Date: March 20 2020

To: Board of Commissioners

From: Benjamin M. Bentley, Secretary

Subject: AGENDA

Board Meeting of the Board of Commissioners
Thursday, March 26, 2020, 5p.m.
KCDC Main Office, 901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.

2. Approval is requested for minutes of the meeting held on February 27, 2020. (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 the approval of a 15-year payment in lieu of tax agreement with Burlington Commons, L.P. in the amount of $1,351.33 to facilitate the construction of 49 affordable housing units at 4530 Holston Drive. (Item 5 Attachment)

6. Resolution regarding the approval of a 24-year payment in lieu of tax agreement with Covenant Village, L.P. in the amount of $38,765.85 to acquire and preserve multi-family apartments at 322 Forestal Drive. (Item 6 Attachment)

7. Approval is requested to award Contract C20006 to East Tennessee Turf and Landscape for infrastructure work at the former Austin Homes Site in the amount of $9,060,000. (Item 7 Attachment)

HOUSING (Sean Gilbert)

8. Approval is requested to award Contract C20013 for renovation of 249 units at Guy B Love Towers to Broadway Electric Company in the amount of $5,801,430. (Item 8 Attachment)

THIS MEETING AND ALL COMMUNICATIONS BETWEEN MEMBERS IS SUBJECT TO THE PROVISIONS OF THE TENNESSEE OPEN MEETINGS ACT, TENN. CODE ANN. §8-44-101, et seq.
9. Approval is requested to award Contract C20014 for renovation of 236 units at Isabella Towers to Gibraltar Construction Company in the amount of $4,492,000. (Item 9 Attachment)

10. Resolution approving submission of the 2020 Public Housing Agency (PHA) 5-year and Annual Plans to the U.S. Department of Housing and Urban Development. (Item 10 Attachment)

FINANCE ADMINISTRATION (Tracee Pross)

11. Resolution to enter into a CITC Loan in the amount of $4,300,000 with Home Federal Bank for rehabilitation work at Guy B Love Towers. (Item 11 Attachment)

12. Resolution to enter into a CITC Loan in the amount of $2,850,000 with Home Federal Bank for rehabilitation work at Isabella Towers. (Item 12 Attachment)

Unfinished Business
Public Forum
Adjournment

The next meeting of the KCDC Board of Commissioners will be
Thursday, April 30, 2020 @ 5:00 p.m.
The Board of Commissioners of Knoxville's Community Development Corporation met on February 27, 2020 at 901 N. Broadway, Knoxville, Tennessee.

Present: Vice Chair Robert Whetsel
Treasurer Robyn McAdoo
Commissioner Kim Henry
Commissioner Bruce Anderson
Commissioner Kanika White

Absent: Chair John Winemiller
Commissioner Sylvia Cook

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

Approval of the minutes for the meeting held on January 30, 2020. Commissioner McAdoo moved to approve. Commissioner Henry seconded the motion. All other Commissioners present voted "Aye."

NEW BUSINESS

REDEVELOPMENT/LEGAL SERVICES (Brad Peters)
Resolution regarding a second amendment to loan agreement and tax increment revenue note with respect to the South Waterfront Riverwalk Project. Commissioner McAdoo moved to approve. Commissioner Anderson seconded the motion. All other Commissioners present voted "Aye."
Resolution No. 2020–06 is attached.

Resolution authorizing the release of covenants and restrictions relating to the Mountain View Urban Renewal Plan or any recorded document relating thereto as to property to be used for the Knoxville Science Museum. Commissioner Henry moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020–07 is attached.

Preliminary Bond Resolution regarding Bell Street 3 LP. Commissioner Bruce moved to approve. Commissioner McAdoo seconded the motion. Commissioner Henry recused herself. All other Commissioners present voted "Aye."
Resolution No. 2020–08 is attached.

Resolution authorizing certain transactions related to Moss Grove Flats. Commissioner McAdoo moved to approve. Commissioner White seconded the motion. All other Commissioners present voted "Aye."
Resolution No. 2020–09 is attached.
Resolution regarding extension of loan to the Head Start Facility. Commissioner Henry moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020–10 is attached.

PUBLIC FORUM
None

UNFINISHED BUSINESS
None

ADJOURNMENT
With no further business to come before the Board, the meeting adjourned at 5:33 p.m.

__________________________________________  Approved:
John Winemiller, Chair

ATTEST:

__________________________________________  Approved:
Benjamin M. Bentley, Secretary
## BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>March 27, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution regarding a PILOT transaction with Burlington Commons, L.P.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: Brad Peters, Vice President</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: 0 Expenditure: fee to KCDC of $15,000</td>
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<tr>
<td></td>
<td>Source of Funds: N/A (we are being paid the fee)</td>
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<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>
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</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 the Burlington Commons 49 unit affordable apartment complex that is being constructed. KCDC first received a letter of support from the mayor and this supports our goal of promoting affordable housing in the area.

2. **Why is the action needed now?**
   Closing for the project is happening soon.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   Burlington Commons, L.P. - The developer who is renovating the apartments, and the party who will lease back the property from KCDC.
   KCDC-Owner 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, the developer 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
RESOLUTION NO. 2020—_____

RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION REGARDING A PAYMENT IN LIEU OF TAX TRANSACTION WITH BURLINGTON COMMONS, L.P.

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 Burlington Commons, L.P., a Tennessee limited partnership (the "Applicant"), to acquire, construct and equip Burlington Commons Apartments, a 49 unit housing facility for low and moderate income citizens (the "Project"), KCDC will acquire certain real and personal property related to the Project, and KCDC will lease said property to the Applicant 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 Lease (the "Lease"), between KCDC and the Applicant, which provides certain payments in lieu of tax as provided therein and which KCDC proposes to execute to carry out the transaction described above, a copy of which instrument 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 Lease to the Applicant.

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 it, 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 Applicant 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 ___ day of __________, 2020

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ____________________________
   Secretary
Mr. Benjamin Bentley  
Knoxville’s Community Development Corporation  
901 N. Broadway  
Knoxville, Tennessee 37917  

Re: Support Letter for Burlington Commons, L.P. Project  

Dear Mr. Bentley:

I understand that Knoxville’s Community Development Corporation (“KCDC”), through its proposed lessee, Burlington Commons, L.P., is undertaking the acquisition and construction of multi-family apartments located at 4530 Holston Drive, currently owned by Varner Homes and Development, LLC. I understand that this project entails building a 49-unit apartment development providing affordable and workforce housing for the local community. To provide financing for this project, Burlington Commons 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. Burlington Commons has also applied for funding through the City’s Affordable Rental Development Program and a construction loan secured with tax-exempt bonds issued by the Health, Education, and Housing Facility Board of Knox County, 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 15 years with the payment amount set at $726.33 to the City of Knoxville and $625.00 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,

[Signature]

Madeleine Rogero  
Mayor

APPROVED AS TO FORM:

[Signature]  
Charles W. Swanson  
Law Director
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

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

TO

BURLINGTON COMMONS, L.P.

(a Tennessee limited partnership)

__________________________

LEASE

DATED AS OF ____________, 2020

__________________________

This instrument prepared by:
BASS, BERRY & SIMS PLC (JPM)
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 BURLINGTON COMMONS, L.P., 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 cause the acquisition, construction and equipping of a low-income housing facility consisting of approximately 49 apartment units to be known as Burlington Commons Apartments located in the City of Knoxville, Tennessee (the "Project"), thereby furthering the purposes of the Act, Lessor desires to lease to Lessee and Lessee desires to rent from Lessor certain real property and equipment hereinafter more particularly described, on the terms and conditions set forth herein; and

WHEREAS, pursuant to Tenn. Code Ann. § 48-101-312(b)(4)(C), the Mayor of the City of Knoxville, Tennessee submitted a letter dated December 19, 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 real property described in Exhibit A attached hereto, together with all facilities and improvements now existing or hereafter constructed thereon by Lessee or otherwise and the equipment described in Exhibit B attached hereto;

UNDER AND SUBJECT, however, to deed restrictions, covenants, easements, reservations, rights of way and other encumbrances applicable to the real property and equipment to be leased and 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.

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

"Buildings" shall mean the Buildings to be constructed on the Leased Land by Lessee pursuant to Article XI.

"City" shall mean the City of Knoxville, Tennessee.

"Completion Date" shall mean the earlier of (i) __________, 20__ and (ii) the date that the construction of the Buildings described in Article XI are substantially complete, as evidenced by the issuance of a certificate of occupancy. Lessee shall provide a certificate to Lessor evidencing the Completion Date no later than thirty (30) days after the occurrence of the Completion Date.

"County" shall mean Knox County, Tennessee.

"Equipment" shall mean the machinery, equipment and other tangible personal property described on Exhibit B attached hereto as from time to time supplemented.

"Force Majeure" means fires, floods, inability to obtain materials, conditions arising from governmental orders or regulations, war or national emergency, acts of God, and any other cause, similar or dissimilar, beyond the applicable party's reasonable control. Where this Lease expressly provides that a party's obligations are subject to Force Majeure, then delay or non-performance on the part of such party will be excused upon the occurrence and during the continuance of such event of Force Majeure, provided that such party promptly gives the other party written notice of the occurrence and abatement of such event of Force Majeure.

"Investor Limited Partner" shall mean ______________, and its respective successors and assigns.

"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 Property" shall mean the Equipment and the Leased Land, together with the Buildings and related improvements.

"Lender" shall mean Southeast Community Capital Corporation, a Tennessee not-for-profit corporation doing business as Pathway Lending, and its successors and assigns.

"Lessee" shall mean Burlington Commons, L.P., a Tennessee limited partnership.

"Lessor" shall mean Knoxville's Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Act.

"Tax Credits" shall mean any low income housing tax credits available at the Leased Property pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

"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.
ARTICLE II.
Representations of Lessee

Section 2.01 Lessee makes the following representations and warranties to induce Lessor to enter into this Lease:

(a) Lessee is a limited partnership duly formed, existing and in good standing under the laws of the State of Tennessee, has 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 involve 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 XIV, or which, with the lapse of time or with the giving of notice, or both, would become such an Event of Default.

(e) To the knowledge of Lessee, and in reliance upon, and except as disclosed in, an independent third-party report obtained by Lessee, there are no substances, materials, wastes, pollutants or contaminants located on the Leased Property 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 material quantities of such substances, materials, wastes, pollutants or contaminants to exist on the Leased Property 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 fifteenth (15th) 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.

Notwithstanding the foregoing, the Term of this Lease may be terminated upon exercise by Lessee of the purchase option described in Article XV 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 on each January 1 during the Term, the sum of $1.00. Lessor acknowledges that Lessee has prepaid the Basic Rent for the Term on the date hereof.

Section 4.02  Additional Rent. Lessee agrees to pay, as additional rent, all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay (including, without limitation, the obligations in Article XI hereof). Without limiting the foregoing, Lessor and Lessee recognize that the Leased Property has been conveyed to Lessor subject to or contemporaneously with the execution of a deed of trust securing the financing of the acquisition and construction of the Buildings on the Leased Property. Lessee agrees to make all payments of debt service relating to such financing. Lessor will execute and deliver commercially reasonable documents pledging its interest in the Leased Property, by joinder or otherwise, in connection with Lessee's financing or refinancing of the Leased Property. In the event of any failure on the part of Lessee to pay any amounts, liabilities or obligations described in this paragraph, Lessor shall have all rights, powers and remedies provided for herein by or 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 Property; Reports; Lease of Equipment; Net Lease

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 lawfully applicable to the Leased Property, the repair and alteration thereof, and the use or manner of use of the Leased Property, 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.

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 Property. Lessee acknowledges that, as between Lessor and Lessee, it has examined the Land described in Exhibit A attached hereto and the state of Lessor's title thereto 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, and accepts the same in said condition and state; that no representations as to the condition or state thereof have been made by representatives of Lessor; and that in entering into this Lease, Lessee is relying solely upon its own examination thereof.
Section 5.04  Lease of Equipment. Lessor does hereby demise, lease and let unto Lessee, and Lessee does hereby lease and rent from Lessor, for the Term and upon the conditions herein stated, all Equipment.

Section 5.05  Net Lease. This is a "net lease" and the Basic Rent, additional rent and all other sums payable hereunder to or for the account of Lessor shall be paid promptly and without set off, counterclaim, abatement, suspension, deduction, diminution or defense.

ARTICLE VI.
Title and Tax Benefits

Section 6.01  No Conveyance of Title by Lessor. Lessor covenants and agrees that, except as set forth herein, during the Term of this Lease, it will not convey, pledge, encumber or suffer or permit the conveyance of, by any voluntary act on its part, its title to the Leased Property to any person, firm, corporation, or other entity whatsoever, irrespective of whether any such conveyance or attempted conveyance shall recite that it is expressly subject to the terms of this Lease unless such conveyance is consented, in writing, to by Lessee, its mortgagee and Investor Limited Partner. Lessor will not create any lien, encumbrance or charge upon its interest in the Leased Property except for any such lien, encumbrance or charge otherwise created by this Lease or consented to by Lessee.

Section 6.02  Tax Benefits. During the Term, Lessee shall be entitled to all benefits under federal and state tax laws attributable to the ownership of the Leased Property, including, without limitation, the right to claim deductions for depreciation and the right to claim Tax Credits. Lessor shall execute and deliver other and further certificates, documents, and amendments to this Lease as reasonably requested by Lessee to confirm and establish that Lessee is the owner of the Leased Property for federal income and state franchise and excise tax purposes.

ARTICLE VII.
Taxes and Other Charges

Section 7.01  Taxes and Other Governmental Charges. Lessee agrees, subject to the provisions of Section 7.04, 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 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 Property 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 7.02  Lessee Subrogated to Lessor's Rights. To the extent of any payments of additional rent by Lessee under this Article VII, 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 7.03  Utility Services. Lessee agrees that Lessor is not, nor shall it be, required to furnish to Lessee or any other user of the Leased Property any gas, water, sewer, electricity, light, heat, power or any other facilities, equipment, labor, materials or services of any kind pursuant to this Lease and Lessee agrees that it shall pay all costs and expenses related to the foregoing.

Section 7.04  Payments in Lieu of Taxes.
(a) Recognition of Tax Status. Lessee recognizes that under present law, including specifically the Act, the properties owned by Lessor are exempt from all taxation in the State of Tennessee.

(b) Administrative Provisions. In furtherance of the agreements in this Section, it is agreed by and between the parties hereto that Lessee, in cooperation with Lessor, shall cause all of the Leased Property, including but not limited to, the Leased Land, the Buildings, the Equipment located in the Buildings or on the Leased Land, each expansion of any Building, the Equipment located in each expansion of any Building, and any other Equipment conveyed to Lessor hereunder to be valued and assessed separately by the assessor or other official or officials charged with the responsibility of assessing privately owned property in the area where the Leased Property is located at the time such privately owned property is valued or assessed. Lessee, in cooperation with Lessor, shall cause to be applied to the appropriate taxable value of each such portion of the Leased Property the tax rate or rates that would be applicable for state and local tax purposes if the property were then privately owned, and shall cause the county trustee or other official or officials charged with the responsibility of collecting taxes to submit annually to Lessor and Lessee a statement of the taxes which would otherwise then be chargeable to each such portion of the Leased Property. The right is reserved to Lessee to the same extent as if Lessee were the owner of the Leased Property to contest the validity or amount of any such assessment.

(c) Payments in Lieu of Taxes. In addition to Basic Rent and Additional Rent hereunder, Lessee and Lessor agree that Lessee shall pay directly to the City and the County: (i) for each Tax Year occurring during the period commencing on the date hereof through and including the day prior to the Completion Date, a payment in lieu of taxes equal to the ad valorem taxes that would otherwise be payable with respect to the Leased Property if such Leased Property were owned by Lessee and (ii) for each Tax Year occurring during the period commencing on the Completion Date through and including the fifteenth (15th) anniversary of the Completion Date, an annual payment in lieu of taxes to the County equal to $625.00 and an annual payment in lieu of taxes to the City equal to $726.33.

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. Any payment due with respect to a Tax Year that is not paid prior to the termination or expiration of this Lease shall not be extinguished as a result of such termination or expiration and shall survive such termination or expiration.

Notwithstanding anything to the contrary contained in this Section, this Lease shall not be extended except pursuant to an amendment in writing and executed by both the Lessor and Lessee. Such reduction in taxes otherwise payable shall not apply with regard to any other tax assessed against Lessee, its income, its other real property or its personality. In the event Lessee assumes ownership of the Leased Property, Lessee shall begin paying all applicable ad valorem and other taxes directly to the City and the County, as assessed, but shall not make, from the date of such acquisition, any in lieu payments with respect to such property other than those payments that were unpaid at the time of such acquisition.

