CHAP issuance

Proposed Unit Bedroom Distribution Post RAD Conversion: Identify the bedroom distribution of units to be included in your CHAP; entire should reflect the post-conversion property. (Applicants must attach a screen shot from PIC of the AMPs' Development Profile and Summary Information as evidence that the PHA currently has this number of units under ACC).
### BEDROOM SIZE

<table>
<thead>
<tr>
<th>Units Converting</th>
<th>0-BR</th>
<th>1-BR</th>
<th>2-BR</th>
<th>3-BR</th>
<th>4-BR</th>
<th>5-BR</th>
<th>6-BR</th>
<th>Total Units</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>12</td>
<td>18</td>
<td>10</td>
<td>20</td>
<td>10</td>
<td>0</td>
<td>440</td>
</tr>
</tbody>
</table>

*If units are converting from multiple PIC Development #s, complete the "Many-to-One" worksheet

**Current Utility Allowances.** Enter the utility allowances currently in effect at the public housing project or project(s). These amounts will be included in your CHAP award if your Application is approved. If there are multiple sites covered by this application with different utility allowances, input a weighted average for the purposes of the application (but note that the RAD Conversion Commitment and subsequent PBV or PBRA HAP contract can accommodate different utility allowances for the same bedroom configuration):

<table>
<thead>
<tr>
<th>Current Public Housing Utility Allowances</th>
<th>0-BR</th>
<th>1-BR</th>
<th>2-BR</th>
<th>3-BR</th>
<th>4-BR</th>
<th>5-BR</th>
<th>6-BR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.1</td>
<td>$10</td>
<td>$14</td>
<td>$16</td>
<td>$15</td>
<td>$23</td>
<td>$0.1</td>
</tr>
</tbody>
</table>

☑ Check this box if the Utility Allowances shown above are weighted averages

**Overview of Proposed Conversion.** Provide a general description of the proposed conversion, including a description of the existing site(s), the general scope of work (new construction, moderate rehab, minimal rehab), whether units will be replaced on-site or off-site, major anticipated financing sources, and any other information that will help HUD to understand the conversion plan (i.e., anticipated use of FHA-insurance, 4% or 9% LIHTC, etc.). Additionally, if not all of the units at the AMP are included in the conversion provide a description of plans for the remaining units in the AMP. It is acceptable and anticipated that conversion plans will change from what is presented in this application.
This application represents full conversion of Western Heights TN00300001, a family development which consist of 440 units in 104 buildings on approximately 7 acres. The development DOFA date is 1952. Current plans are for needed rehab and possible demolition with replacement units on site. This will be more fully evaluated once a final CNA is performed. There are no plans for a reduction of units.

**SECTION 3: APPLICATION FEATURES AND/OR PRIORITY CATEGORIES**

**Is this Application part of a new Portfolio Award request?**

No

**Is this Application a "many-to-one" request involving units from multiple AMPs?**

Yes

**Is this Application part of an existing (awarded) Portfolio award?**

No

**Was the public housing project developed through public housing mixed-finance?**

Complete the next section to identify whether the application qualifies for priority selection

**Priority Categories**

*Applications are provided priority selection if they meet certain criteria for "high investment."*

No

**Is this property located in a designated Opportunity Zone**

**SECTION 4: REQUIRED ATTACHMENTS**
**The Following Must Be Attached as Part of Your Electronic Application:**

<table>
<thead>
<tr>
<th>Yes</th>
<th>Summary of Resident Comments and PHA Responses</th>
<th>Browse...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>PIC Development Profile and Summary Screen Shot</td>
<td>WH PIC Development Profile.png (getappfile.cfm?docid=1307) WH PIC Development Profile.pdf (getappfile.cfm?docid=1340)</td>
</tr>
</tbody>
</table>

| No | Evidence of PHA to Administer PBV Contracts (on PHA letterhead) |
| No | Mixed-finance Affidavit (available here) (mixed-finance-affidavit.docx) |
| No | Portfolio Application (available here) (portfolioawardworksheet_9-13-19.xlsx) |
| No | Many-to-One Worksheet (Online worksheet below) |

**SECTION 5: CERTIFICATION AND BOARD APPROVAL**

*Complete the fields below for the appropriate person within your organization. By submitting this application, the signatory is certifying to the language below, including that he or she has obtained Board Approval for this application.*

**Print Name of Authorized Signator:**

Benjamin M. Bentley

**Print Title of authorized signator:**

ED/CEO
Date:
12/12/2019

I hereby certify to the following: (1) that I have the requisite authority to execute this application on behalf of the PHA; (2) that HUD can rely upon this certification in evaluating the Application, (3) that I acknowledge that I have read and understand Notice PIH-2012-32 (HA) H-2017-03, REV-3 (the "Notice"), which describes the Rental Assistance Demonstration (RAD) (the "Program"), and agree to comply with all requirements of the Program or Notice; (4) that all materials submitted in association with the application are accurate, complete and not misleading; (5) that, if selected for award, the owner will comply with the fair housing and civil rights requirements at 24 CFR 5.105(a) (general requirements) and will affirmatively further fair housing; and (6) that there are no debarments, suspensions, or Limited Denials of Participation in Federal programs lodged against the applicant, PHA Executive Director, Board members, or affiliates. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 USC Sections 1001, 1010, 1012; 31 USC Sections 3729, 3802)

SUBMIT APPLICATION

Save for Later  Run Completeness Check

You cannot submit the application until all required items are completed.

