

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

Date: February 22, 2024

To: Board of Commissioners

From: Benjamin M. Bentley, Secretary

Subject: **AGENDA**
Board Meeting of the Board of Commissioners
Tuesday, February 27, 2024, 5 p.m.
901 N. Broadway Street
Knoxville, TN 37917

1. Call to Order.
2. Approval is requested to execute the minutes for the meeting held on January 25, 2024. [\(Item 2 Attachment\)](#)
3. Motion to add, delete or postpone agenda items.
4. Reports of officers and special presentations.

NEW BUSINESS

REDEVELOPMENT (Jim Hatfield)

5. Approval is requested to grant a Certificate of Completion and Release for 2559 Wilson Avenue (#082NC019) (\$3000) to Knox Housing Partnership, Inc. [\(Item 5 Attachment\)](#)
6. Resolution regarding the development of and the utilization of low-income housing tax credits related to Austin Homes Phase 3 and the execution of documents relating thereto. [\(Item 6 Attachment\)](#)
7. Final Bond Resolution authorizing KCDC to issue up to \$50M of revenue bonds to support the financing of approximately 161 units of new affordable housing at Austin Homes Phase 3 located at 245 S Bell Street in Knoxville. [\(Item 7 Attachment\)](#)
8. Final Bond Resolution authorizing KCDC to issue up to \$16,150,000 of revenue bonds to support the financing of approximately 47 units of new affordable housing located at 1645 Ebenezer Road in Knoxville. [\(Item 8 Attachment\)](#)

9. Resolution authorizing the execution of a development agreement with DGA Residential and the formation of Everett GP Corporation and DGA Everett LP in connection with potential development of a new affordable housing project at 1215 Everett Road in Knoxville. [\(Item 9 Attachment\)](#)
10. Preliminary Bond Resolution authorizing KCDC to issue up to \$20M of revenue bonds to support the financing of a new affordable housing development project located at 1215 Everett Road in Knoxville. [\(Item 10 Attachment\)](#)
11. Resolution authorizing the formation of Western Heights 2 GP Corporation and Western Heights 2 LP in connection with potential development of Phase 2 of Western Heights CNI redevelopment project. [\(Item 11 Attachment\)](#)
12. Resolution authorizing the formation of Western Heights 3 GP Corporation and Western Heights 3 LP in connection with potential development of Phase 3 of Western Heights CNI redevelopment project. [\(Item 12 Attachment\)](#)
13. Preliminary Bond Resolution authorizing KCDC to issue up to \$50M of revenue bonds to support the financing of a new affordable housing development project located at 1331 W. Oldham Avenue in connection with Western Heights Phase 3. [\(Item 13 Attachment\)](#)
14. Resolution authorizing the acquisition of four parcels all located in Knoxville's south waterfront area as well as entering into an assignment and assumption agreement with the Greater Tennessee Housing Assistance Corporation in connection with said parcels.. [\(Item 14 Attachment\)](#)

Unfinished Business

Public Forum

Adjournment

The next agenda review meeting will be on **March 21, 2024**

The next board meeting will be held on **March 28, 2024**

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD MEETING MINUTES

The Board of Commissioners of the Knoxville's Community Development Corporation met on **January 25, 2024** at 901 N. Broadway, Knoxville, Tennessee.

The meeting was called to order and a quorum declared present at 5:00 p.m.

Present: Chair Kimberly Henry
Vice Chair Scott Broyles
Treasurer Felix Harris
Commissioner Robert Whetsel
Commissioner John Winemiller
Commissioner Becky Wade
Commissioner Kathy Hill

Absent:

Approval to execute the minutes for the *regular* meeting held on December 7, 2023. **Commissioner Broyles moved to approve. Commissioner Harris seconded the motion. All other Commissioners present voted "Aye."**

Approval to add agenda Item #11. Resolution authorizing tax increment financing of \$15 million in the South Waterfront Redevelopment Area to support the planning and construction of a pedestrian bridge. **Commissioner Winemiller moved to approve. Commissioner Broyles seconded the motion. All other Commissioners present voted "Aye."**

DEVELOPMENT (Jim Hatfield)

Resolution authorizing revisions to the Choto Landing project documents and agreements to reflect the new name and location. **Commissioner Whetsel moved to approve. Commissioner Broyles seconded the motion. All other Commissioners present voted "Aye."** Resolution 2024-01 is attached.