Notwithstanding anything to the contrary contained in this Section, in the event that Lessee fails to complete the construction of the Buildings in accordance with Article XI hereof or the Leased Property becomes ineligible for Tax Credits due to a violation of the use restrictions (related to the Tax Credits) applicable to the Leased Property, then Lessee shall make a 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 Property if such Leased Property were owned by Lessee.
(d) **Credit for Taxes Paid.** Nothing contained in this Section 7.04 is intended or shall be construed to require the payment by Lessee of any greater amounts in lieu of taxes than would be payable as taxes 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 7.04 shall be reduced by the amount of any ad valorem taxes lawfully levied upon the Leased Property or any part thereof, or upon Lessee's leasehold estate therein, and actually paid by Lessee pursuant to the requirements of Section 7.01 hereof to the City and the County and to the extent that any such tax payments paid by Lessee pursuant to the requirements of Section 7.01 hereof for any year shall exceed the in-lieu-of-tax payments for such year otherwise provided in this Section 7.04 the amount payable by Lessee in any subsequent year under the provisions of this Section 7.04 shall be reduced by such excess amount.

(e) **Timing of Payments.** Each payment in lieu of taxes required by this Section 7.04 with respect to any Tax Year or partial Tax Year shall be paid not later than February 28th of the following year.

(f) **Reports.** On behalf of Lessor, Lessee shall, during the term of this Lease, submit on or before October 1 of each year to the Tennessee State Board of Equalization the annual report required to be submitted by it.

(g) **Payment Upon Termination or Expiration.** Upon the termination of this Lease for any reason during a Tax Year, Lessee shall pay a pro-rated amount of the payments in lieu of taxes, if any, required by this Section 7.04 for the period that this Lease is in effect and for which no payments in lieu of taxes have been made up to the date of such termination.

(h) **Cessation of Business.** Except in the event Lessee shall terminate this Lease pursuant to Article IX of this Lease, in the event Lessee ceases the active operation (excluding temporary cessations due to Force Majeure events) of a low-income housing facility for eligible residents at the Leased Property, 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 Property if the Leased Property was owned by Lessee.

**Section 7.05 Permitted Contests.** Lessee shall not be required to pay any tax or assessment against the Leased Property 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 Property 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 VIII. 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 Property or to make any expenditures whatsoever in connection with this Lease or to maintain the Leased Property 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.
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 Property and every part thereof and any and all appurtenances thereto. Lessee shall save Lessor harmless on account of claims for mechanics and materialmen's 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 sixty (60) days after filing. Lessee shall keep and maintain the Leased Property 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, provided that Lessee shall not be required to repair or restore the Leased Property following material damage from a fire or other casualty except that Lessor may require Lessee to remove any debris from the Leased Property following a fire or other casualty.

**ARTICLE IX.**

**Condemnation**

If during the Term, all or any part of the Leased Property 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. If title to or control of all of the Leased Property 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 Property shall be taken as to result in rendering a substantial part of the Leased Property untenable or of materially reduced value to Lessee, Lessee may terminate this Lease and exercise the purchase option purchase to Article XV by giving written notice to the Lessor and thereafter shall have no further liability hereunder except as specifically provided herein, provided, as a condition of such termination, Lessor may require Lessee to remove all or a portion of the improvements from the remaining portion of the Leased Property.

**ARTICLE X.**

**Insurance and Indemnification**

**Section 10.01** Insurance. Lessee shall carry commercial general liability insurance covering the Leased Property and the use and occupancy of the same in a company or companies licensed to do business in Tennessee under a policy 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 Property 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 not be canceled without first giving Lessor not less than thirty (30) days prior written notice. Lessee shall provide to Lessor evidence of all insurance policies contemplated by this Section, including, upon request, annual certificates of continued coverage.

**Section 10.02** 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 Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Leased Property 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 Property, (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 (other than claims originating from an action in violation of Section 6.01 hereof), or (vi) any accident, injury or damage whatever caused to any person, firm or corporation in or about the Leased Property 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 anything in this Lease to the contrary, Lessee shall not be required to indemnify any of the Indemnified Parties in the event of any acts of gross negligence or willful misconduct or intentional misconduct of any of the Indemnified Parties or for any claim or liability which the Indemnified Parties was not given the opportunity to contest. The indemnification provided shall survive termination of this Lease.

ARTICLE XI
Construction of Buildings: Alterations

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 of any such buildings and improvements and any existing buildings and improvements. All work done in connection with such additions, alterations, improvements or construction shall be done promptly, and 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 in connection with such additions, alterations, improvements or construction, 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 Property.

Lessee covenants and agrees at its expense to cause the acquisition of the Leased Land and the construction of the apartment buildings and improvements located on the Leased Land to include approximately 49 apartment units (the "Buildings"), and in connection therewith, Lessee agrees to incur capital expenditures for the acquisition of the Leased Land and the construction of the Buildings in an aggregate amount of not less than $__________. It is understood and agreed that the Buildings, together with all other improvements or fixtures from time to time placed on the Leased Land, shall become the property of Lessor and part of the Leased Property, subject to the purchase option set forth in Article XV. Lessee agrees to complete the completion of the Buildings prior to ________, provided that such time period shall be extended in the event of an event of Force Majeure.

ARTICLE XII
Acquisition of Equipment

Section 12.01 Acquisition of Equipment. As of the date of this Lease, Lessee has acquired the Equipment, if any, shown on Exhibit B for location in the Buildings or on the Leased Land. It is the express intention of the parties that all equipment of Lessee in the Buildings or on the Leased Land shall be a part of the Leased Property. In furtherance of the foregoing, upon the execution of this Lease, Lessee shall convey the Equipment shown on Exhibit B to Lessor by a bill of sale in substantially the form of Exhibit C attached hereto and thereafter such machinery or equipment shall become the property of Lessor.

Unless Lessee gives Lessor written notice to the contrary, any machinery and equipment hereafter acquired by Lessee to be located on the Leased Land or any improvement thereon by means of a bill of sale in substantially the form of Exhibit C attached hereto, and thereafter such equipment likewise shall
become the property of Lessor and part of the Equipment subject to the provisions hereof, and Exhibit B shall be deemed to have been supplemented to include such equipment.

Any Equipment removed from the Leased Property, other than for ordinary maintenance, shall no longer be deemed part of the Leased Property for purposes of this Lease and, upon the written request of Lessee, shall be conveyed to Lessee pursuant to Article XV.

Section 12.02 Installation and Removal of Other Equipment. Lessee may at any time or times during the Term install or commence the installation on the Leased Land or any improvement thereon of any equipment in addition to the Equipment as Lessee may deem desirable, and Lessee may also remove any such equipment at its discretion. All such equipment shall be acquired and installed at the expense of Lessee and shall remain the property of Lessee and shall not be part of the Equipment unless otherwise added to Exhibit B.

Section 12.03 Alteration, Improvement, Removal and Modifications of Equipment by Lessee. Lessee may alter, improve and modify the Equipment from time to time as it may determine is desirable for its uses and purposes. Lessee shall be responsible for all costs of such alterations, improvements and modifications. All such alterations, improvements and modifications shall become a part of the Equipment and the property of Lessor as made. Lessee shall use its best efforts to cause all work done in connection with such alterations, improvements and modifications to be done in a good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all governmental authorities. Lessee may remove and dispose of any Equipment that Lessee determines is not necessary for Lessee's operations provided Lessee purchases such Equipment pursuant to Article XV.

ARTICLE XIII.
Subletting, Assignments and Mortgaging

Section 13.01 Except for (i) leases in the ordinary course of business or otherwise desirable for operation of an apartment complex, (ii) a leasehold deed of trust pursuant to which Lessee mortgagis its leasehold estate in the Leased Property, (iii) removal of the general partner of Lessee in accordance with the terms of its partnership agreement or by the Lender pursuant to the loan documents related to the loan from the Lender to Lessee (the “Loan Documents”) so long as any new general partner of Lessee is approved by Lessor, such approval not to 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, and (iv) any other transfer of a partnership interest of Lessee in accordance with the terms of its partnership agreement or by the Lender pursuant to the Loan Documents so long as the transferee is approved by Lessor, such approval not to 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 sublet the Leased Property or 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 the Lender becomes the successor lessee hereunder pursuant to this section, the Lender shall be eligible to make the payments in lieu of taxes pursuant to Section 7.04 hereof; and further provided that any successor or assign of the Lender, or any purchaser at a foreclosure sale other than the Lender, shall be entitled to make payments in lieu of taxes pursuant to Section 7.04 hereof so long as Lessor has reasonably approved such person or entity, such approval not to 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 the Lender or any purchaser at a foreclosure sale other than the Lender is not approved by Lessor (the “Non-Approved Party”) in accordance with the foregoing sentence, then the Non-Approved Party shall make payments in lieu of taxes beginning as of the date of such assignment or
purchase equal to the ad valorem taxes that Lessee otherwise would have been required to make with respect to the Leased Property if the Leased Property was owned by Lessee.

Section 13.02 If a mortgagee or an investor limited partner of Lessee shall have given Lessor, before any Event of Default shall have occurred hereunder, a written notice specifying the name and mailing address of the mortgagee or investor limited partner, 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 and investor limited partner a copy of its notice to Lessee of such Event of Default addressed to the mailing address last furnished by the mortgagee and investor limited partner, and such Event of Default shall not have been cured by said mortgagee or investor limited partner within the time permitted herein (which such time period, with respect to mortgagee and investor limited partner, shall begin upon receipt of the respective notice by mortgagee and investor limited partner), provided that mortgagee and investor limited partner shall have the right to extend the period of time for the curing of any such Event of Default for an additional period of thirty (30) days from the date contained in the notice given pursuant to Section 16.03 herein, or in the case of an Event of Default which cannot be cured within said thirty (30) day period, for such additional period (not to exceed an additional sixty (60) days) as, with all due diligence and in good faith, is necessary to cure the Event of Default. Lessor acknowledges that it has received written notice that (a) Lender is a mortgagee hereunder, and that Lessor shall send notices required to be sent to a mortgagee hereunder to Lender at the address provided in Section 16.03 and (b) the Investor Limited Partner is an investor limited partner hereunder, and that Lessor shall send notices required to be sent to an investor limited partner hereunder to the Investor Limited Partner at the address provided in Section 16.03.

Section 13.03 Lessee irrevocably directs that Lessor accept, and Lessor agrees to accept, performance by any such mortgagee or investor limited partner of the Lessee's right to terminate this Lease granted to Lessee by Article XV hereof, regardless whether an Event of Default has occurred. After the date hereof, and in addition to any rights the mortgagee or investor limited partner may have by virtue of this Lease, if, within ninety (90) days after the mailing of a notice of termination, or such later date as may be provided in this Lease following the expiration of the cure period, if any, afforded to the Lessee (the "Mortgagee/Investor Cure Period"), such mortgagee or investor limited partner shall pay, or arrange to the satisfaction of Lessor for the payment of, a sum of money equal to any and all Basic Rent, additional rents, and other payments due and payable by Lessee hereunder with respect to the portion of the Leased Property to which such mortgagee or investor limited partner claims an interest as of the date of the giving of notice of termination, in addition to their pro rata share of any and all expenses, costs and fees, including reasonable attorneys' fees, incurred by Lessor in preparation for terminating this Lease, and in acquiring possession of the Leased Property, then, upon the written request of such mortgagee or investor limited partner made any time prior to the expiration of the Mortgagee/Investor Cure Period, Lessor and the party making such request (or its nominee) (the "New Lessee") shall mutually execute prior to the end of such Mortgagee/Investor Cure Period a new Lease of the Leased Property (or such portion thereof as they have an interest in or mortgage on) for the remainder of the Term of this Lease and on the same terms and conditions, and with the same priority over any encumbrances created at any time by Lessor, its successors and assigns which Lessee has or had by virtue of this Lease; provided, however, that in addition to the above payments such New Lessee shall have paid to Lessor a sum of money equal to the Basic Rent and other payments for such portion of the Leased Property accruing from the date of such termination to the date of the commencement of the term of such new Lease, together with its pro rata share of all expenses, including reasonable attorneys' fees, incident to the preparation, printing, execution, delivery and recording of such new lease and provided, further, that such New Lessee is approved by Lessor, such approval not to 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. Such priority shall exist by virtue of the notice created by this Lease to any transferee of Lessor or person receiving an encumbrance from Lessor, and the priority shall be self-operative and shall not require any
future act by Lessor. Such new Leases shall contain the same clauses subject to which this demise is made, and shall be at the rents and other payments for such portion of the Leased Property due Lessor and upon the terms as are herein contained. New Lessees under any such new Leases shall have the same right, title and interest in and to and all obligations accruing thereafter under this Lease with respect to the applicable portion of the Leased Property as Lessee has under this Lease. Nothing in this Section 13.03 shall require the investor limited partner or mortgagee, as a condition to the exercise of its rights under this Section 13.03, to cure any default of Lessee not reasonably susceptible of being cured by any investor limited partner or mortgagee.

Section 13.04 Simultaneously with the making of such new leases, the party obtaining such new lease and all other parties junior in priority of interest in the Leased Property shall execute, acknowledge and deliver such new instruments, including new mortgages and new subleases, as the case may be, and shall make such payments and adjustments among themselves, as shall be necessary and proper for the purpose of restoring to each of such parties as nearly as reasonably possible, the respective interest and status with respect to the Leased Property which was possessed by the respective parties prior to the termination of this Lease as aforesaid.

Section 13.05 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Leased Property to such mortgagee or their respective nominee until the new leases have been executed by all pertinent parties. Lessor agrees, however, that Lessor will, at the cost and expense of such mortgagee or respective nominee, cooperate in the prosecution of judicial proceedings to evict the then defaulting Lessee or any other occupants of the Leased Property.

Section 13.06 Notwithstanding the term of any mortgage, Lessee's mortgagee shall have no further rights in the Lease except as stated herein. 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.

ARTICLE XIV.
Events of Default: Termination

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

(a) if Lessee fails to maintain the commercial general liability insurance required by Section 10.01 after being given notice of such failure and not curing such failure within ten (10) days of receipt of such notice; or

(b) if default shall be made in the due and punctual payment of any payment due pursuant to Section 7.04 hereof, and such default shall continue for more than thirty (30) days after Lessee's receipt of written notice of such default to Lessee from Lessor; or

(c) if default shall be made by Lessee in the due performance of or compliance with any of the terms hereof, other than that referred to in the foregoing subdivisions (a) and (b), and such default shall continue for sixty (60) days after Lessor shall have given Lessee written notice of such default (or in the case of any such default which cannot with due diligence be cured within such 60-day period, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with any such default not susceptible of being cured with due diligence within the sixty (60) days that the time of Lessee within which to cure the
same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence);

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 and a date of termination of this Lease not less than ninety (90) days after the giving of such notice. Upon such termination, Lessor shall have the right, but not the obligation, to enter upon the Leased Property and repossess the Leased Property. This termination right is subject to Lessee's right to purchase the Leased Property pursuant to Section 15.01 and at any time during or within 30 days after the term of this Lease, Lessee may exercise its right in Section 15.01 to purchase the Leased Property without regard to whether an Event of Default has occurred.

ARTICLE XV.

Purchases and Purchase Prices

Section 15.01 Option to Purchase. Lessee (and upon an event of default under any mortgage, such mortgagee) shall have an irrevocable and exclusive option to purchase the Leased Property as a whole or any part thereof at any time during the Term or within thirty (30) days after the termination or expiration of the Lease for the amount provided in Section 15.03. To exercise such option Lessee or mortgagee shall (i) give Lessor at least ten (10) days' prior written notice of its intent to exercise any option granted pursuant to this Section 15.01, which notice shall state the purchase date, and (ii) comply with the provisions of Section 15.03 hereof. The option to be exercised by Lessee or mortgagee hereunder may be exercised whether or not a default or Event of Default has occurred hereunder. Lessee or mortgagee shall also have the option to purchase any item of Equipment upon ten (10) days' prior written notice of its intent to exercise its option to purchase such item and upon compliance with Section 15.03.

Section 15.02 Granting of Easements. From time to time during the Term, Lessee shall have the right, at Lessee's expense, to cause Lessor (i) to 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 shall also promptly execute and deliver estoppels, joinders, non-disturbance agreements and other documents required in connection with Lessee's use, financing, and refinancing of the Leased Property.

Section 15.03 Exercise of Option.

(a) To exercise any option contained in Section 15.01, 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 XI.

(b) On the purchase date for the purchase of the Leased Property pursuant to Section 15.01, this Lease shall terminate and Lessor shall convey Lessor's interest in the Leased Property to Lessee (or its assigns) by quitclaim deed and/or bill of sale, as appropriate, without warranty of any type. The form of the quitclaim deed and bill of sale pursuant to which property will be conveyed pursuant to this Section shall be in the forms attached hereto as Exhibit D and Exhibit E respectively. Lessee shall pay all expenses relating to such conveyance.
ARTICLE XVI.
Miscellaneous

Section 16.01 Applicable Law. This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Tennessee.

