

EXHIBIT A

TAX INCREMENT AMENDMENT TO THE SUMMIT HILL REDEVELOPMENT PLAN

Knoxville's Community Development Corporation ("KCDC") has previously prepared a redevelopment plan (the "Plan") for an area described in the Plan as the Summit Hill Redevelopment Project (the "Plan Area"). KCDC has received a proposal from a developer to undertake a redevelopment project within the Plan Area and a request from that developer to utilize tax increment financing in connection with the proposed redevelopment project. The purpose of this amendment to the Plan is to permit the use of tax increment financing for such purpose.

BACKGROUND

The Plan was adopted in the 1970s and served as the guiding document for the redevelopment of the Summit Hill Avenue corridor, including the redevelopment of a number of sites for office and residential buildings. The Plan, as originally adopted, provided for the acquisition of the 200 block of Gay Street by KCDC and the redevelopment of that block as a commercial development. Due to market conditions, that redevelopment has never occurred, and the 200 block has remained the property of KCDC. Until recently, the 200 block was used as parking for properties in the 100 block of Gay Street, but the parking agreements have been terminated. Upon such termination, KCDC sought proposals to redevelop the 200 block so as to provide connectivity between the core of downtown Knoxville and the northern part of downtown and the Old City. Hatcher Hill Investment Group CC, LLC (the "Developer") submitted a proposal, and KCDC selected that proposal to provide for the redevelopment of 200 block of Gay Street (the "Redevelopment Project").

TAX INCREMENT FINANCING PROVISION

The Plan is hereby amended to provide that, subject to the limitations herein:

(a) Property taxes, if any, that were levied by the City of Knoxville (the "City") and/or Knox County, Tennessee (the "County") (the City and the County are hereinafter referred to collectively or sometimes individually, as a "taxing agency") and payable with respect to the property within the Plan Area (other than any portion of such taxes that is a debt service amount) for the year prior to the date the amendment of this redevelopment plan was approved ("base taxes") and that portion of property taxes, if any, designated by a taxing agency to pay debt service on the taxing agency's debt ("dedicated taxes") shall be allocated to and shall be paid to the respective taxing agencies as taxes levied by such taxing agencies on all other property are paid; provided, that in any year in which the taxes on any property are less than the base and dedicated taxes, there shall be allocated and paid to the respective taxing agencies only those taxes actually imposed and collected; and

(b) Subject to any limitations in applicable law, any excess of taxes levied by a participating taxing agency, over the base and dedicated taxes, shall be allocated to and shall be paid to KCDC (a "tax increment agency") for the purpose of paying principal of and interest on bonds, loans or other indebtedness incurred or to be incurred by KCDC to finance or refinance, in whole or in part, the redevelopment project contemplated by the amendment of this redevelopment plan or as otherwise provided in applicable law or reserved for purposes permitted by applicable law, provided (i) a portion of the excess taxes may be allocated for administrative purposes for KCDC, the City and the County as provided by applicable law and by the policies of the respective governmental entities, and (ii) excess taxes beyond amounts necessary to fund or reserve for eligible expenditures under applicable law, may be applied to principal and interest of debt incurred to finance such eligible expenditures, or shall revert to the taxing agency general fund.

The Plan is hereby further amended to delete all existing tax increment financing provisions contained therein.

The authorization for tax increment financing provided above shall only apply to the tax parcels identified below on which the Redevelopment Project will be located and not any other tax parcels within the Plan Area. No other redevelopment project in the Plan Area shall receive the benefit of tax increment financing without first obtaining the approval of an amendment to the Plan approved by the City Council of the City and the Commission of the County pursuant to a subsequent amendment to the Plan. The authorization of tax increment financing pursuant to this amendment shall only apply to the property shown on Exhibit A attached hereto, which includes the tax parcels list on Exhibit B attached hereto.

By approving this amendment, KCDC, the City and the County confirm that the Uniformity in Tax Increment Financing Act of 2012 (the "Tax Increment Act") shall apply to any financing authorized by this amendment or any subsequent tax increment financing amendments to the Plan. Without limiting the foregoing, KCDC is authorized to group the parcels on which the Redevelopment Project will be located for purposes of calculating and allocating the tax increment revenues under this Plan and applicable law, and in such cases, the allocation of tax increment revenues shall be calculated and made based upon each such group of parcels, and not the entire area subject to the Plan. KCDC shall give notice of any such grouping of parcels to the City and the County.

ECONOMIC INFORMATION RELATING TO TAX INCREMENT

The Redevelopment Project is expected to include the redevelopment of the vacant parcels facing Gay Street known as the 200 block. The Redevelopment Project is expected to include approximately 23,000 square feet of commercial space and over forty residential condominiums, including four residential condominiums to be reserved as affordable rental units. The estimated cost of the Project is approximately \$25,690,263. The sources that are

expected to be used to pay the costs of the Project are: a bank loan of \$18,529,981, a grant from tax increment financing of not to exceed \$3,700,000 and owners' equity of \$3,460,282. The allocation of tax increment revenues with respect to the Redevelopment Project shall be for a period of not more than twenty (20) tax years (the "Allocation Period"). Based upon projected interested rates, an allocation of seventeen (17) years of tax increment revenues should be adequate to pay the tax increment financing authorized hereby. The initial tax year of the Allocation Period shall be designated by KCDC and shall commence no later than three (3) years from the date of the last approval of this amendment.

The tax increment financing provision in this amendment is expected to have a positive impact on the City and County. Most importantly, the Redevelopment Project will provide for the redevelopment of a highly visible block on the main downtown artery, which has remained undeveloped for over 40 years. The Redevelopment Project will include public amenities, including public walkways, a public plaza and other areas, that will benefit the entire community. The ad valorem real property taxes for the parcels on which the Redevelopment Project will be located was \$0 for the year 2021 for both the City and County as the property was owned by KCDC. The Redevelopment Project is expected to increase the value of the real property within the Tax Increment Area, leading to an increase in ad valorem real property taxes. Upon completion of the Redevelopment Project, the ad valorem real property taxes for the Tax Increment Area are expected to be \$184,581 for the City and \$158,824 for the County based upon current tax rates. Of this estimated total, approximately \$14,637 in taxes as to the City and \$32,209 in taxes as to the County that are allocable to paying debt service on the City's and the County's general obligation debt (calculated using the City and County's current debt service allocation rate) would be allocated to the City and the County each year. These additional taxes will immediately benefit the City and the County. After the tax increment financing is fully paid, the entire increased property tax revenues will be payable to the City and the County. The additional taxes accruing to the City and the County described above would not be expected to occur but for the tax increment financing authorized by this amendment. The City and the County will also receive sales taxes from the commercial portion of the Redevelopment Project as well as personal property taxes from such portion.

EXHIBIT B

Tax Parcels within Tax Increment Area

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094LD006

094LD007

094LD008

094LD009

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