Submit Application
### SECTION 1: PIC DEVELOPMENT NUMBER AND NAME

Enter the PIC Development Number and Name.

<table>
<thead>
<tr>
<th>Development Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>TN003000011</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTHGATE TERRACE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Public Housing Agency (PHA) Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knoxville's Community Development Corp.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Name for Tracking Purposes</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTHGATE TERRACE</td>
</tr>
</tbody>
</table>

Enter the requested contact information that HUD will use for any questions about the application

<table>
<thead>
<tr>
<th>PHA Contact Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bentley, Ben</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>ED/CEO</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Telephone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>865-403-1116</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="mailto:bbentley@kcdc.org">bbentley@kcdc.org</a></td>
</tr>
</tbody>
</table>
SECTION 2: BACKGROUND INFORMATION ON THE PHA AND THE PROJECT

☑ Has this property been approved for Section 18 Demolition or Disposition?
No

Is the property subject to a Capital Fund Financing Program (CFFP), Energy Performance Contract (EPC), or repayment agreement?
☑ CFFP ☑ EPC ☐ Other

Initial Conversion Plans
Identify which of these items are expected to occur as part of the conversion (check all applicable):
☐ New Construction ☑ Rehabilitation ☐ Transfer of Assistance (TOA) ☐ No Rehabilitation

☒ Type of Conversion
PBRA

☑ Is this conversion seeking a good cause Choice Mobility exemption?
No

For all conversions, a PHA must provide a RAD Information Notice to all residents prior to the resident meetings to inform residents of projects proposed for conversion of their rights in connection with a proposed conversion.

Date of RIN issuance
08/08/2018

A PHA must provide any resident that may be displaced as a result of acquisition, rehabilitation, or demolition with a General Information Notice (GIN) detailing potential rights under the Uniform Relocation Act. The GIN may be issued simultaneous with the RIN, but no later than 30 days following the issuance of a CHAP.

Date of General Information Notice (GIN) issuance (if applicable)?
08/08/2018

If awarded a CHAP, you must provide the GIN as soon as reasonable, but not later than 30 days from CHAP issuance

Proposed Unit Bedroom Distribution Post RAD Conversion: Identify the bedroom distribution of units to be included in your CHAP; entire should reflect the post-conversion property. (Applicants must attach a screen shot from PIC of the AMPs' Development Profile and Summary Information as evidence that the PHA currently has this number of units under ACC).
<table>
<thead>
<tr>
<th>BEDROOM SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>0-BR</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Units Converting</td>
</tr>
</tbody>
</table>

*If units are converting from multiple PIC Development #s, complete the "Many-to-One" worksheet

**Current Utility Allowances.** Enter the utility allowances currently in effect at the public housing project or project(s). These amounts will be included in your CHAP award if your Application is approved. If there are multiple sites covered by this application with different utility allowances, input a weighted average for the purposes of the application (but note that the RAD Conversion Commitment and subsequent PBV or PBRA HAP contract can accommodate different utility allowances for the same bedroom configuration):

<table>
<thead>
<tr>
<th>Current Public Housing Utility Allowances</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-BR</td>
</tr>
<tr>
<td>$0.1</td>
</tr>
</tbody>
</table>

☐ Check this box if the Utility Allowances shown above are weighted averages

**Overview of Proposed Conversion.** Provide a general description of the proposed conversion, including a description of the existing site(s), the general scope of work (new construction, moderate rehab, minimal rehab), whether units will be replaced on-site or off-site, major anticipated financing sources, and any other information that will help HUD to understand the conversion plan (i.e., anticipated use of FHA-insurance, 4% or 9% LIHTC, etc.). Additionally, if not all of the units at the AMP are included in the conversion provide a description of plans for the remaining units in the AMP. It is acceptable and anticipated that conversion plans will change from what is presented in this application.
This application represents full conversion of Northgate Terrace, TN003000011, a 14 story elderly high rise consisting of 277 units located on approximately 4.87 acres. It is anticipated this will be a no debt transaction with critical and first year repairs funded with KCDC funds.

SECTION 3: APPLICATION FEATURES AND/OR PRIORITY CATEGORIES

No

Is this Application part of a new Portfolio Award request?

No

Is this Application a "many-to-one" request involving units from multiple AMPs?

Yes

Is this Application part of an existing (awarded) Portfolio award?

No

Was the public housing project developed through public housing mixed-finance?

Complete the next section to identify whether the application qualifies for priority selection

Priority Categories

Applications are provided priority selection if they meet certain criteria for "high investment."