Section 16.02 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 16.03 Notices and Demands. All notices, certificates, demands, requests, consents, approvals and other similar instruments under this Lease shall be in writing, and shall be effective either (a) when delivered personally to the party for whom intended, (b) on the second business day following mailing by a nationally recognized overnight courier service, (c) on the fifth day following mailing by certified or registered mail, return receipt requested, postage prepaid, or (d) on the date transmitted by telecopy as shown on the telecopy confirmation thereafter as long as such telecopy transmission is followed by mailing of such notice by certified or registered mail, return receipt requested, postage prepaid, in any case addressed to such party as set forth below or as a party may designate by written notice given to the other party in accordance herewith.

To the Lessor:

Knoxville’s Community Development Corporation
P.O. Box 3550
Knoxville, Tennessee 37927
Attention: Benjamin M. Bentley

with copies to:
G. Mark Mamantov, Esq.
Bass, Berry & Sims PLC
900 S. Gay Street
1700 Riverview Tower
Knoxville, Tennessee 37902

To the Lessee:

Burlington Commons, L.P.
4713 Crippen Road
Knoxville, Tennessee 37918
Attention: David Varner

To Lender (as mortgagee as provided in Article XIII): 

Southeast Community Capital Corporation
201 Venture Circle
Nashville, Tennessee 37228
Attention: Nicole Robben

with copies to:
Bradley Arant Boult Cummings, LLP
1600 Division Street, Suite 700
Nashville, Tennessee 37203
Attention: Charles S. Sanger
To the Investor Limited Partner
(as an investor limited partner as provided in Article XIII):

Section 16.04 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 16.05 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 respective successors and assigns.

Section 16.06 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 16.07 Expenses and Closing Fee. Lessee shall pay all costs and expenses of Lessor in connection with the preparation, 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 reasonable expenses incurred by Lessor as a result of such default. Furthermore, simultaneously with the execution hereof, Lessee shall pay to Lessor a closing fee in the amount of $15,000.00 in accordance with Lessor’s policies.

Section 16.08 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 16.09 No Liability of City, County, Officers, Etc. The City, County and the officers and agents of the City and County 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, County or the officers or agents of the City or County, within the meaning of any constitutional or statutory provision whatsoever.

Section 16.10 Limitation of Liability. Notwithstanding any other provision hereof, Lessor's liability hereunder shall be limited to its interest in the Leased Property and the payments to be made pursuant to this Lease, and Lessee shall not have any recourse against any other assets of Lessor.

Section 16.11 Interest. In addition to all other amounts payable under this Lease, Lessee shall also pay interest on any payment due hereunder that is not paid on the date such payment is due until paid
at the interest rate, as it may vary from time to time, that the City would impose on a delinquent tax payment during the period such payment was due.

[Signatures appear on following page.]
IN WITNESS WHEREOF, this Lease has been duly executed by the parties hereto as of the date and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: __________________________________________
    John Winemiller, Chairman

ATTEST:

______________________________
Secretary

BURLINGTON COMMONS, L.P.,
a Tennessee limited partnership

By: Burlington Commons GP, LLC
    a Tennessee limited liability company,
    its General Partner

By: ________________________________________
    Name: ___________________________________
    Title: ___________________________________

17
EXHIBIT A

Legal Description of Leased Land
EXHIBIT B

Leased Equipment

None.
EXHIBIT C

BILL OF SALE

Knox County, Tennessee _____________________, 20___

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the
undersigned hereby transfers and conveys to Knoxville’s Community Development Corporation, a public
nonprofit corporation, all of its right, title, claim and interest in law and equity in and to all personal
property, fixtures, machinery and equipment described on Exhibit A attached hereto.

The undersigned warrants that it has good and lawful right to make this conveyance.

IN WITNESS WHEREOF, ________________ has caused its name to be signed by its duly
authorized officer on the day and year first above written.

BURLINGTON COMMONS, L.P.,
a Tennessee limited partnership

By: Burlington Commons GP, LLC
a Tennessee limited liability company,
its General Partner

By: ____________________________
Name: __________________________
Title: __________________________

Sworn to and subscribed before me, this ___ day of __________, 2020.

________________________________________
Notary Public

My Commission Expires:

________________________________________
EXHIBIT D

This Instrument Prepared By:
James P. Moneyhun, Jr., Attorney
BASS, BERRY & SIMS PLC
1700 Riverview Tower
900 South Gay Street
Knoxville, Tennessee 37902

QUITCLAIM DEED

THIS INDENTURE, made this ______ day of _________________, ______, 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

BURLINGTON COMMONS, L.P., 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
STATE OF TENNESSEE  

COUNTY OF ______________

Personally appeared before me the undersigned authority, a Notary Public in and for said City and in said state, ________________________, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be the Chairman of Knoxville’s Community Development Corporation, the within named bargainor, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, 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 corporation by himself as Chairman.

Witness my hand and official seal at office, this _____ day of ______________, ___.

________________________________________________________
Notary Public

My Commission Expires:

_______________________________________________________

Name and address of property owner:

_______________________________________________________
_______________________________________________________
_______________________________________________________

who is responsible for payment of taxes.

CLT CODE: _______________________

I hereby swear or affirm that the actual consideration or true value of this transfer, whichever is greater is $1.00.

Subscribed and sworn to before me, this _____ day of ______________, ___.

________________________________________________________
Affiant

My Commission Expires:

_______________________________________________________
Notary Public
EXHIBIT E

BILL OF SALE

Knox County, Tennessee

[Date], 20[___]

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby transfers and conveys to Burlington Commons, L.P., a Tennessee limited partnership, all of its right, title, claim and interest in law and equity in and to all personal property, fixtures, machinery and equipment described on Exhibit A attached hereto.

The undersigned makes no warranty as to title of the property transferred and conveyed.

IN WITNESS WHEREOF, Knoxville’s Community Development Corporation has caused its name to be signed by its duly authorized officer on the day and year first above written.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

By: ____________________________
Title: __________________________

Sworn to and subscribed before me, this ____ day of ______________, 20[___].

My Commission Expires:

_____________________________
Notary Public

27867097.1
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>March 27, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution regarding a PILOT transaction with Covenant Village, L.P.</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: fee to KCDC of $25,000  
Source of Funds: N/A (we are being paid the fee) |
| APPROVAL/REVIEWS   | ☑ Department Head / Vice President  
☐ Budget/Finance  
☑ Legal Counsel  
Name of Reviewer: Brad Peters  
☐ Executive Director/CEO  
☐ Other - Name & Title: |
| STAFF RECOMMENDED ACTIONS | Approve: ☑  
Deny: ☐  
Defer: ☐ |

**BACKGROUND**

1. **What's the objective of the requested action?**  
The objective of this action is to obtain authorization to execute documents to provide a payment in lieu of taxes to the Covenant Village 70 unit affordable apartment complex that is being renovated. KCDC first received a letter of support from the mayor and this supports our goal of promoting affordable housing in the area.

2. **Why is the action needed now?**  
Closing for the project is happening soon.

3. **Who are the parties involved and what are their roles (if appropriate)?**  
Covenant Village, L.P. - The developer who is renovating the apartments, and the party who will lease back the property from KCDC.  
KCDC-Owner 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, the developer 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
RESOLUTION NO. 2020——

RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION REGARDING A PAYMENT IN LIEU OF TAX TRANSACTION WITH COVENANT VILLAGE, L.P.

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 Covenant Village, L.P., a Tennessee limited partnership (the "Applicant"), to acquire, construct, rehabilitate and equip Covenant Village Apartments, a 70 unit housing facility for low and moderate income citizens (the "Project"), KCDC will acquire certain real and personal property related to the Project, and KCDC will lease said property to the Applicant 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 Lease (the "Lease"), between KCDC and the Applicant, which provides certain payments in lieu of tax as provided therein and which KCDC proposes to execute to carry out the transaction described above, a copy of which instrument 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 Lease to the Applicant.

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 it, 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 Applicant 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 ___ day of __________, 2020

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ________________________________

Secretary
Mr. Benjamin Bentley
Knoxville's Community Development Corporation
901 N. Broadway
Knoxville, Tennessee 37917

Re: Support Letter for Covenant Village, L.P. Project

Dear Mr. Bentley:

I understand that Knoxville’s Community Development Corporation (“KCDC”), through its proposed lessee, Covenant Village, L.P., is undertaking the acquisition and preservation of multi-family apartments located at 322 Forestal Drive, currently owned by Forest Creek Holdings, LLC. I understand that this project entails rehabilitating and upgrading 71 affordable apartments aimed toward households at or below 60% of the area median income. To provide financing for this project, Covenant Village, L.P. intends to apply for a 4% allocation of low-income housing tax credits from the Tennessee Housing Development Agency (“THDA”) to ensure that these apartments remain as affordable housing for the next 30 years. Covenant Village, L.P. also intends to apply for funding in the form of tax-exempt bonds allocated by THDA and a Federal Housing Administration 221(d)(4) loan. In addition, Covenant Village, L.P. has applied for development assistance through the City’s HOME Investment Partnerships Program funding and in the form of 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 30 years with the payment amount set at $20,836.85 to the City of Knoxville and $17,929.00 to Knox County. The preservation 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,

Madeleine Rogero
Mayor

APPROVED AS TO FORM:

Charles W. Swanson
Law Director
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

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

TO

COVENANT VILLAGE, L.P.

(a Tennessee limited partnership)

________________________________________

LEASE

DATED AS OF ____________, 2020

________________________________________

This instrument prepared by:
BASS, BERRY & SIMS PLC (JPM)
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 COVENANT VILLAGE, L.P., 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 cause the acquisition and renovation of a low-income housing facility consisting of approximately 70 apartment units known as Covenant Village Apartments located in the City of Knoxville, Tennessee (the "Project"), thereby furthering the purposes of the Act, Lessor desires to lease to Lessee and Lessee desires to rent from Lessor certain real property and equipment hereinafter more particularly described, on the terms and conditions set forth herein; and

WHEREAS, pursuant to Tenn. Code Ann. § 48-101-312(b)(4)(C), the Mayor of the City of Knoxville, Tennessee submitted a letter dated August 16, 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 real property described in Exhibit A attached hereto, together with all facilities and improvements now existing or hereafter constructed thereon by Lessee or otherwise and the equipment described in Exhibit B attached hereto;

UNDER AND SUBJECT, however, to deed restrictions, covenants, easements, reservations, rights of way and other encumbrances applicable to the real property and equipment to be leased and 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.

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

"Buildings" shall mean the Buildings to be renovated on the Leased Land by Lessee pursuant to Article XI.

"City" shall mean the City of Knoxville, Tennessee.

"Completion Date" shall mean the earlier of (i) ________________, 20__ and (ii) the date that the renovations to the Buildings described in Article XI are substantially complete, as evidenced by the issuance of a certificate of occupancy. Lessee shall provide a certificate to Lessor evidencing the Completion Date no later than thirty (30) days after the occurrence of the Completion Date.

"County" shall mean Knox County, Tennessee.

"Equipment" shall mean the machinery, equipment and other tangible personal property described on Exhibit B attached hereto as from time to time supplemented.

"Force Majeure" means fires, floods, inability to obtain materials, conditions arising from governmental orders or regulations, war or national emergency, acts of God, and any other cause, similar or dissimilar, beyond the applicable party's reasonable control. Where this Lease expressly provides that a party's obligations are subject to Force Majeure, then delay or non-performance on the part of such party will be excused upon the occurrence and during the continuance of such event of Force Majeure, provided that such party promptly gives the other party written notice of the occurrence and abatement of such event of Force Majeure.

"Investor Limited Partner" shall mean [Pinnacle Bank, a Tennessee banking corporation, and Pinnacle Community Development SLP, Inc., a Tennessee corporation, and their respective successors and assigns].

"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 Property" shall mean the Equipment and the Leased Land, together with the Buildings and related improvements.

"Lender" shall mean Walker & Dunlop, LLC and its successors and assigns.

"Lessee" shall mean Covenant Village, L.P., a Tennessee limited partnership.

"Lessor" shall mean Knoxville's Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Act.

"Tax Credits" shall mean any low income housing tax credits available at the Leased Property pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

"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.
ARTICLE II
Representations of Lessee

Section 2.01 Lessee makes the following representations and warranties to induce Lessor to enter into this Lease:

(a) Lessee is a limited partnership duly formed, existing and in good standing under the laws of the State of Tennessee, has 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 involve 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 XIV, or which, with the lapse of time or with the giving of notice, or both, would become such an Event of Default.

(e) To the knowledge of Lessee, and in reliance upon, and except as disclosed in, an independent third-party report obtained by Lessee, there are no substances, materials, wastes, pollutants or contaminants located on the Leased Property 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 material quantities of such substances, materials, wastes, pollutants or contaminants to exist on the Leased Property 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 twenty-fourth (24th) 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.

Notwithstanding the foregoing, the Term of this Lease may be terminated upon exercise by Lessee of the purchase option described in Article XV 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 on each January 1 during the Term, the sum of $1.00. Lessor acknowledges that Lessee has prepaid the Basic Rent for the Term on the date hereof.

Section 4.02  Additional Rent. Lessee agrees to pay, as additional rent, all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay (including, without limitation, the obligations in Article XI hereof). Without limiting the foregoing, Lessor and Lessee recognize that the Leased Property has been conveyed to Lessor subject to or contemporaneously with the execution of a deed of trust securing the financing of the acquisition of and renovations to the Leased Property. Lessee agrees to make all payments of debt service relating to such financing. Lessor will execute and deliver commercially reasonable documents pledging its interest in the Leased Property, by joinder or otherwise, in connection with Lessee’s financing or refinancing of the Leased Property. In the event of any failure on the part of Lessee to pay any amounts, liabilities or obligations described in this paragraph, 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 Property; Reports; Lease of Equipment; Net Lease

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 lawfully applicable to the Leased Property, the repair and alteration thereof, and the use or manner of use of the Leased Property, 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.

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 Property. Lessee acknowledges that, as between Lessor and Lessee, it has examined the land described in Exhibit A attached hereto and the state of Lessor’s title thereto 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, and accepts the same in said condition and state; that no representations as to the condition or state thereof have been made by representatives of Lessor; and that in entering into this Lease, Lessee is relying solely upon its own examination thereof.
Section 5.04    Lease of Equipment. Lessor does hereby demise, lease and let unto Lessee, and Lessee does hereby lease and rent from Lessor, for the Term and upon the conditions herein stated, all Equipment.

Section 5.05    Net Lease. This is a "net lease" and the Basic Rent, additional rent and all other sums payable hereunder to or for the account of Lessor shall be paid promptly and without set off, counterclaim, abatement, suspension, deduction, diminution or defense.

ARTICLE VI.
Title and Tax Benefits

Section 6.01    No Conveyance of Title by Lessor. Lessor covenants and agrees that, except as set forth herein, during the Term of this Lease, it will not convey, pledge, encumber or suffer or permit the conveyance of, by any voluntary act on its part, its title to the Leased Property to any person, firm, corporation, or other entity whatsoever, irrespective of whether any such conveyance or attempted conveyance shall recite that it is expressly subject to the terms of this Lease unless such conveyance is consented, in writing, to by Lessee, its mortgagee and Investor Limited Partner. Lessor will not create any lien, encumbrance or charge upon its interest in the Leased Property except for any such lien, encumbrance or charge otherwise created by this Lease or consented to by Lessee.

Section 6.02    Tax Benefits. During the Term, Lessee shall be entitled to all benefits under federal and state tax laws attributable to the ownership of the Leased Property, including, without limitation, the right to claim deductions for depreciation and the right to claim Tax Credits. Lessor shall execute and deliver other and further certificates, documents, and amendments to this Lease as reasonably requested by Lessee to confirm and establish that Lessee is the owner of the Leased Property for federal income and state franchise and excise tax purposes.

ARTICLE VII.
Taxes and Other Charges

Section 7.01    Taxes and Other Governmental Charges. Lessee agrees, subject to the provisions of Section 7.04, 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 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 Property 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 7.02    Lessee Subrogated to Lessor's Rights. To the extent of any payments of additional rent by Lessee under this Article VII, 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 7.03    Utility Services. Lessee agrees that Lessor is not, nor shall it be, required to furnish to Lessee or any other user of the Leased Property any gas, water, sewer, electricity, light, heat, power or any other facilities, equipment, labor, materials or services of any kind pursuant to this Lease and Lessee agrees that it shall pay all costs and expenses related to the foregoing.

Section 7.04    Payments in Lieu of Taxes.
(a) **Recognition of Tax Status.** Lessee recognizes that under present law, including specifically the Act, the properties owned by Lessor are exempt from all taxation in the State of Tennessee.

(b) **Administrative Provisions.** In furtherance of the agreements in this Section, it is agreed by and between the parties hereto that Lessee, in cooperation with Lessor, shall cause all of the Leased Property, including but not limited to, the Leased Land, the Buildings, the Equipment located in the Buildings or on the Leased Land, each expansion of any Building, the Equipment located in each expansion of any Building, and any other Equipment conveyed to Lessor hereunder to be valued and assessed separately by the assessor or other official or officials charged with the responsibility of assessing privately owned property in the area where the Leased Property is located at the time such privately owned property is valued or assessed. Lessee, in cooperation with Lessor, shall cause to be applied to the appropriate taxable value of each such portion of the Leased Property the tax rate or rates that would be applicable for state and local tax purposes if the property were then privately owned, and shall cause the county trustee or other official or officials charged with the responsibility of collecting taxes to submit annually to Lessor and Lessee a statement of the taxes which would otherwise then be chargeable to each such portion of the Leased Property. The right is reserved to Lessee to the same extent as if Lessee were the owner of the Leased Property to contest the validity or amount of any such assessment.

(c) **Payments in Lieu of Taxes.** In addition to Basic Rent and 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 County equal to $17,929.00 and an annual payment in lieu of taxes to the City equal to $20,836.85.

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. Any payment due with respect to a Tax Year that is not paid prior to the termination or expiration of this Lease shall not be extinguished as a result of such termination or expiration and shall survive such termination or expiration.

Notwithstanding anything to the contrary contained in this Section, this Lease shall not be extended except pursuant to an amendment in writing and executed by both the Lessor and Lessee. Such reduction in taxes otherwise payable shall not apply with regard to any other tax assessed against Lessee, its income, its other real property or its personality. In the event Lessee assumes ownership of the Leased Property, Lessee shall begin paying all applicable ad valorem and other taxes directly to the City and the County, as assessed, but shall not make, from the date of such acquisition, any in lieu payments with respect to such property other than those payments that were unpaid at the time of such acquisition.

Notwithstanding anything to the contrary contained in this Section, in the event that Lessee fails to complete the renovation of the Buildings in accordance with Article XI hereof or the Leased Property becomes ineligible for Tax Credits due to a violation of the use restrictions (related to the Tax Credits) applicable to the Leased Property, then Lessee shall make a 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 Property if such Leased Property were owned by Lessee.

(d) **Credit for Taxes Paid.** Nothing contained in this Section 7.04 is intended or shall be construed to require the payment by Lessee of any greater amounts in lieu of taxes than would be payable as taxes 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 7.04 shall be reduced by the amount of any ad valorem taxes lawfully levied upon the Leased Property or any part thereof, or
upon Lessee's leasehold estate therein, and actually paid by Lessee pursuant to the requirements of Section 7.01 hereof to the City and the County and to the extent that any such tax payments paid by Lessee pursuant to the requirements of Section 7.01 hereof for any year shall exceed the in-lieu-of-tax payments for such year otherwise provided in this Section 7.04 the amount payable by Lessee in any subsequent year under the provisions of this Section 7.04 shall be reduced by such excess amount.

(e) **Timing of Payments.** Each payment in lieu of taxes required by this Section 7.04 with respect to any Tax Year or partial Tax Year shall be paid not later than February 28th of the following year.

(f) **Reports.** On behalf of Lessor, Lessee shall, during the term of this Lease, submit on or before October 1 of each year to the Tennessee State Board of Equalization the annual report required to be submitted by it.

(g) **Payment Upon Termination or Expiration.** Upon the termination of this Lease for any reason during a Tax Year, Lessee shall pay a pro-rated amount of the payments in lieu of taxes, if any, required by this Section 7.04 for the period that this Lease is in effect and for which no payments in lieu of taxes have been made up to the date of such termination.

(h) **Cessation of Business.** Except in the event Lessee shall terminate this Lease pursuant to Article IX of this Lease, in the event Lessee ceases the active operation (excluding temporary cessations due to Force Majeure events) of a low-income housing facility for eligible residents at the Leased Property, 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 Property if the Leased Property was owned by Lessee.

Section 7.05 **Permitted Contests.** Lessee shall not be required to pay any tax or assessment against the Leased Property 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 Property 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 VIII.**

**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 Property or to make any expenditures whatsoever in connection with this Lease or to maintain the Leased Property 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.

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 Property and every part thereof and any and all appurtenances thereto. Lessee shall save Lessor harmless on account of claims for mechanics and materialmen's 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 sixty (60) days after
filing. Lessee shall keep and maintain the Leased Property 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, provided that Lessee shall not be required to repair or restore the Leased Property following material damage from a fire or other casualty except that Lessor may require Lessee to remove any debris from the Leased Property following a fire or other casualty.

ARTICLE IX.
Condemnation

If during the Term, all or any part of the Leased Property 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. If title to or control of all of the Leased Property 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 Property shall be taken as to result in rendering a substantial part of the Leased Property untenable or of materially reduced value to Lessee, Lessee may terminate this Lease and exercise the purchase option purchase to Article XV by giving written notice to the Lessor and thereafter shall have no further liability hereunder except as specifically provided herein, provided, as a condition of such termination, Lessor may require Lessee to remove all or a portion of the improvements from the remaining portion of the Leased Property.

ARTICLE X.
Insurance and Indemnification

Section 10.01 Insurance. Lessee shall carry commercial general liability insurance covering the Leased Property and the use and occupancy of the same in a company or companies licensed to do business in Tennessee under a policy 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 Property 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 not be canceled without first giving Lessor not less than thirty (30) days prior written notice. Lessee shall provide to Lessor evidence of all insurance policies contemplated by this Section, including, upon request, annual certificates of continued coverage.

Section 10.02 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 Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Leased Property 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 Property, (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 (other than claims originating from an action in violation of Section 6.01 hereof), or (vi) any accident, injury or damage whatever caused to any person, firm or corporation in or about the Leased Property 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 anything in this Lease to the contrary, Lessee shall not be required to indemnify any of the Indemnified Parties in the event of any acts of gross negligence or willful misconduct or intentional misconduct of any of the Indemnified Parties or for any claim or liability which the Indemnified Parties was not given the opportunity to contest. The indemnification provided shall survive termination of this Lease.

ARTICLE XI.
Renovation of Buildings; Alterations

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 of any such buildings and improvements and any existing buildings and improvements. All work done in connection with such additions, alterations, improvements or construction shall be done promptly, and 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 progress in connection with such additions, alterations, improvements or construction, 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 Property.

Lessee covenants and agrees at its expense to cause the acquisition of the Leased Land and the renovation of the apartment buildings and improvements located on the Leased Land (the "Buildings"), and in connection therewith, Lessee agrees to incur capital expenditures for the acquisition of the Leased Land and the renovation of the Buildings in an aggregate amount of not less than $___________. It is understood and agreed that the Buildings, together with all other improvements or fixtures from time to time placed on the Leased Land, shall become the property of Lessor and part of the Leased Property, subject to the purchase option set forth in Article XV. Lessee agrees to complete the renovation of the Buildings prior to __________, 20___, provided that such time period shall be extended in the event of an event of Force Majeure.

ARTICLE XII.
Acquisition of Equipment

Section 12.01 Acquisition of Equipment. As of the date of this Lease, Lessee has acquired the Equipment, if any, shown on Exhibit B for location in the Buildings or on the Leased Land. It is the express intention of the parties that all equipment of Lessee in the Buildings or on the Leased Land shall be a part of the Leased Property. In furtherance of the foregoing, upon the execution of this Lease, Lessee shall convey the Equipment shown on Exhibit B to Lessor by a bill of sale in substantially the form of Exhibit C attached hereto and thereafter such machinery or equipment shall become the property of Lessor.

Unless Lessee gives Lessor written notice to the contrary, any machinery and equipment hereafter acquired by Lessee to be located on the Leased Land or any improvement thereon by means of a bill of sale in substantially the form of Exhibit C attached hereto, and thereafter such equipment likewise shall become the property of Lessor and part of the Equipment subject to the provisions hereof, and Exhibit B shall be deemed to have been supplemented to include such equipment.
Any Equipment removed from the Leased Property, other than for ordinary maintenance, shall no longer be deemed part of the Leased Property for purposes of this Lease and, upon the written request of Lessee, shall be conveyed to Lessee pursuant to Article XV.

Section 12.02 Installation and Removal of Other Equipment. Lessee may at any time or times during the Term install or commence the installation on the Leased Land or any improvement thereon of any equipment in addition to the Equipment as Lessee may deem desirable, and Lessee may also remove any such equipment at its discretion. All such equipment shall be acquired and installed at the expense of Lessee and shall remain the property of Lessee and shall not be part of the Equipment unless otherwise added to Exhibit B.

Section 12.03 Alteration, Improvement, Removal and Modifications of Equipment by Lessee. Lessee may alter, improve and modify the Equipment from time to time as it may determine is desirable for its uses and purposes. Lessee shall be responsible for all costs of such alterations, improvements and modifications. All such alterations, improvements and modifications shall become a part of the Equipment and the property of Lessor as made. Lessee shall use its best efforts to cause all work done in connection with such alterations, improvements and modifications to be done in a good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all governmental authorities. Lessee may remove and dispose of any Equipment that Lessee determines is not necessary for Lessee’s operations provided Lessee purchases such Equipment pursuant to Article XV.

ARTICLE XIII.
Subletting, Assignments and Mortgaging

Section 13.01 Except for (i) leases in the ordinary course of business or otherwise desirable for operation of an apartment complex, (ii) a leasehold deed of trust pursuant to which Lessee mortgages its leasehold estate in the Leased Property, (iii) removal of the general partner of Lessee in accordance with the terms of its partnership agreement or by the Lender pursuant to the loan documents related to the loan from the Lender to Lessee (the “Loan Documents”) so long as any new general partner of Lessee is approved by Lessor, such approval not to 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, and (iv) any other transfer of a partnership interest of Lessee in accordance with the terms of its partnership agreement or by the Lender pursuant to the Loan Documents so long as (A) LHP Capital, LLC or an affiliate thereof remains a direct or indirect partner of Lessee or (B) the transferee is approved by Lessor, such approval not to 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 sublet the Leased Property or 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 the Lender becomes the successor lessee hereunder pursuant to this section, the Lender shall be eligible to make the payments in lieu of taxes pursuant to Section 7.04 hereof; and further provided that any successor or assign of the Lender, or any purchaser at a foreclosure sale other than the Lender, shall be entitled to make payments in lieu of taxes pursuant to Section 7.04 hereof so long as Lessor has reasonably approved such person or entity, such approval not to 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 the Lender or any purchaser at a foreclosure sale other than the Lender is not approved by Lessor (the “Non-Approved Party”) in accordance with the foregoing sentence, then the Non-Approved Party shall make payments in lieu of taxes beginning as of the date of such assignment or purchase equal to the ad valorem taxes that Lessee otherwise would have been required to make with respect to the Leased Property if the Leased Property was owned by Lessee. If Lessee conveys, assigns, transfers, leases, subleases or sells all or any part of its rights or interest hereunder to a transferee with the approval
of HUD in accordance with section (c) of Lease Addendum attached hereto as Exhibit F but without the approval of Lessor, such transferee shall make payments in lieu of taxes beginning as of the date thereof equal to the ad valorem taxes that Lessee otherwise would have been required to make with respect to the Leased Property if the Leased Property was owned by Lessee, except as otherwise provided in this Section 13.01.

Section 13.02 If a mortgagee or an investor limited partner of Lessee shall have given Lessor, before any Event of Default shall have occurred hereunder, a written notice specifying the name and mailing address of the mortgagee or investor limited partner, 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 and investor limited partner a copy of its notice to Lessee of such Event of Default addressed to the mailing address last furnished by the mortgagee and investor limited partner, and such Event of Default shall not have been cured by said mortgagee or investor limited partner within the time permitted herein (which such time period, with respect to mortgagee and investor limited partner, shall begin upon receipt of the respective notice by mortgagee and investor limited partner), provided that mortgagee and investor limited partner shall have the right to extend the period of time for the curing of any such Event of Default for an additional period of thirty (30) days from the date contained in the notice given pursuant to Section 16.03 herein, or in the case of an Event of Default which cannot be cured within said thirty (30) day period, for such additional period (not to exceed an additional sixty (60) days) as, with all due diligence and in good faith, is necessary to cure the Event of Default. Lessor acknowledges that it has received written notice that (a) Lender is a mortgagee hereunder, and that Lessor shall send notices required to be sent to a mortgagee hereunder to Lender at the address provided in Section 16.03 and (b) the Investor Limited Partner is an investor limited partner hereunder, and that Lessor shall send notices required to be sent to an investor limited partner hereunder to the Investor Limited Partner at the address provided in Section 16.03.

Section 13.03 Lessee irrevocably directs that Lessor accept, and Lessor agrees to accept, performance by any such mortgagee or investor limited partner of the Lessee's right to terminate this Lease granted to Lessee by Article XV hereof, regardless whether an Event of Default has occurred. After the date hereof, and in addition to any rights the mortgagee or investor limited partner may have by virtue of this Lease, if, within ninety (90) days after the mailing of a notice of termination, or such later date as may be provided in this Lease following the expiration of the cure period, if any, afforded to the Lessee (the "Mortgagee/Investor Cure Period"), such mortgagee or investor limited partner shall pay, or arrange to the satisfaction of Lessor for the payment of, a sum of money equal to any and all Basic Rent, additional rents, and other payments due and payable by Lessee hereunder with respect to the portion of the Leased Property to which such mortgagee or investor limited partner claims an interest as of the date of the giving of notice of termination, in addition to their pro rata share of any and all expenses, costs and fees, including reasonable attorneys' fees, incurred by Lessor in preparation for terminating this Lease, and in acquiring possession of the Leased Property, then, upon the written request of such mortgagee or investor limited partner made any time prior to the expiration of the Mortgagee/Investor Cure Period, Lessor and the party making such request (or its nominee) (the "New Lessee") shall mutually execute prior to the end of such Mortgagee/Investor Cure Period a new Lease of the Leased Property (or such portion thereof as they have an interest in or mortgage on) for the remainder of the Term of this Lease and on the same terms and conditions, and with the same priority over any encumbrances created at any time by Lessor, its successors and assigns which Lessee has or had by virtue of this Lease; provided, however, that in addition to the above payments such New Lessee shall have paid to Lessor a sum of money equal to the Basic Rent and other payments for such portion of the Leased Property accruing from the date of such termination to the date of the commencement of the term of such new Lease, together with its pro rata share of all expenses, including reasonable attorneys' fees, incident to the preparation, printing, execution, delivery and recording of such new lease and provided, further, that such New Lessee is approved by Lessor, such approval not to 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. Such priority shall exist by virtue of the notice created by this Lease to any transferee of Lessor or person receiving an encumbrance from Lessor, and the priority shall be self-operative and shall not require any future act by Lessor. Such new Leases shall contain the same clauses subject to which this demise is made, and shall be at the rents and other payments for such portion of the Leased Property due Lessor and upon the terms as are herein contained. New Lessees under any such new Leases shall have the same right, title and interest in and to and all obligations accruing thereafter under this Lease with respect to the applicable portion of the Leased Property as Lessee has under this Lease. Nothing in this Section 13.03 shall require the investor limited partner or mortgagee, as a condition to the exercise of its rights under this Section 13.03, to cure any default of Lessee not reasonably susceptible of being cured by any investor limited partner or mortgagee.

Section 13.04 Simultaneously with the making of such new leases, the party obtaining such new lease and all other parties junior in priority of interest in the Leased Property shall execute, acknowledge and deliver such new instruments, including new mortgages and new subleases, as the case may be, and shall make such payments and adjustments among themselves, as shall be necessary and proper for the purpose of restoring to each of such parties as nearly as reasonably possible, the respective interest and status with respect to the Leased Property which was possessed by the respective parties prior to the termination of this Lease as aforesaid.

Section 13.05 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Leased Property to such mortgagee or their respective nominee until the new leases have been executed by all pertinent parties. Lessor agrees, however, that Lessor will, at the cost and expense of such mortgagee or respective nominee, cooperate in the prosecution of judicial proceedings to evict the then defaulting Lessee or any other occupants of the Leased Property.

Section 13.06 Notwithstanding the term of any mortgage, Lessee's mortgagee shall have no further rights in the Lease except as stated herein. 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.