No

Is this property located in a designated Opportunity Zone

SECTION 4: REQUIRED ATTACHMENTS

http://www.radresource.net/newapplication_process.cfm 12/3/2019
The Following Must Be Attached as Part of Your Electronic Application:

<table>
<thead>
<tr>
<th>Yes</th>
<th>Summary of Resident Comments and PHA Responses</th>
<th>[Browse...]</th>
<th>PBRA FAQ for Highrises5.pdf (getappfile.cfm?docid=1366)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>PIC Development Profile and Summary Screen Shot</td>
<td>[Browse...]</td>
<td>Northgate PIC data.png (getappfile.cfm?docid=1339) Northgate PIC data.pdf (getappfile.cfm?docid=1367)</td>
</tr>
<tr>
<td>No</td>
<td>Evidence of PHA to Administer PBV Contracts (on PHA letterhead)</td>
<td>[Browse...]</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>Mixed-finance Affidavit (available here) (mixed-finance-affidavit.docx)</td>
<td>[Browse...]</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>Portfolio Application (available here (portfolioawardworksheet_9-13-19.xlsx))</td>
<td>[Browse...]</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>Many-to-One Worksheet (Online worksheet below)</td>
<td>[Browse...]</td>
<td></td>
</tr>
</tbody>
</table>

SECTION 5: CERTIFICATION AND BOARD APPROVAL

Complete the fields below for the appropriate person within your organization. By submitting this application, the signatory is certifying to the language below, including that he or she has obtained Board Approval for this application.

Print Name of Authorized Signator:

Benjamin M. Bentley

Print Title of authorized signator:

ED/CEO
Date:
12/12/2019

I hereby certify to the following: (1) that I have the requisite authority to execute this application on behalf of the PHA; (2) that HUD can rely upon this certification in evaluating the Application, (3) that I acknowledge that I have read and understand Notice PIH-2012-32 (HA) H-2017-03, REV-3 (the "Notice"), which describes the Rental Assistance Demonstration (RAD) (the "Program"), and agree to comply with all requirements of the Program or Notice; (4) that all materials submitted in association with the application are accurate, complete and not misleading; (5) that, if selected for award, the owner will comply with the fair housing and civil rights requirements at 24 CFR 5.105(a) (general requirements) and will affirmatively further fair housing; and (6) that there are no debarments, suspensions, or Limited Denials of Participation in Federal programs lodged against the applicant, PHA Executive Director, Board members, or affiliates. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 USC Sections 1001, 1010, 1012; 31 USC Sections 3729, 3802)

SUBMIT APPLICATION

<table>
<thead>
<tr>
<th>Save for Later</th>
<th>Run Completeness Check</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Submit Application</td>
</tr>
</tbody>
</table>
ITEM 11 ATTACHMENT

BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>December 12, 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>Source of Funds:</td>
<td>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
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/CFO 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 12th day of December, 2019.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By: ____________________________
     Secretary
Summary of Policy and Procedures Separation Project

KCDC has operated for many years with an integrated operations manual for both policies and procedures. As a result of this merger, we have created a situation where any amendment to management procedures must 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 is requesting approval of the implementation of the policy manual.

This operations policy manual is one of three (3) major policy documents for KCDC. The other two, the Housing Admissions and Continued Occupancy Policy (or ACOP) and the Section 8 Admin Plan, are brought to you each year for any recommended changes as a part of the agency plan approval process.

You have several attachments included with this agenda item.

You have a summary of the project, a table of contents, and a synopsis related to these policies.

With the implementation of this policy manual, we are requesting a few changes per the attached synopsis:

Most notable is the change to the procurement policy to eliminate the $20,000 threshold for change order approval to 20% of contract or $100,000 whichever is less.

Additional changes include:

- Extending and/or creating Executive Director/CEO authority in areas warranted under our current operating environment thus removing Board approval on insignificant items (i.e., small donations, small inventory and cash shortages, small write-offs, etc.)

- Adding new policies, such as Information Technology, Tobacco Free, Anti-Bullying, and Expenditures to formalize policies in practice or modifications to existing policies to support regulations or suggested guidance and clarifying existing practices.
Summary of Policy and Procedures Separation Project (continued)

As a reminder, this is a two-phase separation project as follows:

This first phase is to:

**Phase 1 - Extract Board Policy from Management Procedures which is what we present today in condensed format**

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.

The second phase in progress is to:

**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.

The entire policy manual will be available in both electronic and hard copy format for your review and for further revisions and recommendations at a later time.
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
A-200 Public Input 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 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
E-116 Nepotism Policy
E-117 Classification Plan 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 guidance 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>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 decision and activities of the Agency, and therefore has been moved to first in order.</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>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.</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>Added new policy from recently adopted smoke-free housing policy. Did not add the full housing policy to the administrative policy.</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>Policy adopted March 2018, not included in previous Policies Manual</td>
</tr>
<tr>
<td>A-200 Public Input Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
**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>F</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></td>
<td></td>
</tr>
<tr>
<td>B-110</td>
<td>Internal Control Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-120</td>
<td>Budget Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-130</td>
<td>Expenditures Policy</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-140</td>
<td>Reporting Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-150</td>
<td>Donations Policy</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></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></td>
<td></td>
</tr>
<tr>
<td>B-170</td>
<td>Investment of Funds Policy</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></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></td>
<td></td>
</tr>
</tbody>
</table>