ARTICLE XIV.
Events of Default; Termination

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

(a) if Lessee fails to maintain the commercial general liability insurance required by Section 10.01 after being given notice of such failure and not curing such failure within ten (10) days of receipt of such notice; or

(b) if default shall be made in the due and punctual payment of any payment due pursuant to Section 7.04 hereof, and such default shall continue for more than thirty (30) days after Lessee's receipt of written notice of such default to Lessee from Lessor; or

(c) if default shall be made by Lessee in the due performance of or compliance with any of the terms hereof, other than that referred to in the foregoing subdivisions (a) and (b), and such default shall continue for sixty (60) days after Lessor shall have given Lessee written notice of such default (or in the case of any such default which cannot with due diligence be cured within such 60-day
period, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with any such default not susceptible of being cured with due diligence within the sixty (60) days that the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence;

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 and a date of termination of this Lease not less than ninety (90) days after the giving of such notice. Upon such termination, Lessor shall have the right, but not the obligation, to enter upon the Leased Property and repossess the Leased Property. This termination right is subject to Lessee's right to purchase the Leased Property pursuant to Section 15.01 and at any time during or within 30 days after the term of this Lease, Lessee may exercise its right in Section 15.01 to purchase the Leased Property without regard to whether an Event of Default has occurred.

ARTICLE XV.
Purchases and Purchase Prices

Section 15.01 Option to Purchase. Lessee (and upon an event of default under any mortgage, such mortgagee) shall have an irrevocable and exclusive option to purchase the Leased Property as a whole or any part thereof at any time during the Term or within thirty (30) days after the termination or expiration of the Lease for the amount provided in Section 15.03. To exercise such option Lessee or mortgagee shall (i) give Lessor at least ten (10) days' prior written notice of its intent to exercise any option granted pursuant to this Section 15.01, which notice shall state the purchase date, and (ii) comply with the provisions of Section 15.03 hereof. The option to be exercised by Lessee or mortgagee hereunder may be exercised whether or not a default or Event of Default has occurred hereunder. Lessee or mortgagee shall also have the option to purchase any item of Equipment upon ten (10) days' prior written notice of its intent to exercise its option to purchase such item and upon compliance with Section 15.03.

Section 15.02 Granting of Easements. From time to time during the Term, Lessee shall have the right, at Lessee's expense, to cause Lessor (i) to 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 shall also promptly execute and deliver estoppels, joinders, non-disturbance agreements and other documents required in connection with Lessee's use, financing, and refinancing of the Leased Property.

Section 15.03 Exercise of Option.

(a) To exercise any option contained in Section 15.01, 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 XI.

(b) On the purchase date for the purchase of the Leased Property pursuant to Section 15.01, this Lease shall terminate and Lessor shall convey Lessor's interest in the Leased Property to Lessee (or its assigns) by quitclaim deed and/or bill of sale, as appropriate, without warranty of any type. The form of the quitclaim deed and bill of sale pursuant to which property will be conveyed pursuant to
this Section shall be in the forms attached hereto as Exhibit D and Exhibit E respectively. Lessee shall pay all expenses relating to such conveyance.

ARTICLE XVI.
Miscellaneous

Section 16.01 Applicable Law. This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Tennessee.

Section 16.02 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 16.03 Notices and Demands. All notices, certificates, demands, requests, consents, approvals and other similar instruments under this Lease shall be in writing, and shall be effective either (a) when delivered personally to the party for whom intended, (b) on the second business day following mailing by a nationally recognized overnight courier service, (c) on the fifth day following mailing by certified or registered mail, return receipt requested, postage prepaid, or (d) on the date transmitted by telecopy as shown on the telecopy confirmation therefor as long as such telecopy transmission is followed by mailing of such notice by certified or registered mail, return receipt requested, postage prepaid, in any case addressed to such party as set forth below or as a party may designate by written notice given to the other party in accordance herewith.

To the Lessor:

Knoxville’s Community Development Corporation
P.O. Box 3550
Knoxville, Tennessee 37927
Attention: Benjamin M. Bentley

with copies to:
G. Mark Mamantov, Esq.
Bass, Berry & Sims PLC
900 S. Gay Street
1700 Riverview Tower
Knoxville, Tennessee 37902

To the Lessee:

Covenant Village, L.P.
900 South Gay Street, Suite 2000
Knoxville, Tennessee 37902
Attention: Mike Rodgers

with copies to:
Gentry, Tipton & McLemore, PC
900 S. Gay Street, Suite 2300
Knoxville, Tennessee 37902
Attention: Brian Blind

To Lender (as mortgagee as provided in Article XIII):

Walker & Dunlop, LLC
Section 16.04 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 16.05 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 respective successors and assigns.

Section 16.06 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 16.07 Expenses and Closing Fee. Lessee shall pay all costs and expenses of Lessor in connection with the preparation, 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 reasonable expenses incurred by Lessor as a result of such default. Furthermore, simultaneously with the execution hereof, Lessee shall pay to Lessor a closing fee in the amount of $25,000.00 in accordance with Lessor’s policies.

Section 16.08 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 16.09 No Liability of City, County, Officers, Etc. The City, County and the officers and agents of the City and County 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, County or the officers or agents of the City or County, within the meaning of any constitutional or statutory provision whatsoever.

Section 16.10 Limitation of Liability. Notwithstanding any other provision hereof, Lessor's liability hereunder shall be limited to its interest in the Leased Property and the payments to be made pursuant to this Lease, and Lessee shall not have any recourse against any other assets of Lessor.
Section 16.11 Interest. In addition to all other amounts payable under this Lease, Lessee shall also pay interest on any payment due hereunder that is not paid on the date such payment is due until paid at the interest rate, as it may vary from time to time, that the City would impose on a delinquent tax payment during the period such payment was due.

Section 16.12 HUD Lease Addendum. The Lease Addendum attached hereto as Exhibit F is incorporated herein and, in the event of a conflict between the terms of the Lease Addendum and this Lease, the Lease Addendum shall control.

[Signatures appear on following page.]
IN WITNESS WHEREOF, this Lease has been duly executed by the parties hereto as of the date and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ____________________________________________
    John Winemiller, Chairman

ATTEST:

______________________________________________
Secretary

COVENANT VILLAGE, L.P.,
a Tennessee limited partnership

By: Covenant Village GP, LLC
    a Tennessee limited liability company,
    its General Partner

By: ____________________________________________
    Name: ______________________________________
    Title: ______________________________________
EXHIBIT A

Legal Description of Leased Land
EXHIBIT B

Leased Equipment

None.
EXHIBIT C

BILL OF SALE

Knox County, Tennessee

By: Covenant Village GP, LLC
   a Tennessee limited liability company,
   its General Partner

   By: ________________________________
   Name: ______________________________
   Title: ______________________________

Knox County, Tennessee, 20___

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby transfers and conveys to Knoxville’s Community Development Corporation, a public nonprofit corporation, all of its right, title, claim and interest in law and equity in and to all personal property, fixtures, machinery and equipment described on Exhibit A attached hereto.

The undersigned warrants that it has good and lawful right to make this conveyance.

IN WITNESS WHEREOF, ________________ has caused its name to be signed by its duly authorized officer on the day and year first above written.

COVENANT VILLAGE, L.P.,
a Tennessee limited partnership

Sworn to and subscribed before me, this _____ day of ______________, 2020.

My Commission Expires:

________________________________________
Notary Public
EXHIBIT D

This Instrument Prepared By:
James P. Moneyhun, Jr., Attorney
BASS, BERRY & SIMS PLC
1700 Riverview Tower
900 South Gay Street
Knoxville, Tennessee 37902

QUITCLAIM DEED

THIS INDENTURE, made this ______ day of _________________, _____, 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

COVENANT VILLAGE, L.P., 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
STATE OF TENNESSEE  
COUNTY OF ____________  

Personally appeared before me the undersigned authority, a Notary Public in and for said City and in said state, __________________________, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be the Chairman of Knoxville's Community Development Corporation, the within named bargainor, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, 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 corporation by himself as Chairman.

Witness my hand and official seal at office, this _____ day of __________________, ____

__________________________________________  
Notary Public

My Commission Expires:

______________________________

Name and address of property owner:

______________________________

______________________________

______________________________

who is responsible for payment of taxes.

CLT CODE: ________________________

I hereby swear or affirm that the actual consideration or true value of this transfer, whichever is greater is $1.00.

Subscribed and sworn to before me, this _____ day of __________________, ____

__________________________________________  
Affiant

My Commission Expires:

______________________________  
Notary Public
EXHIBIT E

BILL OF SALE

Knox County, Tennessee

____________________, 20__

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby transfers and conveys to Covenant Village, L.P., a Tennessee limited partnership, all of its right, title, claim and interest in law and equity in and to all personal property, fixtures, machinery and equipment described on Exhibit A attached hereto.

The undersigned makes no warranty as to title of the property transferred and conveyed.

IN WITNESS WHEREOF, Knoxville's Community Development Corporation has caused its name to be signed by its duly authorized officer on the day and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: __________________________________________
Title: _______________________________________

Sworn to and subscribed before me, this _____ day of ____________, 20__.

________________________________________
Notary Public

My Commission Expires:

________________________________________
EXHIBIT F

HUD Lease Addendum

Lease Addendum - Multifamily

U.S. Department of Housing and Urban Development
Office of Housing

OMB Approval No. 2502-0598 (Exp. 9/30/2021)

Public Reporting Burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

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Project Name: ____________
HUD Project No: ____________

THIS LEASE ADDENDUM is attached to and made part of that certain Lease dated as of ____________, 2020 (the “Lease”) between KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION (“Landlord”) and COVENANT VILLAGE, L.P. (“Tenant”) (collectively, the “Parties”).

The Lease Addendum is required in connection with a mortgage loan insured by the U.S. Department of Housing and Urban Development (“HUD”) for multifamily projects pursuant to the National Housing Act, as amended, found at 12 U.S.C. § 1701, et seq. (“Act”), and made by the following HUD-approved lender, Walker & Dunlop, LLC, (“Lender”). The insured loan is secured by a Security Instrument on the leasehold estate set forth in the Lease.

The definition of any capitalized term or word used in this Lease Addendum and not otherwise defined can be found in the Security Instrument and/or Note between Lender and Tenant; or the Regulatory Agreement between Tenant and HUD. The terms “HUD” and “Lender” as used in the Lease Addendum shall also include their successors and assigns, and the Tenant is the same legal entity as the Borrower under the Security Instrument. All references to “days” in this Lease Addendum shall mean calendar days.

Notwithstanding anything else in the Lease to which this Lease Addendum is attached, and for valuable consideration, the receipt and sufficiency of which the
Parties hereto hereby acknowledge and agree, and to induce the Lender to make the Loan to the Tenant described in the Security Instrument, and to induce HUD to insure said Loan, so long as this leasehold estate is subject to a security instrument insured, reinsured, or held by HUD or given to HUD in connection with a resale, or the Property is acquired and held by HUD because of a default under the Security Instrument, Landlord and Tenant acknowledge and agree to the following provisions.

The leasehold estate consists of the legally described land and includes all buildings, improvements, alterations, and fixtures now or in the future located on the legally described land. The Tenant does not own title to any of the buildings, improvements, alterations or fixtures but Tenant is the owner of the buildings, improvements, alterations and fixtures for federal income and state franchise and excise tax purposes. As such, the term “Property” means the legally described land in the Lease including the buildings, improvements, alterations and fixtures now or in the future located on the land.

1. Compliance with HUD Requirements. Pursuant to the Act, the following provisions may not be waived under any circumstances, whether for a new lease or an existing lease:

   (a) the term of the Lease and other Lease provisions comply with the section of the Act and related federal regulations under which the Note is endorsed for mortgage insurance;

   (b) the Landlord owns the Property in fee simple, and the leasehold estate is directly by the Landlord to the Tenant;

   (c) the leasehold estate underlying the Lease constitutes a mortgageable real property interest under state law;

   (d) the Lease and related Lease documents do not conflict with any Program Obligations1 promulgated by HUD with respect to such mortgage insurance; and

   (e) all ground rent amounts have prior written approval by HUD.

2. Modifications. The Lease and this Lease Addendum shall not be modified without the written consent of HUD and Lender. Modifications of the Lease and this Lease Addendum that are not authorized in writing by HUD and Lender are void and unenforceable.

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1 “Program Obligations” means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Lease Addendum rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on “HUDCLIPS,” at www.hud.gov.
3. **Conflict Provision.** The provisions of this Lease Addendum benefit Lender and HUD and are specifically declared to be enforceable against the parties to the Lease and all other persons by Lender and HUD. In the event of any conflict, inconsistency or ambiguity between the provisions of this Lease Addendum and the provisions of any other part of the Lease, the provisions of this Lease Addendum shall prevail and control.

4. **Recording.** The full Lease agreement and incorporated HUD Lease Addendum, or a memorandum of lease (if permitted under state law), must be recorded in the applicable land records office. If a memorandum of lease or a short form lease is to be recorded, it must set forth the following information, in addition to compliance with state law requirements:

   (a) names of the Parties;
   (b) legal description;
   (c) term and renewals;
   (d) reference to the HUD Lease Addendum; and
   (e) specific reference to HUD’s option to purchase in Section 7 (unless Section 7 is expressly waived in writing by HUD in accordance with Program Obligations).

5. **Estoppel Certificate.** As a condition of HUD’s acceptance of a lease transaction, an estoppel certificate identifying the Lease documents and signed by the Landlord, dated within thirty (30) days of the Note endorsement, must be provided to Lender and HUD at closing. The Landlord must confirm in writing to Lender and HUD that the Security Instrument is authorized, the Lease is in full force and effect, there are no defaults or pending defaults under the Lease or conditions that would give rise to defaults given the passage of time, and that the description of the Property is correct. The document must provide the language required by 24 CFR Section 200.62, and also include the "Warning" language found at the beginning of this Lease Addendum.

   Upon a reasonable request from Tenant, Lender, or HUD, Landlord further agrees to promptly provide from time to time an estoppel certificate to confirm the terms of, and no default under, the Ground Lease.

6. **Consent for Mortgage.** Landlord agrees that the Tenant is authorized to obtain a loan, the repayment of which is to be insured by HUD and secured by the Security Instrument on this leasehold estate. The Tenant is further authorized to execute all documents necessary as determined by HUD and otherwise to comply with Program Obligations for obtaining such an insured loan.

7. **Intentionally deleted.**

8. **Conveyance by Tenant.** If approved in writing by HUD in advance, the Tenant may convey, assign, transfer, lease, sublease or sell all or any part of its leasehold
interest in the Property without the need for approval or consent by any other person or entity.

9. Insurance.

(a) Insurance policies shall be in an amount, and with such company or companies and in such form, and against such risks and hazards, as shall be approved by Lender and HUD.

(b) The Landlord shall not take out separate insurance concurrent in form or contributing in the event of loss with that specifically required to be furnished by the Tenant to Lender. The Landlord may at its own expense, however, take out separate insurance which is not concurrent in form or not contributing in the event of loss with that specifically required to be furnished by the Tenant to Lender.

10. Condemnation. All awards and/or proceeds from a condemnation, or the negotiated sale in lieu of condemnation, of all or any part of the Tenant's and/or Landlord's interests in the Property, Improvements or the leasehold estate, shall be paid to Lender and applied as provided in the Security Instrument.

11. Intentionally deleted.

12. Intentionally deleted.

13. Landlord Cooperation for Needed Authorizations. The Landlord agrees that within ten (10) business days after receipt of written request from the Tenant, it will join in any and all applications for permits, licenses or other authorizations required by any Governmental Authority in connection with any work which the Tenant may do hereunder and will also join in any grants for easements for electric, telephone, telecommunications, cable, gas, water, sewer and such other public utilities and facilities as may be reasonably necessary in the operation of the Property and if, at the expiration of such ten (10) day period, the Landlord shall not have joined in any such application, or grants for easements, the Tenant shall have the right to execute such application and grants in the name of the Landlord, and for that purpose, the Landlord hereby irrevocably appoints the Tenant as its attorney-in-fact to execute such papers on behalf of the Landlord, only to the extent that a public body as Landlord may do so within the exercise of its municipal powers and responsibilities.

14. Taxes. Nothing in this Lease shall require the Tenant to pay any franchise, estate, inheritance, succession, capital levy or transfer tax of the Landlord or any income excess profits or revenue tax, or any other tax, assessment charge or levy upon the rent payable by the Tenant under this Lease.

15. Notices. All notices, demands and requests which are required to be given by the
Landlord, Tenant, Lender or HUD in connection with the Lease and this Lease Addendum shall be in writing and shall be sent by registered or certified mail, postage prepaid, and addressed to the address of the party as given in this instrument unless a request for a change in this address has been sent to the party giving the notice by registered or certified mail prior to the time when such notice is given.

All notices shall be addressed as follows:

If to Lender:

Walker & Dunlop, LLC
7501 Wisconsin Avenue, Suite 1200E
Bethesda, MD 20814
Attention: Rob Rotach

with copies to:

Kennerly, Montgomery & Finley, P.C.
550 Main Street, 4th Floor
Bank of America Center
Knoxville, Tennessee 37902
Attention: Jonathan H. Peyton

If to HUD:

US Dept. of Housing and Urban Dev.
235 Cumberland Bend, Suite 200
Nashville, TN 37228-1803

If to Tenant:

Covenant Village, L.P.
900 South Gay Street, Suite 2000
Knoxville, Tennessee 37902
Attention: Mike Rodgers

with copies to:

Gentry Tipton & McLemore, P.C.
900 South Gay Street, Suite 2300
Knoxville, Tennessee 37902
Attention: Timothy M. McLemore

Pinnacle Bank
Pinnacle Community Development SLP, Inc.
949 Shady Grove S., Suite 200
Memphis, Tennessee 38120
Attention: Rick Neal
If to Landlord:

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

with copies to:

James P. Moneyhun, Jr., Esq.
Bass, Berry & Sims PLC
1700 Riverview Tower
Knoxville, Tennessee 37902

16. No Merger. There shall be no merger of this Lease or the leasehold estate created by this Lease with the fee estate in or ownership of the Property or any interest therein by reason of the fact that the same person or entity may acquire or hold, directly or indirectly, this Lease or the leasehold estate hereby created or any interest therein and fee estate in or ownership of the Property. No such merger shall occur unless and until HUD specifically consents and agrees in writing to such merger.
Each signatory below hereby certifies that each of their statements and representations contained in the Lease and this Lease Addendum and all their supporting documentation thereto are true, accurate, and complete. This Lease Addendum has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Addendum as of the day and year first written above.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ________________________________

ATTEST:

Chairman

Secretary

COVENANT VILLAGE, L.P., a Tennessee limited partnership

By: COVENANT VILLAGE GP, LLC, a Tennessee limited liability company, its General Partner

By: ________________________________

Title: ________________________________
## BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>March 26, 2020</th>
</tr>
</thead>
</table>

### AGENDA ITEM DESCRIPTION
Approval is requested to award Contract C20006 with East Tennessee Turf and Landscape at the former Austin Homes site.

<table>
<thead>
<tr>
<th>SUBMITTED BY</th>
<th>Name &amp; Title: Brad Peters, Vice President of Redevelopment/Legal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Department: Redevelopment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MEETING TYPE</th>
<th>☒ Regular</th>
<th>☐ Special</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>AGENDA CLASSIFICATION</th>
<th>☐ Resolution</th>
<th>☒ Regular</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>BUDGET / FINANCIAL IMPACT</th>
<th>Budgeted: $ N/A</th>
<th>Expenditure: Up to $9,360,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of Funds:</td>
<td>City of Knoxville funds</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APPROVAL/REVIEWS</th>
<th>☒ Department Head / Vice President</th>
<th>☒ Budget/Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>☐ Legal Counsel</td>
<td>☐ Name of Reviewer: ___________________________</td>
</tr>
<tr>
<td></td>
<td>☒ Executive Director/CEO</td>
<td>☒ Other - Name &amp; Title: Procurement Dir.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STAFF RECOMMENDED ACTIONS</th>
<th>Approve: ☒</th>
<th>Deny: ☐</th>
<th>Defer: ☐</th>
</tr>
</thead>
</table>

## BACKGROUND

1. **What’s the objective of the requested action?**
   This is for infrastructure work to prepare the former Austin Homes site for the construction of replacement housing (Bell Street Flats). KCDC will award the base bid $9,060,000 and possibly will award alternate 1 for $300,000.

2. **Why is the action needed now?**
   In order to keep this time sensitive project on track needs this work completed before the construction phase begins. KCDC anticipate issuing the bid for construction in May.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   East Tennessee Turf and Landscape will perform the work, Partners Development will oversee the work and KCDC's staff will oversee the administrative portion of the work.

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

### HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)
This is a part of the demolition of Austin Homes and creation of the new replacement site, Bell Street Flats.

### ATTACHMENTS
Bid tabulation form with pertinent information
TO: The KCDC Board  
FROM: Benjamin M. Bentley, Secretary  
DATE: March 19, 2020  
SUBJECT: Authorization to award Contract C20006 to East Tennessee Turf and Landscape for the Infrastructure Work for the former Austin Homes Site.

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

<table>
<thead>
<tr>
<th>Scope of Work</th>
<th>Infrastructure Work to support the development of this entire site.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Source</td>
<td>City of Knoxville funds</td>
</tr>
<tr>
<td>Total Award Amount</td>
<td>$9,060,000.00 base bid plus $300,000.00 for alternate 1 (if selected)</td>
</tr>
<tr>
<td>Review Committee</td>
<td>Alex Decker, Partners Development (KCDC’s Owners Representative)</td>
</tr>
<tr>
<td></td>
<td>Brad Peters, Vice President of Redevelopment/Legal Services</td>
</tr>
<tr>
<td></td>
<td>Terry McKee, IT and Procurement Director</td>
</tr>
<tr>
<td>Nature of Solicitation</td>
<td>Formal Sealed Bids</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>Cost</th>
<th>Base Bid</th>
<th>Recommended for Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Tennessee Turf and Landscape</td>
<td>$9,060,000.00</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Jenkins &amp; Stiles</td>
<td>$9,844,000.00</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Merit Construction</td>
<td>$9,369,000.00</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

This solicitation was distributed to:

- KCDC’s Web Page
- KCDC’s Facebook Page
- KCDC’s Registered Vendors
- KCDC’s LinkedIn Page
- Associated Construction Women*
- Associated General Contractors of Tennessee
- Atlanta Chapter National Association of Black Women in Construction*+
- Black Contractors Association+
- Construction Market Data
- Dodge Data & Analytics
- Hispanic Chamber of Commerce+
- Knox County’s Supplier Diversity Office+
- Knoxville Area Urban League+
- Knoxville Builder’s Exchange
- Knoxville Chamber Partnership
- Knoxville’s EBOP Office+
- SCORE
- SERC
- Small Business Administration*
- Tennessee Small Business Development Center
- Tennessee Minority Supplier Development Council+
- U.S. Department of Commerce Minority Business Development Agency+

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

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>March 26, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Approval is requested to award contract C20013 for alterations at Guy B. Love Towers to Broadway Electric Service (BESCO).</td>
</tr>
</tbody>
</table>
| SUBMITTED BY | Name & Title: Sean Gilbert, Senior Vice President of Housing  
Department: Housing |
| MEETING TYPE | ☒ Regular  
☐ Special |
| AGENDA CLASSIFICATION | ☐ Resolution  
☒ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted: $2,241,510.00  
Expenditure: $5,801,430.00  
Source of Funds: Capital Funds and CITC Loan |
| APPROVAL/REVIEWS | ☒ Department Head/Vice President  
☒ Budget/Finance  
☐ Legal Counsel  
Name of Reviewer:  
☒ Executive Director/CEO  
☒ Other - Name & Title: Procurement Dir. |
| STAFF RECOMMENDED ACTIONS | Approve: ☒  
Deny: ☐  
Defer: ☐ |

### BACKGROUND

1. **What's the objective of the requested action?**  
   This award allows KCDC staff to select BESCO to alter the apartments at Guy B. Love Towers including moving certain walls, electrical boxes, flooring, cabinets and other items to ready the property for RAD conversion. These alterations are a requirement for RAD conversion.

2. **Why is the action needed now?**  
   KCDC has converted this property through the RAD conversion process and the capital funds for these projects go away with the conversion. Thus this work must occur very soon.

3. **Who are the parties involved and what are their roles (if appropriate)?**  
   BESCO will perform the work and KCDC's staff will oversee the administrative portion of the work.

4. **What are the long term and short term exposures to KCDC?**  
   The short and long term exposures to KCDC are paying the contractor. There are no on-going costs associated with this project. Note that KCDC may exercise one or both of the two deduct alternates and if so this will reduce the award amount.

### HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)  
The existing items have been in place for at least 20 years, some are worn and some are outdated.

### ATTACHMENTS  
Bid tabulation form
TO: The KCDC Board

FROM: Benjamin M. Bentley, Secretary

DATE: March 17, 2020

SUBJECT: Authorization to award Contract C20013 to Broadway Electric Services (BESCO) for alterations at Guy B. Love Towers.

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

<table>
<thead>
<tr>
<th>Scope of Work</th>
<th>Alterations at Guy B. Love Towers C20013 for RAD conversion.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Source</td>
<td>RAD Capital Funds</td>
</tr>
<tr>
<td>Total Award Amount</td>
<td>Not to Exceed $5,801,430.00</td>
</tr>
<tr>
<td>KCDC staff may, depending upon final financing, accept one or both of the two alternate deducts, which would lower the final award amount.</td>
<td></td>
</tr>
<tr>
<td>Review Committee</td>
<td>Jack Canada, Supportive Maintenance Manager</td>
</tr>
<tr>
<td></td>
<td>Sean Gilbert, Senior Vice President of Housing</td>
</tr>
<tr>
<td></td>
<td>Markus Chady, Studio 4 Architects (KCDC's Architect for the project)</td>
</tr>
<tr>
<td></td>
<td>Terry McKee, IT and Procurement Director</td>
</tr>
<tr>
<td>Nature of Solicitation</td>
<td>Formal Sealed Bids</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>Cost</th>
<th>Recommended for Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadway Electric Service (BESCO)</td>
<td>$5,801,430.00</td>
<td>Yes</td>
</tr>
<tr>
<td>Gibraltar Construction Company</td>
<td>$5,884,000.00</td>
<td>No</td>
</tr>
<tr>
<td>Jenkins &amp; Stiles LLC</td>
<td>$5,996,000.00</td>
<td>No</td>
</tr>
<tr>
<td>This solicitation was distributed to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>--------------------------------------</td>
<td></td>
</tr>
<tr>
<td>KCDC’s Web Page</td>
<td>KCDC’s Registered Vendors</td>
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<tr>
<td>Associated Construction Women*</td>
<td>Associated General Contractors of Tennessee</td>
<td></td>
</tr>
<tr>
<td>Atlanta Chapter National Association of Black Women in Construction++</td>
<td>Black Contractors Association+</td>
<td></td>
</tr>
<tr>
<td>Construction Market Data</td>
<td>Dodge Data &amp; Analytics</td>
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</tr>
<tr>
<td>Hispanic Chamber of Commerce+</td>
<td>Knox County’s Supplier Diversity Office+</td>
<td></td>
</tr>
<tr>
<td>Knoxville Area Urban League+</td>
<td>Knoxville Builder’s Exchange</td>
<td></td>
</tr>
<tr>
<td>Knoxville Chamber Partnership</td>
<td>Knoxville’s EBOP Office+</td>
<td></td>
</tr>
<tr>
<td>SCORE</td>
<td>SERC</td>
<td></td>
</tr>
<tr>
<td>Small Business Administration*</td>
<td>Tennessee Small Business Development Center</td>
<td></td>
</tr>
<tr>
<td>Tennessee Minority Supplier Development Council+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Commerce Minority Business Development Agency+</td>
<td></td>
<td></td>
</tr>
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</table>

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

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>March 26, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Approval is requested to award contract C20014 for alterations at Isabella Towers to the Gibraltar Construction Company.</td>
</tr>
</tbody>
</table>
| SUBMITTED BY       | Name & Title: Sean Gilbert, Senior Vice President of Housing  
                      Department: Housing |
| MEETING TYPE       | ☒ Regular  
                      ☐ Special |
| AGENDA CLASSIFICATION | ☐ Resolution  
                      ☒ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted: $2,321,728  
                      Expenditure: $4,492,000.00  
                      Source of Funds: Capital Funds and CITC Loan |
| APPROVAL/REVIEWS   | ☒ Department Head/Vice President  
                      ☒ Budget/Finance  
                      ☐ Legal Counsel  
                      ☒ Executive Director/CEO  
                      ☐ Other - Name & Title: Procurement Dir. |
| STAFF RECOMMENDED ACTIONS | Approve: ☒  
                      Deny: ☐  
                      Defer: ☐ |

## BACKGROUND

1. **What's the objective of the requested action?**  
   This award allows KCDC staff to select this vendor to alter Isabella apartments including moving certain walls, electrical boxes, flooring, cabinets and other items to ready the property for RAD conversion. These alterations are a requirement for RAD conversion.

2. **Why is the action needed now?**  
   KCDC has converted this property through the RAD conversion process and the capital funds for these projects go away with the conversion. Thus this work must occur very soon.

3. **Who are the parties involved and what are their roles (if appropriate)?**  
   The vendor will perform the work and KCDC's staff will oversee the administrative portion of the work.

4. **What are the long term and short term exposures to KCDC?**  
   The short and long term exposures to KCDC are paying the contractor. There are no on-going costs associated with this project. Note that KCDC may exercise one or more of the three deduct alternates and if so this will reduce the award amount.

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

The existing items have been in place for at least 20 years, some are worn and some are outdated.

## ATTACHMENTS

Bid tabulation form
TO: The KCDC Board

FROM: Benjamin M. Bentley, Secretary

DATE: March 17, 2020

SUBJECT: Authorization to award Contract C20014 to Gibraltar Construction Company, Inc. for alterations at Isabella Towers.

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

<table>
<thead>
<tr>
<th>Scope of Work</th>
<th>Alterations at Isabella Towers C20014 for RAD conversion.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Source</td>
<td>RAD Capital Funds</td>
</tr>
<tr>
<td>Total Award Amount</td>
<td>Not to Exceed $4,492,000.00</td>
</tr>
<tr>
<td></td>
<td>KCDC staff may, depending upon final financing, accept one or more of the three alternate deducts, which would lower the final award amount.</td>
</tr>
<tr>
<td>Review Committee</td>
<td>Jack Canada, Supportive Maintenance Manager</td>
</tr>
<tr>
<td></td>
<td>Sean Gilbert, Senior Vice President of Housing</td>
</tr>
<tr>
<td></td>
<td>Markus Chady, Studio 4 Architects (KCDC's Architect for the project)</td>
</tr>
<tr>
<td></td>
<td>Terry McKee, IT and Procurement Director</td>
</tr>
<tr>
<td>Nature of Solicitation</td>
<td>Formal Sealed Bids</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>Cost</th>
<th>Recommended for Approval</th>
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<tbody>
<tr>
<td>Broadway Electric Service (BESCO)</td>
<td>$5,425,585.00</td>
<td>No</td>
</tr>
<tr>
<td>Gibraltar Construction Company</td>
<td>$4,492,000.00</td>
<td>Yes</td>
</tr>
<tr>
<td>Jenkins &amp; Stiles LLC</td>
<td>$5,923,000.00</td>
<td>No</td>
</tr>
<tr>
<td>This solicitation was distributed to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KCDC's Web Page</td>
<td>KCDC's Registered Vendors</td>
<td></td>
</tr>
<tr>
<td>Associated Construction Women*</td>
<td>Associated General Contractors of Tennessee</td>
<td></td>
</tr>
<tr>
<td>Atlanta Chapter National Association of Black Women in Construction*+</td>
<td>Black Contractors Association+</td>
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<tr>
<td>Construction Market Data</td>
<td>Dodge Data &amp; Analytics</td>
<td></td>
</tr>
<tr>
<td>Hispanic Chamber of Commerce+</td>
<td>Knox County's Supplier Diversity Office+</td>
<td></td>
</tr>
<tr>
<td>Knoxville Area Urban League+</td>
<td>Knoxville Builder's Exchange</td>
<td></td>
</tr>
<tr>
<td>Knoxville Chamber Partnership</td>
<td>Knoxville's EBOP Office+</td>
<td></td>
</tr>
<tr>
<td>SCORE</td>
<td>SERC</td>
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<tr>
<td>Small Business Administration*</td>
<td>Tennessee Small Business Development Center</td>
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</tr>
<tr>
<td>Tennessee Minority Supplier Development Council+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Commerce Minority Business Development Agency+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>March 26, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution approving submission of KCDC's 2020 Public Housing Agency (PHA) 5-Year and Annual Plans.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: Sean Gilbert, Senior VP of Housing</td>
</tr>
<tr>
<td></td>
<td>Department: Housing</td>
</tr>
<tr>
<td>MEETING TYPE</td>
<td>☒ Regular</td>
</tr>
<tr>
<td>AGENDA CLASSIFICATION</td>
<td>☒ Resolution</td>
</tr>
<tr>
<td>BUDGET / FINANCIAL IMPACT</td>
<td>Budgeted: N/A</td>
</tr>
<tr>
<td></td>
<td>Expenditure: N/A</td>
</tr>
<tr>
<td></td>
<td>Source of Funds:</td>
</tr>
<tr>
<td></td>
<td>☒ Department Head /Vice President</td>
</tr>
<tr>
<td></td>
<td>☐ Budget/Finance</td>
</tr>
<tr>
<td>APPROVAL/REVIEWS</td>
<td>☐ Legal Counsel</td>
</tr>
<tr>
<td></td>
<td>Name of Reviewer:</td>
</tr>
<tr>
<td></td>
<td>☐ Executive Director/CEO</td>
</tr>
<tr>
<td></td>
<td>Other - Name &amp; Title:</td>
</tr>
<tr>
<td>STAFF RECOMMENDED ACTIONS</td>
<td>Approve: ☒</td>
</tr>
<tr>
<td></td>
<td>Deny: ☐ Defer: ☐</td>
</tr>
</tbody>
</table>

### BACKGROUND

1. **What's the objective of the requested action?**

2. **Why is the action needed now?**
   The Agency Plan is a HUD required document that must be submitted each year at this time. We have completed all required forms and a Public Hearing was held on March 26, 2020.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   KCDC annually updates its Agency Plan and submits the Plan and required attachments to the US Department of Housing and Urban Development.