- **Legend:**
  - A: Extraction of procedures and processes driven by policy
  - B: Extraction of operational directives under purview of Management
  - C: Replacement of specific guidance 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

- **B-100 General Provisions - Fiscal Policies**: This policy applies to all fiscal policies in order to eliminate repetition.
- **B-110 Internal Control Policy**: Remove lengthy quotes taken from cited authoritative literature.
- **B-120 Budget Policy**: Establishment of control categories so that Management's budget directives are clearly stated.
- **B-130 Expenditures Policy**: 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.
- **B-140 Reporting Policy**: Grantor/investor type reporting requirement language has been added.
- **B-150 Donations Policy**: Establishes less rigorous Board oversight for small donations changing threshold to 1,000 and eliminate reporting requirement.
- **B-160 Cash Safeguards and Controls Policy**: 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. "Near" 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 of $300 and replenished once or twice per year.
- **B-170 Investment of Funds Policy**: Updated to ensure federal and state compliance and to conservatively maximize yield on unrestricted monies.
- **B-180 Audit Procurement and Monitoring Policy**: Inclusion of managed entity audits.
### Legend:
- **A**: Extraction of procedures and processes driven by policy
- **B**: Extraction of operational directives under purview of Management
- **C**: Replacement of specific guidance 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></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>B-190</td>
<td>Write-off of Uncollectible Funds Policy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>B-200</td>
<td>Property Accountability and Disposition Policy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>Increase of authority assigned to management for disposition decisions. Board action is no longer required for insignificant inventory shortages. Obsolete HUD handbook directives drove the original policy.</td>
</tr>
<tr>
<td>B-210</td>
<td>Fiscal Debt Management Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>✓</td>
<td>State of Tennessee compliance policy</td>
</tr>
</tbody>
</table>

**Section C: Procurement Policy**

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>C-100</td>
<td>Procurement Policy</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>

**Section D: Resident Initiatives Policies**

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>D-100</td>
<td>Resident Initiatives Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>This is housing policy rather than an administrative/management policy therefore we recommend removal from this document.</td>
</tr>
</tbody>
</table>

**Section E: Human Resources**

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>E-100</td>
<td>General Provisions - Human Resources Policies</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>E-101</td>
<td>Equal Employment Opportunity Policy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td>Expanded to meet legal requirements</td>
</tr>
<tr>
<td>E-102</td>
<td>Harassment Prevention Policy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-103</td>
<td>Abusive Conduct Prevention Policy</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>New anti-bullying policy (Tennessee Healthy Workplace act)</td>
</tr>
<tr>
<td>E-105</td>
<td>Workplace Violence Prevention Policy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-106</td>
<td>Workplace Search Policy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy ID</td>
<td>Policy Name</td>
<td>A</td>
<td>C</td>
<td>D</td>
<td>E</td>
<td>F</td>
<td>G</td>
</tr>
<tr>
<td>----------</td>
<td>--------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>E-110</td>
<td>Use of Technology Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-111</td>
<td>Social Media Policy</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>
</tr>
<tr>
<td>E-117</td>
<td>Classification Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-118</td>
<td>Pay Plan Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-119</td>
<td>Recruitment Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-120</td>
<td>Hiring Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-121</td>
<td>Overtime Policy</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>
</tr>
<tr>
<td>E-123</td>
<td>Promotions, Transfers, Demotions Policy</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>
</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>
</tr>
<tr>
<td>E-140</td>
<td>Performance Evaluation Policy</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>
</tr>
<tr>
<td>E-145</td>
<td>Dress Code Policy</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>
</tr>
<tr>
<td>E-148</td>
<td>Worker's Compensation Policy</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>
</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>
</tr>
<tr>
<td>E-151</td>
<td>Parental Leave Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-152</td>
<td>Holidays Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-153</td>
<td>Annual Leave Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-154</td>
<td>Sick Leave Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-155</td>
<td>Bereavement Leave Policy</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>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<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>Ops manual stated that LWOP is for use beyond regular leave, however, our practice is to grant LWOP even if paid leave is available.</td>
<td></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>
</tr>
<tr>
<td>E-159</td>
<td>KCDC Annual Leave Cash-Out Policy</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.</td>
<td></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>
</tr>
<tr>
<td>E-161</td>
<td>Deferred Compensation Policy</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>Eliminated &quot;years of continuous service&quot; column because it conflicts with annual leave accrual rate for some employees.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-163</td>
<td>Employee Insurance Benefits Policy</td>
<td>✓</td>
<td></td>
<td>Added description of plan type</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-165</td>
<td>Section 125 Plan Policy</td>
<td>✓</td>
<td></td>
<td>Added limited flexible spending and health saving account options</td>
<td></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>
</tr>
<tr>
<td>E-180</td>
<td>Discipline Policy</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>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>
<td></td>
</tr>
<tr>
<td>E-200</td>
<td>Alcohol and Drug Policy</td>
<td>✓</td>
<td></td>
<td></td>
<td></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>
</tr>
</tbody>
</table>
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, etcetera) 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.
### Section B: Fiscal Policies

#### Knoxville's Community Development Corporation

<table>
<thead>
<tr>
<th>Donations Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B-150</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issued:</th>
<th>Revised:</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/2006</td>
<td>10/31/19</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.
## Section B: Fiscal Policies

### Knoxville’s Community Development Corporation

<table>
<thead>
<tr>
<th>B-190</th>
<th>Write-Off of Uncollectible Funds Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued:</td>
<td>Revised:</td>
</tr>
<tr>
<td>7/1/2006</td>
<td>10/31/19</td>
</tr>
</tbody>
</table>

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.
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 or designee 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.
**BOARD ACTION FORM**

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>December 12, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Approval is requested to enter into an amended and restated Employment Agreement with Benjamin Bentley, CEO.</td>
</tr>
</tbody>
</table>
| SUBMITTED BY    | Name & Title: John Winemiller  
|                  | Department: Board Chair |
| MEETING TYPE    | ☒ Regular  
|                  | ☐ Special |
| AGENDA CLASSIFICATION | ☐ Resolution  
|                  | ☒ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted:  
|                  | Expenditure:  
|                  | Source of Funds: COCC and non-federal funds |
| APPROVAL/REVIEWS | ☒ Department Head /Vice President  
|                  | ☒ Budget/Finance  
|                  | ☐ Legal Counsel  
|                  | ☐ Other - Name & Title:  
|                  | ☒ Executive Director/CEO |
| STAFF RECOMMENDED ACTIONS | Approve: ☒  
|                  | Deny: ☐  
|                  | Defer: ☐ |

**BACKGROUND**

1. **What's the objective of the requested action?**  
The objective is to continue the employment of the CEO.

2. **Why is the action needed now?**  
In order to continue employment of the CEO.

3. **Who are the parties involved and what are their roles (if appropriate)?**  
KCDC, Employer  
Benjamin Bentley, CEO/Employee

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

**HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)**  
It is KCDC procedure to enter into an employment contract with the CEO.

**ATTACHMENTS**  
Employment Contract
EMPLOYMENT AGREEMENT

This Employment Agreement (this “Agreement”) is effective as of January 1, 2020 (the “Effective Date”) by and between KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION, a housing, redevelopment and urban renewal authority organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq. with offices located at 901 Broadway, Knoxville, Tennessee 37917 (the “Company”), and BENJAMIN M. BENTLEY, an individual presently residing at 458 East Hillvale Turn, Knoxville, Tennessee 37919 (“Executive”).

RECITALS

A. The Company desires to employ Executive upon the terms and conditions hereinafter set forth.

B. Executive is willing to accept employment with the Company, and to enter into this Agreement with respect to Executive’s employment and services upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

1. Term of Employment. Subject to earlier termination as provided in this Agreement, the Company hereby agrees to employ Executive, and Executive hereby accepts such employment and agrees to remain in the employ of the Company for the period commencing on January 1, 2020 and ending on December 31, 2023 (the “Term”).

2. Duties of the Executive. Executive shall be the Executive Director/Chief Executive Officer and Secretary of the Company and shall report to the Board of Commissioners of the Company (the “Board”). Except as is expressly provided herein, Executive shall devote Executive’s full business time, attention, efforts, and abilities to the Company’s business. Executive shall perform such duties as are typical of an Executive Director of a housing and redevelopment authority and shall perform such additional duties as assigned to him by the Board.

3. Compensation. The Company shall pay Executive an annual base salary at the rate of $172,800 per annum (the “Base Salary”). Executive’s Base Salary, as well as all other benefits payable hereunder to extent applicable, shall be subject to all appropriate federal, state, and local withholding taxes and other payroll deductions required by law or authorized by Executive, and shall be payable in accordance with the normal payroll procedures of the Company. The Board shall review the Base Salary annually and may increase such amount from time to time as they may deem advisable. On or about the same time as the review of Executive’s Base Salary, the Board or a designated committee thereof shall provide a performance review to Executive. Executive’s Base Salary shall also be increased from time to time by any cost of living increases that are applicable to the Company’s staff generally.

4. Executive Benefits, Vacation, and Perquisites.

(a) Generally. During the Term, and after completion of any applicable waiting periods or eligibility periods (except as provided below), Executive shall be eligible to participate in all welfare and retirement benefit plans and programs if, as, and
when adopted by the Company for the general and overall benefit of similarly situated senior executives of the Company.

(b) **Deferred Compensation.** Notwithstanding and in addition to the preceding subsection, and notwithstanding the terms of the Company's current defined contribution plan for employees, Executive shall be entitled to receive as deferred compensation a contribution each year (pro-rated for any partial year of employment) to the Company's "457(b)" retirement plan at the rate of 12.8% of the Base Salary per annum, as such Base Salary is adjusted from time to time, but not in excess of the maximum amount that may be contributed to such a plan on a tax-deferred basis under applicable federal tax regulations.