4. **What are the long term and short term exposures to KCDC?**
   If the plan is not submitted properly and on time, we could jeopardize access to Public Housing Capital Funds as well as the possibility of Audit related findings.

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

KCDC has historically presented the Annual Plan for approval in March of each year to meet the April submission due date.

### ATTACHMENTS

Resolution (copy and paste link below in browser for the Plan in its entirety)

RESOLUTION NO. 2020-___

RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION (KCDC)
APPROVING SUBMISSION OF KCDC'S 2020 PUBLIC HOUSING 5 YEAR
AGENCY (PHA) PLAN WHICH INCLUDES THE 2020 ACTUAL CAPITAL FUND PROGRAM AND REPLACEMENT HOUSING FACTOR GRANTS, PUBLIC HOUSING ADMISSIONS AND CONTINUED OCCUPANCY POLICY, KCDC DWELLING LEASE, KCDC REASONABLE ACCOMMODATION POLICY AND PROCEDURES, KCDC LANGUAGE ACCESS PLAN FOR LIMITED ENGLISH PROFICIENT PERSONS, SECTION 8 ADMINISTRATIVE PLAN, SECTION 8 FAMILY SELF-SUFFICIENCY ACTION PLAN, AND THE SECTION 8 HOMEOWNERSHIP PROGRAM

WHEREAS, Knoxville's Community Development Corporation (KCDC) has fulfilled all requirements set forth in 24 CFR Part 903 for developing a 5 Year Public Housing Agency (PHA) Plan that includes an Annual Plan with supporting documents for KCDC's fiscal year beginning July 1, 2020, and 2020 Capital Fund Program (CFP) and Replacement Housing Factor (RHF) grants; and

WHEREAS, KCDC established a resident advisory board representative of residents assisted by KCDC and consulted with the resident advisory board in developing the Plan and considered recommendations of the resident advisory board; and

WHEREAS, KCDC presented the Plan with supporting documents, the 2020 Capital Fund Program (CFP) and Replacement Housing Factor (RHF) grants, for public inspection for at least 45 days prior to a public hearing, published a notice of the date, time, and location of the public hearing, and conducted the public hearing on March 26, 2020 to discuss the Plan, actual 2020 Capital Fund Program (CFP) and Replacement Housing Factor (RHF) grant, and invite public comment.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Knoxville's Community Development Corporation (KCDC) that, effective March 26, 2020, KCDC's 2020 Public Housing Agency 5 Year Annual Plan, including the Admissions and Continued Occupancy Policy, revised KCDC Dwelling Lease, KCDC Reasonable Accommodation Policy and Procedures, KCDC Language Access Plan for Limited English Proficient Persons, revised Administrative Plan for the Section 8 Program, revised Administrative Plan for Section 8 Homeownership Program, and revised Family Self-Sufficiency Action Plan, and the 2020 Capital Fund Program (CFP) and Replacement Housing Factor (RHF) grant, be adopted effective July 1, 2020.

Approved this 26th day of March, 2020.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: _______________________
   Secretary
### BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>March 26, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution to enter into a CITC Loan agreement with Home Federal Bank for the rehabilitation work at Guy B Love Towers.</td>
</tr>
<tr>
<td>SUBMITTED BY</td>
<td>Name &amp; Title: Tracee Pross, Chief Financial Officer&lt;br&gt;Department: Finance and Administration</td>
</tr>
<tr>
<td>MEETING TYPE</td>
<td>☒ Regular&lt;br&gt;☐ Special</td>
</tr>
<tr>
<td>AGENDA CLASSIFICATION</td>
<td>☒ Resolution&lt;br&gt;☐ Regular</td>
</tr>
<tr>
<td>BUDGET / FINANCIAL IMPACT</td>
<td>Budgeted: $6,998,020&lt;br&gt;Expenditure: $4,300,000 loan</td>
</tr>
<tr>
<td>Source of Funds</td>
<td>CITC debt &amp; Capital and Operating Funds</td>
</tr>
<tr>
<td>APPROVAL/REVIEWS</td>
<td>☒ Department Head / Vice President&lt;br&gt;☒ Budget/Finance&lt;br&gt;☐ Legal Counsel&lt;br&gt;☐ Name of Reviewer: ________________________&lt;br&gt;☒ Executive Director/CEO&lt;br&gt;☒ Other - Name &amp; Title: Procurement Dir.</td>
</tr>
<tr>
<td>STAFF RECOMMENDED ACTIONS</td>
<td>Approve: ☒&lt;br&gt;Deny: ☐&lt;br&gt;Defer: ☐</td>
</tr>
</tbody>
</table>

### BACKGROUND

1. **What's the objective of the requested action?**
   This award allows KCDC staff to select this bank to provide a CITC Loan as an additional funding source so that the substantial rehabilitation of Love Towers can proceed.

2. **Why is the action needed now?**
   KCDC has converted this property through the RAD conversion process. The contract bid, post closing, was greater than the capital and operating funds available to fund this project. The contract pricing has been held pending this additional CITC funding source so we need to close this loan soon and move forward with the project.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   The bank will provide the loan and KCDC staff will oversee the administrative portion of the work. The selected general contractor will perform the physical work necessary to complete the substantial rehabilitation.

4. **What are the long term and short term exposures to KCDC?**
   The short and long term exposures to KCDC are ability to close the loan, oversee successful timely completion of the work, and pay the debt service.

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

In 2019, KCDC's Love Towers property moved to S8 PBRA through HUD's RAD conversion pgm. This is an older elderly high-rise property that needs rehab. KCDC was prepared to fully self-fund this deal but the bids were in excess of the funds available for the substantial rehabilitation. Therefore, we sought proposals to provide CITC loan to fund the gap of these rehab deals.

### ATTACHMENTS

Resolution<br>Bid Tabulation Form
TO: The KCDC Board

FROM: Benjamin M. Bentley, Secretary

DATE: March 18, 2020

SUBJECT: Authorization to award Contract Q2020 for CITC Loan Services for substantial rehabilitation at Love Towers.

KCDC’s Procurement Policy requires written formal solicitations (publicly advertised and opened) in all cases where the aggregate cost of the item(s) or service(s) requested is $25,000 or more. Since this solicitation was near this threshold and since the process needed to be “rushed,” KCDC declared an “Emergency” which enables KCDC to shorten the process in order to keep within our timelines.

Staff requests Board approval of the following recommendation.

<table>
<thead>
<tr>
<th>Scope of Work</th>
<th>Provide CITC Loans as an additional funding source for the substantial rehabilitation work at Love Towers so this project can move forward and proceed at current contract pricing.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Source</td>
<td>CITC Debt (additional source of Capital and Operating Funds supports total project costs)</td>
</tr>
<tr>
<td>Total Loan Amount</td>
<td>$4,300,000</td>
</tr>
<tr>
<td>Fees</td>
<td>$29,600 (approximately)</td>
</tr>
<tr>
<td>Review Committee</td>
<td>Sean Gilbert, Senior Vice President of Housing Terry McKee, IT and Procurement Director Tracee Pross, Chief Financial Officer</td>
</tr>
<tr>
<td>Solicitation Structure</td>
<td>Emailed request for proposals to five known interested banks.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Company</th>
<th>Recommended for Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Horizon</td>
<td>No</td>
</tr>
<tr>
<td>Home Federal Bank of Tennessee</td>
<td>Yes—This is the highest ranked proposal</td>
</tr>
<tr>
<td>Pinnacle Financial Partners</td>
<td>No</td>
</tr>
<tr>
<td>Regions Bank</td>
<td>No proposal submitted</td>
</tr>
<tr>
<td>SunTrust Bank</td>
<td>No proposal submitted</td>
</tr>
</tbody>
</table>
RESOLUTION NO. 2020-____

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
RELATING TO THE FINANCING OF IMPROVEMENTS TO LOVE
TOWERS

WHEREAS, Knoxville's Community Development Corporation ("KCDC") is the
housing 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
authorities in Tennessee are authorized through their respective governing bodies to
finance and/or refinance housing projects; and

WHEREAS, KCDC owns an affordable housing development located at 1171
Armstrong Avenue, Knoxville, Knox County, Tennessee and known as Love Towers (the
"Property"); and

WHEREAS, to finance renovations to the Property, KCDC has proposed to borrow
an amount not to exceed $4,300,000 (the "Loan") from Home Federal Bank (the
"Lender") on the terms set forth in the Lender's response to the Solicitation for CITC
Services Q2020; and

WHEREAS, the Board desires to authorize the officers of KCDC, for and on behalf
of KCDC to enter into such documentation, including but not limited to issuing a
promissory note in an amount not to exceed $4,300,000 in favor of the Lender, as is
necessary to obtain the Loan from the the Lender upon such terms and conditions as
have been presented to KCDC by the Lender and are approved by the officers of KCDC
(the "Loan Documents"); and

WHEREAS, KCDC previously entered into a Rental Assistance Demonstration
Conversion Commitment by and between KCDC and the United States Department of
Housing and Urban Development (the "RCC") with respect to the Property; and

WHEREAS, the Board of Commissioners of KCDC desires to authorize the officers
of KCDC, for and on behalf of KCDC to execute the such documents as they,
individually or collectively, determine is necessary, desirable or appropriate to amend
or modify the RCC to provide for the Loan (including, without limitation, an amendment to the RCC and the documents described in the RCC to which KCDC is a party and any construction contracts required to accomplish the improvements described in the RCC) in order to undertake the transactions described above (collectively, the "RAD Documents").

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

RESOLVED, that the Chairman or the Vice Chairman of KCDC is hereby authorized and directed to execute, and, where requested, the Secretary or Assistant Secretary is authorized to attest, and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively the "Authorized Officers"), is (are) hereby authorized and empowered to (i) execute and deliver to the Lender the Loan Documents and any and all other instruments, documents and agreements deemed necessary or desirable by the Lender in order to evidence and secure the Loan properly in accordance with the requirements of the Lender, including without limitation security agreements, certificates, affidavits, and any other instruments of any kind or nature whatsoever, all in the form required by the Lender and approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described above and to evidence the Loan properly in accordance with the requirements of the Lender; and, further

RESOLVED, that each of the Authorized Officers are hereby authorized and empowered to (i) execute and deliver to the other parties to such documents the RAD Documents and any and all other instruments, documents and agreements deemed necessary or desirable by the HUD and/or the Authorized Officers in order to evidence the transactions described in the RCC, including without limitation certificates, affidavits, and any other instruments of any kind or nature whatsoever, all in the form required by HUD and approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described above and to evidence the transactions described in the RCC properly in accordance with the requirements of HUD; and, further
RESOLVED, that it is in the best interest of KCDC to use the proceeds of the Loan for the purpose of financing the cost of the renovation of the Property; and, further

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

Approved this 26th day of March, 2020.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: ____________________________
   Secretary

27985316.1
# BOARD ACTION FORM

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>March 26, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGENDA ITEM DESCRIPTION</td>
<td>Resolution to enter into a CITC Loan agreement with Home Federal Bank for the rehabilitation work at Isabella Towers.</td>
</tr>
</tbody>
</table>
| SUBMITTED BY | Name & Title: Tracee Pross, Chief Financial Officer  
Department: Finance and Administration |
| MEETING TYPE | ☒ Regular  
☐ Special |
| AGENDA CLASSIFICATION | ☒ Resolution  
☐ Regular |
| BUDGET / FINANCIAL IMPACT | Budgeted: $5,339,728  
Expenditure: $2,850,000 loan  
Source of Funds: CITC Debt & Capital and Operating Funds  
Department Head /Vice President ☒  
Budget/Finance ☒  
Legal Counsel ☐  
Name of Reviewer:  
Executive Director/CEO ☒  
Other - Name & Title: Procurement Dir. |
| STAFF RECOMMENDED ACTIONS | Approve: ☒  
Deny: ☐  
Defer: ☐ |

## BACKGROUND

1. **What’s the objective of the requested action?**
   
   This award allows KCDC staff to select this bank to provide a CITC Loan as an additional funding source so that the substantial rehabilitation of Isabella Towers can proceed.

2. **Why is the action needed now?**
   
   KCDC has converted this property through the RAD conversion process. The contract bid, post closing, was greater than the capital and operating funds available to fund this project. The contract pricing has been held pending this additional CITC funding source so we need to close this loan soon and move forward with the project.

3. **Who are the parties involved and what are their roles (if appropriate)?**
   
   The bank will provide the loan and KCDC staff will oversee the administrative portion of the work. The selected general contractor will perform the physical work necessary to complete the substantial rehabilitation.

4. **What are the long term and short term exposures to KCDC?**
   
   The short and long term exposures to KCDC are ability to close the loan, oversee successful timely completion of the work, and pay the debt service.

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

In 2019, KCDC’s Isabella Towers property moved to 8 PBRA through HUD’s RAD conversion pgm. This is an older elderly high-rise property that needs rehab. KCDC was prepared to fully self-fund this deal but the bids were in excess of the funds available for the substantial rehabilitation. Therefore, we sought proposals to provide CITC loan to fund the gap of these rehab deals.

## ATTACHMENTS

- Resolution
- Bid tabulation form
TO: The KCDC Board

FROM: Benjamin M. Bentley, Secretary

DATE: March 18, 2020

SUBJECT: Authorization to award Contract Q2020 for CITC Loan Services for substantial rehabilitation at Isabella Towers.

KCDC’s Procurement Policy requires written formal solicitations (publicly advertised and opened) in all cases where the aggregate cost of the item(s) or service(s) requested is $25,000 or more. Since this solicitation was near this threshold and since the process needed to be “rushed,” KCDC declared an “Emergency” which enables KCDC to shorten the process in order to keep within our timelines.

Staff requests Board approval of the following recommendation.

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<tbody>
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<td>$2,850,000</td>
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<tr>
<td>Fees</td>
<td>$23,400 (approximately)</td>
</tr>
</tbody>
</table>
| Review Committee | Sean Gilbert, Senior Vice President of Housing   
| | Terry McKee, IT and Procurement Director  
| | Tracee Pross, Chief Financial Officer        |
| Solicitation Structure | Emailed request for proposals to five known interested banks.                                                    |
| Company | Recommended for Approval |
| First Horizon | No |
| Home Federal Bank of Tennessee | Yes-This is the highest ranked proposal |
| Pinnacle Financial Partners | No |
| Regions Bank | No proposal submitted |
| SunTrust Bank | No proposal submitted |
RESOLUTION NO. 2020-______

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION RELATING TO THE FINANCING OF IMPROVEMENTS TO ISABELLA TOWERS

WHEREAS, Knoxville's Community Development Corporation ("KCDC") is the housing 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 authorities in Tennessee are authorized through their respective governing bodies to finance and/or refinance housing projects; and

WHEREAS, KCDC owns an affordable housing development located at 1515 Isabella Circle, Knoxville, Knox County, Tennessee and known as Isabella Towers (the "Property"); and

WHEREAS, to finance renovations to the Property, KCDC has proposed to borrow an amount not to exceed $2,850,000 (the "Loan") from Home Federal Bank (the "Lender") on the terms set forth in the Lender's response to the Solicitation for CITC Services Q2020; and

WHEREAS, the Board desires to authorize the officers of KCDC, for and on behalf of KCDC to enter into such documentation, including but not limited to issuing a promissory note in an amount not to exceed $2,850,000 in favor of the Lender, as is necessary to obtain the Loan from the Lender upon such terms and conditions as have been presented to KCDC by the Lender and are approved by the officers of KCDC (the "Loan Documents"); and

WHEREAS, KCDC previously entered into a Rental Assistance Demonstration Conversion Commitment by and between KCDC and the United States Department of Housing and Urban Development (the "RCC") with respect to the Property; and

WHEREAS, the Board of Commissioners of KCDC desires to authorize the officers of KCDC, for and on behalf of KCDC to execute the such documents as they, individually or collectively, determine is necessary, desirable or appropriate to amend
or modify the RCC to provide for the Loan (including, without limitation, an amendment to the RCC and the documents described in the RCC to which KCDC is a party and any construction contracts required to accomplish the improvements described in the RCC) in order to undertake the transactions described above (collectively, the "RAD Documents").