(c) **Vacation.** Notwithstanding any applicable policies of the Company related to vacation, including any accrual requirements:

(i) Executive shall be entitled to the equivalent of twenty (20) days of vacation (in addition to regular holidays of the Company) during each year of his employment calculated annually from the Effective Date of the Agreement.

(ii) Executive's accrued vacation days shall not be subject to the annual 240 hour maximum accrual under the Company's policies, but rather Executive shall be entitled to accrue up to an additional 40 hours per year (pro-rated for any partial year of employment) above such 240 hour maximum provided that such excess accrued vacation shall not exceed 200 hours at any time.

(d) **Professional Development.** The Company shall also pay for the Executive's dues and fees for participating in any civic and/or professional organizations that Executive deems helpful in performing his duties hereunder provided that Executive's participation in any such organization is approved by the Chairman of the Board. The Company shall also pay the program fee for Executive's participation in the Senior Executive Fellows' four-week program at the Harvard Kennedy School of Executive Education (the "Harvard Program") provided Executive participates in the Harvard Program on or prior to December 31, 2021. The program fee of the Harvard Program is currently $24,500.00. If Executive chooses not to participate in the Harvard Program, the Company shall pay the cost of a comparable executive leadership program selected by Executive provided (i) Executive completes any such program within the first two (2) years of the term of this Agreement; (ii) the Chairman of the Board approves such program; and (iii) the cost of such alternative program does not exceed the program fee of the Harvard Program.

(e) **Automobile Allowance.** Executive shall also receive an automobile allowance at a rate published annually by the American Automobile Association for the cost to own and operate a standard mid-size vehicle.

5. **Reimbursement of Expenses.** The Company shall reimburse Executive, upon presentation of receipts or other adequate documentation in accordance with Company policy, for all necessary and reasonable business expenses incurred by Executive consistent with Company policy, in the course of rendering services to the Company during the term, including expenses incurred for seminars and continuing education that assist with Executive's professional development consistent with the Company's policies.
6. **Termination.** Executive's employment (and the Term) shall terminate as follows:

(a) **Death or Disability.** The Term shall terminate upon the death or disability of Executive. For the purpose of this Agreement, the "Disability" of the Executive shall mean Executive's inability to perform Executive's essential duties for a period of not less than 90 consecutive or 120 nonconsecutive calendar days in any 6-month period because of physical or mental incapacity. Executive authorizes any treating physician to consult with the Company and any physician or mental health professional engaged by the Company to determine whether Executive is disabled for purposes of this paragraph. Executive represents that Executive presently is not subject to any condition which could result in a Disability under this Section 6(a).

(b) **Termination for Cause.** The Term may be terminated by the Company immediately for "cause." The following events with respect to Executive, for purposes of this Agreement, shall constitute "Cause" for immediate termination of Executive's employment (and the Term) by the Company:

(i) Executive's commission of a felony of any kind or any other crime (whether it is a felony or not) involving securities fraud, theft, or moral turpitude;

(ii) Executive's willful breach, habitual neglect, gross neglect, or dereliction of Executive's duties under this Agreement;

(iii) Executive's material misconduct with regard to the Company, including, but not limited to, Executive's failure to comply with Company's written rules and policies;

(iv) Executive's failure to follow in good faith the reasonable lawful direction of the Board or any committee thereof;

(v) Any act by Executive of sexual harassment (or Executive's creating a hostile work environment) or any other activity of Executive prohibited by state, local, and/or federal law with respect to discrimination based on age, sex, race, religion, national origin or other legally protected status;

(vi) Any conduct, whether dishonest, fraudulent, or otherwise, that discredits the Company or is detrimental to the reputation of the Company or the Company's results of operations or business; and/or

(vii) Any breach of any of Executive's obligations described in Section 8 below.

If the Company terminates Executive's employment for any of the reasons set forth above, (1) except to the extent specifically set forth below, the Company shall have no further obligations hereunder from and after the effective date of termination, and (2) the Company shall have all other rights and remedies available under this Agreement or any other agreement, at law or in equity or otherwise.
(c) **Termination by the Company with Notice.** Executive’s employment pursuant to this Agreement may be terminated by the Company at any time without Cause by delivery of written notice of such termination to Executive.

(d) **Termination by Executive with Notice.** Executive may, subject to this Section 6(d) and to Section 8 below, terminate Executive’s employment hereunder without liability to the Company arising from the resignation of Executive upon not less than ninety (90) days’ prior written notice to the Company. The Company may terminate Executive’s employment at any time during such notice period without liability to the Executive except as provided in Section 7(c) below.

(e) **Termination Resolution.** In order to terminate Executive’s employment pursuant to subsections (b) or (c) of this Section 6, such termination must be first authorized by resolution of the Board of Commissioners of the Company duly adopted in accordance with the Company’s bylaws.

7. **Compensation Upon Termination.**

(a) **General.** If Executive’s employment is terminated pursuant to Section 6(a) or Section 6(b), above, Executive shall be entitled to receive the following (collectively, “Accrued Obligations”): (i) the Base Salary and other benefits earned by Executive through the effective date of termination, and (ii) any then-authorized, but unreimbursed, expenses in accordance with Section 5 above. If Executive’s employment hereunder terminates because of Executive’s death, all amounts payable hereunder through the date of death shall be paid to Executive’s administrators, personal representatives, heirs, and legatees, as may be appropriate.

(b) **Termination by the Company with Notice.** If the Company terminates Executive’s employment without Cause pursuant to Section 6(c) above, Executive shall be entitled to: (i) the Accrued Obligations, and (ii) a severance payment equal to a portion of Executive’s Base Salary as follows: (A) if the Term is terminated on or before June 30, 2023, an amount equal to fifty percent (50%) of the Employee’s annual Base Salary and (B) if the Term is terminated after June 30, 2023, a severance payment equal to the Executive’s Base Salary for the remainder of the Term. For purposes of this Section 7(b), the Base Salary shall be determined as of the effective date of termination.

(c) **Termination by the Executive with Notice.** If Executive terminates the Term of employment by notice pursuant to Section 6(d), Executive shall be entitled to receive all Accrued Obligations; provided that upon receipt of such notice, the Company may terminate Executive’s employment (and the Term) at any time during the ninety-day (90-day) notice period without liability to pay Executive any amount other than all Accrued Obligations through the termination date.

(d) **Certain Conditions.** In the event of termination of Executive’s employment, payment made and performance by the Company in accordance with this Section 7 shall operate to fully discharge and release the Company and its officers, directors, employees, subsidiaries, affiliates, successors, assigns, agents, and representatives from any further obligation or liability with respect to the Executive’s rights under this Agreement. Other than payment and performance under this Section 7, the Company and its officers, directors, employees, subsidiaries, affiliates, successors, assigns, agents, and representatives shall have no further obligation or liability to
Executive (or any other person or entity) with respect to this Agreement (or Executive’s former employment) in the event of Executive’s termination of employment. The Company shall have the right to condition the payment of any severance payable pursuant to this Section 7 upon the delivery by Executive to the Company of a release in form and substance on terms acceptable to the Company releasing any and all claims Executive may have against the Company and its directors, officers, employees, subsidiaries, affiliates, successors, assigns, agents, and representatives arising out of (or relating to) this Agreement and Executive’s employment with the Company (including, without limitation, the termination of such employment).

8. Company Code of Ethics. Executive shall at all times comply with the Company’s Code of Ethics, contained in the Company’s Operations Manual, Part IV Human Resources Policies and Procedures, Section 8, as the same may be amended from time to time. Executive’s obligations pursuant to this Section 8 shall survive the termination of this Agreement.

9. Future Employment by Company Vendors. Executive covenants and agrees that, for a period of one (1) year following the termination of Executive’s employment with the Company for any reason other than a termination by the Company as permitted by Section 6(b) or 6(c), he shall not, directly or indirectly, as an employee, employer, consultant, agent, principal, partner, shareholder, officer, director, member, manager or through any other kind of ownership (other than ownership of securities of publicly held corporations of which the Executive owns less than three percent (3%) of any class of outstanding securities), membership, affiliation, association, or in any other representative or individual capacity, engage in or render, or agree to engage in or render, any services to any entity or person that provided services or goods to the Company during the period that Executive served as an employee of the Company pursuant to this Agreement.

10. Equitable Relief. Executive acknowledges that the services to be rendered by Executive are of a special, unique, unusual, extraordinary, and intellectual character, which gives them a peculiar value, and the loss of which cannot reasonably or adequately be compensated in damages in an action at law. A breach by Executive of any of the provisions contained in this Agreement, or of the Code of Ethics referred to in Section 8 above, will cause the Company irreparable harm, loss, injury, and damage. Executive further acknowledges that Executive possesses unique skills, knowledge, and ability, and that a breach of the Code of Ethics referred to in Section 8, or any other breach or threatened breach of the provisions of this Agreement or the Code of Ethics referred to in Section 8 above would be extremely detrimental to the Company. Executive acknowledges that breach of or threatened breach of any of the covenants and agreements contained in this Agreement or in such Code of Ethics cannot reasonably or adequately be compensated by damages, and that such breach will cause irreparable harm, loss, injury, and damage to the Company. Accordingly, in addition to and not in limitation of any and all other rights and remedies, at law or in equity, Executive agrees that the Company shall be entitled to injunctive and other equitable relief (without posting bond or other form of security and/or without having to prove damages) to prevent or curtail any such breach or threatened breach (including, without limitation, restraining Executive from a breach of Section 9 hereof other than in the case of a termination by the Company with or without Cause and any business, firm, partnership, individual, corporation, or other entity from committing, facilitating, aiding, or continuing such breach or threatened breach).

11. Assignment; Binding Nature. This Agreement is personal to Executive. Except as provided in Section 7(a) above, neither this Agreement nor its benefits may be assigned in any way by Executive. This Agreement shall be binding upon the Company and Executive, and their
respective heirs, executors, administrators, successors in interest, and/or permitted assigns. Notwithstanding anything else to the contrary, the Company’s rights and obligations under this Agreement may be assigned or transferred to any governmental entity that is a successor to the Company.