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

RESOLVED, that the Chairman or the Vice Chairman of KCDC is hereby authorized and directed to execute, and, where requested, the Secretary or Assistant Secretary is authorized to attest, and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively the "Authorized Officers"), is (are) hereby authorized and empowered to (i) execute and deliver to the Lender the Loan Documents and any and all other instruments, documents and agreements deemed necessary or desirable by the Lender in order to evidence and secure the Loan properly in accordance with the requirements of the Lender, including without limitation security agreements, certificates, affidavits, and any other instruments of any kind or nature whatsoever, all in the form required by the Lender and approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described above and to evidence the Loan properly in accordance with the requirements of the Lender; and, further

RESOLVED, that each of the Authorized Officers are hereby authorized and empowered to (i) execute and deliver to the other parties to such documents the RAD Documents and any and all other instruments, documents and agreements deemed necessary or desirable by the HUD and/or the Authorized Officers in order to evidence the transactions described in the RCC, including without limitation certificates, affidavits, and any other instruments of any kind or nature whatsoever, all in the form required by HUD and approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described above and to evidence the transactions described in the RCC properly in accordance with the requirements of HUD; and, further
RESOLVED, that it is in the best interest of KCDC to use the proceeds of the Loan for the purpose of financing the cost of the renovation of the Property; and, further

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

Approved this 26th day of March, 2020.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By:__________________________

Secretary
Pursuant to the Governor's Executive Order No. 16 to protect the health and safety of citizens during the COVID-19 pandemic, the Board of Commissioners of Knoxville's Community Development Corporation met via teleconference on March 26, 2020 at 901 N. Broadway, Knoxville, Tennessee.

Present: Chair John Winemiller  
Vice Chair Robert Whetsel  
Treasurer Robyn McAdoo  
Commissioner Kim Henry  
Commissioner Kanika White

Absent: Commissioner Bruce Anderson  
Commissioner Sylvia Cook

The meeting was called to order and a quorum declared present at 5:03 p.m.

Approval of the minutes for the meeting held on February 27, 2020. Commissioner McAdoo moved to approve. Commissioner Henry seconded the motion. All other Commissioners present voted "Aye."

NEW BUSINESS

REDEVELOPMENT/LEGAL SERVICES (Brad Peters)
Resolution regarding the approval of a 15-year payment in lieu of tax agreement with Burlington Commons, L.P. in the amount of $1,351.33 to facilitate the construction of 49 affordable housing units at 4530 Holston Drive. Commissioner Whetsel moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020-011 is attached.

Resolution regarding the approval of a 24-year payment in lieu of tax agreement with Covenant Village, L.P. in the amount of $38,775.85 to acquire and preserve multi-family apartments at 322 Forestal Drive. Commissioner Henry moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020-12 is attached.

Approval to award Contract C20006 to East Tennessee Turf and Landscape for infrastructure work at the former Austin Homes Site in the amount of $9,060,000. Commissioner Henry moved to approve. Commissioner Whetsel seconded the motion. All other Commissioners present voted "Aye."

HOUSING (Sean Gilbert)
Approval to award Contract 20013 for renovation of 249 units at Guy B Love Towers to Broadway Electric Company in the amount of $5,801.430. Commissioner Henry moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye."
Approval to award Contract 20014 for renovation of 236 units at Isabella Towers to Gibralter Construction Company in the amount of $4,492,000. Commissioner Henry moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye."

Resolution approving submission of the 2020 Public Housing Agency (PHA) 5-year and Annual Plans. Commissioner White moved to approve. Commissioner McAdoo seconded the motion. Chair Winemiller abstained. All other Commissioners present voted "Aye." Resolution No. 2020-13 is attached.

Approval to award purchase order Q2019 with Management Solutions LLC for owner representative services at Cagle Terrace, Isabella Towers and Guy B Love Towers for PBRA conversion. Commissioner Henry moved to approve. Commissioner McAdoo seconded the motion. All other Commissioners present voted "Aye."

Resolution regarding the Coronavirus (COVID-19). Commissioner White moved to approve. Commissioner Henry seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020-14 is attached.

FINANCE AND ADMINISTRATION (Tracee Pross)
Resolution entering into a CITC loan in the amount of $4,300,000 with Home Federal Bank for rehabilitation work at Guy B Love Towers. Commissioner McAdoo moved to approve. Commissioner White seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020-15 is attached.

Resolution entering into a CITC loan in the amount of $2,850,000 with Home Federal Bank for rehabilitation work at Isabella Towers. Commissioner Henry moved to approve. Commissioner Whetsel seconded the motion. All other Commissioners present voted "Aye." Resolution No. 2020-16 is attached.

PUBLIC FORUM
None

UNFINISHED BUSINESS
None

ADJOURNMENT
With no further business to come before the Board, the meeting adjourned at 6:32 p.m.

Approved: April 30 2020

John Winemiller, Chair

ATTEST:

Approved: April 30 2020

Benjamin M. Bentley, Secretary
RESOLUTION NO. 2020-11

RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION REGARDING A PAYMENT IN LIEU OF TAX TRANSACTION WITH BURLINGTON COMMONS, L.P.

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 Burlington Commons, L.P., a Tennessee limited partnership (the "Applicant"), to acquire, construct and equip Burlington Commons Apartments, a 49 unit housing facility for low and moderate income citizens (the "Project"), KCDC will acquire certain real and personal property related to the Project, and KCDC will lease said property to the Applicant 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 Lease (the "Lease"), between KCDC and the Applicant, which provides certain payments in lieu of tax as provided therein and which KCDC proposes to execute to carry out the transaction described above, a copy of which instrument 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 Lease to the Applicant.

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 it, 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 Applicant 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 26th day of March, 2020

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: [Signature]
Secretary
RESOLUTION NO. 2020-12

RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION REGARDING A PAYMENT IN LIEU OF TAX TRANSACTION WITH COVENANT VILLAGE, L.P.

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 Covenant Village, L.P., a Tennessee limited partnership (the "Applicant"), to acquire, construct, rehabilitate and equip Covenant Village Apartments, a 70 unit housing facility for low and moderate income citizens (the "Project"), KCDC will acquire certain real and personal property related to the Project, and KCDC will lease said property to the Applicant 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 Lease (the "Lease"), between KCDC and the Applicant, which provides certain payments in lieu of tax as provided therein and which KCDC proposes to execute to carry out the transaction described above, a copy of which instrument 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 Lease to the Applicant.

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 it,
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 Applicant 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 26th day of March, 2020.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: [Signature]

Secretary
RESOLUTION NO. 2020-13

RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION (KCDC) APPROVING SUBMISSION OF KCDC'S 2020 FIVE YEAR ANNUAL PLAN AND 2020 PUBLIC HOUSING AGENCY (PHA) PLAN WHICH INCLUDES THE ESTIMATED 2020 CAPITAL FUND PROGRAM GRANTS, PUBLIC HOUSING ADMISSIONS AND CONTINUED OCCUPANCY POLICY, GRIEVANCE PROCEDURE, PBRA LEASE AND HOUSE RULES, PBRA VAWA LEASE ADDENDUM, PBRA TENANT SELECTION AND ASSIGNMENT PLAN, SECTION 8 ADMINISTRATIVE PLAN, SECTION 8 FAMILY SELF-SUFFICIENCY ACTION PLAN AND THE SECTION 8 HOMEOWNERSHIP PROGRAM

WHEREAS, Knoxville's Community Development Corporation (KCDC) has fulfilled all requirements set forth in 24 CFR Part 903 for developing the Public Housing Agency (PHA) Plan that includes supporting documents for KCDC's fiscal year beginning July 1, 20120 and estimated 2020 Capital Fund Program (CFP); and

WHEREAS, KCDC established a resident advisory board representative of residents assisted by KCDC and consulted with the resident advisory board in developing the Plan and considered recommendations of the resident advisory board; and

WHEREAS, KCDC presented the Plan with supporting documents, the estimated 2020 Capital Fund Program (CFP) and Replacement Housing Factor (RHF) grants, for public inspection for at least 45 days prior to a public hearing, published a notice of the date, time, and location of the public hearing, and conducted the public hearing on March 26, 2020, to discuss the Plan, estimated 2020 Capital Fund Program (CFP) and Replacement Housing Factor (RHF) grant, and invite public comment.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Knoxville's Community Development Corporation (KCDC) that, effective March 28, 2019, KCDC's 2019 Public Housing Agency Annual Plan, including the Admissions and Continued Occupancy Policy, Grievance Procedure, HUD Project-Based Rental Assistance (PBRA) Lease, HUD VAWA Lease Addendum, PBRA Tenant Selection and Assignment Plan, Rental Assistance Demonstration (RAD) Community House Rules, revised Administrative Plan for the Section 8 Program, revised Administrative Plan for Section 8 Homeownership Program, and revised Family Self-Sufficiency Action Plan, and the estimated 2020 Capital Fund Program (CFP) grant, be adopted effective July 1, 2020.

APPROVED this 26th day of March, 2020

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: [Signature]
Secretary
RESOLUTION NO. 2020–14

RESOLUTION OF THE BOARD COMMISSIONERS OF KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION REGARDING THE CORONAVIRUS

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, Covid-19 Novel Coronavirus (the "Coronavirus") has caused disruptions in ordinary operations for businesses across the country, including KCDC; and

WHEREAS, the Mayor of the City of Knoxville declared a state of emergency in Knoxville on March 16, 2020 related to the Coronavirus; and

WHEREAS, the Governor of the State of Tennessee declared a state of emergency in Tennessee on March 12, 2020 related to the Coronavirus; and

WHEREAS, the President of the United States has declared the Coronavirus a National Emergency on March 13, 2020; and

WHEREAS, the Department of Housing and Urban Development ("HUD") is promulgating guidance on how housing authorities can/should act during the Coronavirus, adopting items like relaxed income reporting, guidance on in-person lease signings and inspections, and other guidance; and

WHEREAS, KCDC expects grant funding partners like the Tennessee Housing Development Agency and the Federal Home Loan Bank, and others (collectively "Funding Partners") to adopt additional guidance on how to respond to the Coronavirus; and

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

Section 1. The Executive Director is hereby authorized and empowered to accept guidance from HUD and Funding Partners and take whatever actions are reasonably necessary, including signing any such documents, to institute that guidance from the date of this resolution through June 30, 2020.

Section 2. The Executive Director will summarize the key actions taken under this authority and present to the Board at its April, May, and June meetings.

Approved this 26th day of March, 2020.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

By: [Signature]

Secretary

KCDC Minutes prepared by Joy L Patrick Executive Assistant

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RESOLUTION NO. 2020-15

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
RELATING TO THE FINANCING OF IMPROVEMENTS TO LOVE TOWERS

WHEREAS, Knoxville's Community Development Corporation ("KCDC") is the housing 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 authorities in Tennessee are authorized through their respective governing bodies to finance and/or refinance housing projects; and

WHEREAS, KCDC owns an affordable housing development located at 1171 Armstrong Avenue, Knoxville, Knox County, Tennessee and known as Love Towers (the "Property"); and

WHEREAS, to finance renovations to the Property, KCDC has proposed to borrow an amount not to exceed $4,300,000 (the "Loan") from Home Federal Bank (the "Lender") on the terms set forth in the Lender's response to the Solicitation for CITC Services Q2020; and

WHEREAS, the Board desires to authorize the officers of KCDC, for and on behalf of KCDC to enter into such documentation, including but not limited to issuing a promissory note in an amount not to exceed $4,300,000 in favor of the Lender, as is necessary to obtain the Loan from the the Lender upon such terms and conditions as have been presented to KCDC by the Lender and are approved by the officers of KCDC (the "Loan Documents"); and

WHEREAS, KCDC previously entered into a Rental Assistance Demonstration Conversion Commitment by and between KCDC and the United States Department of Housing and Urban Development (the "RCC") with respect to the Property; and

WHEREAS, the Board of Commissioners of KCDC desires to authorize the officers of KCDC, for and on behalf of KCDC to execute the such documents as they, individually or collectively, determine is necessary, desirable or appropriate to amend or modify the RCC to provide for the Loan (including, without limitation, an amendment to the RCC and the documents described in the RCC to which KCDC is a party and any construction contracts required to accomplish the improvements described in the RCC) in order to undertake the transactions described above (collectively, the "RAD Documents").

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

RESOLVED, that the Chairman or the Vice Chairman of KCDC is hereby authorized and directed to execute, and, where requested, the Secretary or Assistant Secretary is authorized to attest, and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively
the "Authorized Officers"), is (are) hereby authorized and empowered to (i) execute and deliver to the Lender the Loan Documents and any and all other instruments, documents and agreements deemed necessary or desirable by the Lender in order to evidence and secure the Loan properly in accordance with the requirements of the Lender, including without limitation deeds of trust, assignment of rents and leases, security agreements, certificates, affidavits, and any other instruments of any kind or nature whatsoever, all in the form required by the Lender and approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described above and to evidence the Loan properly in accordance with the requirements of the Lender; and, further

RESOLVED, that each of the Authorized Officers are hereby authorized and empowered to (i) execute and deliver to the other parties to such documents the RAD Documents and any and all other instruments, documents and agreements deemed necessary or desirable by the HUD and/or the Authorized Officers in order to evidence the transactions described in the RCC, including without limitation certificates, affidavits, and any other instruments of any kind or nature whatsoever, all in the form required by HUD and approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described above and to evidence the transactions described in the RCC properly in accordance with the requirements of HUD; and, further

RESOLVED, that it is in the best interest of KCDC to use the proceeds of the Loan for the purpose of financing the cost of the renovation of the Property; and, further

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

Approved this 26th day of March, 2020.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: [Signature]
Secretary
RESOLUTION NO. 2020-16

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION
RELATING TO THE FINANCING OF IMPROVEMENTS TO ISABELLA
TOWERS

WHEREAS, Knoxville's Community Development Corporation ("KCDC") is the housing 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 authorities in Tennessee are authorized through their respective governing bodies to finance and/or refinance housing projects; and

WHEREAS, KCDC owns an affordable housing development located at 1515 Isabella Circle, Knoxville, Knox County, Tennessee and known as Isabella Towers (the “Property”); and

WHEREAS, to finance renovations to the Property, KCDC has proposed to borrow an amount not to exceed $2,850,000 (the "Loan") from Home Federal Bank (the "Lender") on the terms set forth in the Lender’s response to the Solicitation for CITC Services Q2020; and

WHEREAS, the Board desires to authorize the officers of KCDC, for and on behalf of KCDC to enter into such documentation, including but not limited to issuing a promissory note in an amount not to exceed $2,850,000 in favor of the Lender, as is necessary to obtain the Loan from the Lender upon such terms and conditions as have been presented to KCDC by the Lender and are approved by the officers of KCDC (the “Loan Documents”); and

WHEREAS, KCDC previously entered into a Rental Assistance Demonstration Conversion Commitment by and between KCDC and the United States Department of Housing and Urban Development (the "RCC") with respect to the Property; and

WHEREAS, the Board of Commissioners of KCDC desires to authorize the officers of KCDC, for and on behalf of KCDC to execute the such documents as they, individually or collectively, determine is necessary, desirable or appropriate to amend or modify the RCC to provide for the Loan (including, without limitation, an amendment to the RCC and the documents described in the RCC to which KCDC is a party and any construction contracts required to accomplish the improvements described in the RCC) in order to undertake the transactions described above (collectively, the "RAD Documents").

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

RESOLVED, that the Chairman or the Vice Chairman of KCDC is hereby authorized and directed to execute, and, where requested, the Secretary or Assistant Secretary is authorized to attest, and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively
the "Authorized Officers"), is (are) hereby authorized and empowered to (i) execute and deliver to the Lender the Loan Documents and any and all other instruments, documents and agreements deemed necessary or desirable by the Lender in order to evidence and secure the Loan properly in accordance with the requirements of the Lender, including without limitation deeds of trust, assignment of rents and leases, security agreements, certificates, affidavits, and any other instruments of any kind or nature whatsoever, all in the form required by the Lender and approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described above and to evidence the Loan properly in accordance with the requirements of the Lender; and, further

RESOLVED, that each of the Authorized Officers are hereby authorized and empowered to (i) execute and deliver to the other parties to such documents the RAD Documents and any and all other instruments, documents and agreements deemed necessary or desirable by the HUD and/or the Authorized Officers in order to evidence the transactions described in the RCC, including without limitation certificates, affidavits, and any other instruments of any kind or nature whatsoever, all in the form required by HUD and approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and (ii) take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described above and to evidence the transactions described in the RCC properly in accordance with the requirements of HUD; and, further

RESOLVED, that it is in the best interest of KCDC to use the proceeds of the Loan for the purpose of financing the cost of the renovation of the Property; and, further

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

Approved this 26th day of March, 2020.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: [Signature]
Secretary