12. **Severability and Reformation.** If one or more parts of this Agreement are declared by any court or governmental authority to be unlawful, unenforceable as written, or invalid, such declaration shall not invalidate any part of this Agreement not declared to be unlawful, unenforceable, or invalid. Any part so declared to be unlawful or invalid shall, if possible, be construed in a manner that will give effect to the terms of such part to the fullest extent possible while remaining lawful and valid.

13. **Waiver.** Waivers must be in writing and signed by the waiving party to be effective. Any waiver by any party of any breach of any kind or character whatsoever by any other party, whether such waiver be direct or implied, shall not be construed as a continuing or succeeding waiver of, or consent to, any subsequent breach of any provision of this Agreement.

14. **Integrated Agreement; Amendments.** This Agreement and its attachments constitute the entire Agreement between the parties hereto with regard to the subject matter hereof and thereof. There are no agreements, understandings, restrictions, inducements, warranties, or representations relating to said subject matters between the parties other than those set forth herein and therein. This Agreement may be amended or superseded only in a writing executed by both parties. No party is entering into this Agreement in reliance on any statement, written or verbal, that is not contained in the Agreement or an expressly referenced document herein.

15. **Notices.** All notices and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or on the next business day if sent by a nationally recognized overnight delivery service (next business day delivery), or on the third business day if sent by certified U.S. mail to the parties at addresses set forth below or at such other addresses as shall be specified by the parties by like notice:

    If to the Company:

    Knoxville’s Community Development Corporation
    P. O. Box 3550
    Knoxville, Tennessee 37927-3550
    Attn: Chairman

    If to Executive:

    Benjamin M. Bentley
    458 East Hillvale Turn
    Knoxville, Tennessee 37919

    Upon his relocation to commence employment with the Company, Executive shall provide notice of his new address to the Company. Any notice given hereunder shall be deemed to be given and received on the date of delivery to such address. Counsel for a party may give notices on behalf of a party.
16. **Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Tennessee. Venue for any action arising out of this Agreement shall be exclusively in a court in Knox County, Tennessee.

17. **Prevailing Party; Costs.** Executive shall be the “Nonprevailing Party” in any proceeding hereunder unless the court of competent jurisdiction awards Executive more than one-half (1/2) of all of the amounts in dispute, and resolves all nonmonetary disputes in favor of the Executive (in which event, the Company shall be deemed to be the “Nonprevailing Party”). The Nonprevailing Party to any proceeding under this Agreement shall pay its own expenses, the court fees, and any administrative fees arising in connection therewith, and the expenses, including without limitation, attorneys’ fees, costs, and costs of investigation, reasonably incurred by the other party to the proceeding.

18. **Survival.** All obligations of either party that by their terms do not require performance until after termination of Executive’s employment hereunder shall survive such termination for the specific applicable periods set forth herein.

19. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original, and all of which shall constitute one and the same Agreement.

20. **Cooperation.** During the Term, and for a period of three (3) years after the expiration of the Term for any reason, and during all reasonable times thereafter, Executive shall use Executive’s commercially reasonable efforts to (a) fully cooperate with the Company, providing truthful testimony as a witness or declarant in connection with any present or future litigation, administrative, arbitral, or grievance proceeding involving the Company with respect to which Executive may have relevant information, and (b) assist the Company during the investigatory and discovery phases of any judicial, administrative, arbitral, or grievance proceeding involving the Company, and with respect to which Executive may have relevant information. The Company will, within thirty (30) days of Executive providing receipts satisfactory to the Company, reimburse Executive for any reasonable and necessary out-of-pocket expenses (as opposed to remuneration for such services, it being understood that such services have already been bargained for pursuant to the terms of this Agreement) incurred by the Executive in connection with such cooperation.

21. **Executive’s Representations and Warranties.** Executive hereby represents and warrants that (a) the information (written and oral) provided by Executive to the Company in connection with obtaining employment with the Company or in connection with Executive’s former employment(s), work history, circumstances of leaving prior employment(s) and educational background, is true; (b) Executive has the legal capacity to execute and perform this Agreement; (c) this Agreement is a valid and binding obligation of Executive enforceable against Executive in accordance with its terms; (d) Executive’s services hereunder will not conflict with, or result in, a breach of any agreement, understanding, order, judgment, or other obligation to which Executive is party or by which Executive or Executive’s property may be bound; and (e) the Executive is not subject to, or bound by, any covenant against competition, confidentiality obligation, or any other agreement, order, judgment, or other obligation that could conflict with, restrict, or limit the performance of the services to be provided by Executive under this Agreement.

22. **Amendment and Restatement of Prior Agreement.** This Agreement amends and restates the Employment Agreement dated as of December 30, 2016 between Executive and the
Company (the “Prior Agreement”), and commencing on January 1, 2020, the Prior Agreement shall no longer be in effect.

[Signatures appear on following page.]
IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the date first written above.

COMPANY:

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ____________________________
    John T. Winemiller, Chairman

EXECUTIVE:

By: ____________________________
    Benjamin M. Bentley