Preliminary Bond Resolution authorizing KCDC to issue up to \$18 million of revenue bonds to support the financing of the Bluegrass development located at 1656 Ebenezer Road. **Commissioner Harris moved to approve. Commissioner Broyles seconded the motion. Commissioner Henry recused herself. All other Commissioners present voted "Aye."** Resolution 2024-02 is attached.

ADMINISTRATION (Jim Barker)

Approval to award two (2) contracts Q2401 for legal services to: 1) Bass Berry & Sims general counsel, public finance and real estate services and 2) Kennerly Montgomery & Finley for housing

and real estate services. Commissioner Winemiller moved to approve. Commissioner Whetsel seconded the motion. All other Commissioners present voted "Aye."

Approval to award Contract Q2402 for meals of The Manor residents to Chef Maurice and Company. Commissioner Whetsel moved to approve. Commissioner Harris seconded the motion. All other Commissioners present voted "Aye."

Approval to award Contract Q2409 for roofing services at Autumn Landing and Natures Code to Iron Horse Builders. Commissioner Winemiller moved to approve. Commissioner Broyles seconded the motion. All other Commissioners present voted "Aye."

EXECUTIVE (Ben Bentley)

Approval to authorize Purchase Order 6149 with Sanders Pace Architecture in an amount not-to-exceed \$150,000 for master planning in the South Waterfront Redevelopment Area. Commissioner Whetsel moved to approve. Commissioner Harris seconded the motion. All other Commissioners present voted "Aye."

Resolution authorizing tax increment financing of \$15 million in the South Waterfront Redevelopment Area to support the planning and construction of a pedestrian bridge. Commissioner Broyles moved to approve. Commissioner Harris seconded the motion. All other Commissioners present voted "Aye." Resolution 2024-03 is attached.

PUBLIC FORUM

None

UNFINISHED BUSINESS

None

ADJOURNMENT

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

Kimberly Henry, Chair

Approved:

ATTEST:

Benjamin M. Bentley, Secretary

Approved:

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 5

MEETING DATE	February 27 2024
AGENDA ITEM DESCRIPTION	Approval is requested to grant a Certificate of Completion and Release for 2559 Wilson Avenue (Tax ID #082NC019) to Knox Housing Partnership, Inc. (\$3000).
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Legal Counsel: _____ Other – Name/Title: _____
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Property was conveyed to the owner through the City's Homemaker Program. All construction has been completed and the City of Knoxville requests the release be granted. The house is three-bedroom, two bath, and approximately 1,200sf. It will be sold to a household with income at or below 80% AMI, for an approximate price of \$175,000.</p>	
<p>2. Why is the action needed now? All the requirements of the Special Warranty Deed have been fulfilled.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? KCDC, City of Knoxville, property owner.</p>	
<p>4. What are the long-term and short-term exposures? none</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	
ATTACHMENTS	Release and photos

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

Tax Identification No:
082NC019

CERTIFICATE OF COMPLETION AND RELEASE

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

This is to certify that all requirements of certain covenants controlling construction of improvements contained in two Special Warranty Deeds dated 6 June 2022, between KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, Party of the First Part, and KNOX HOUSING PARTNERSHIP, INC., Party of the Second Part, of record as Instrument Number 202210310026328, in the Office of the Register of Deeds for Knox County, Tennessee, which covenants are designated as the reversionary interest and covenants A through G, have been fully and satisfactorily performed by said Party of the Second Part in accordance with Homemaker Agreements dated 6 June 2022, and the requirements of said covenants are hereby terminated, and said Party of the Second Part is released from further performance thereunder.

IN WITNESS WHEREOF Knoxville's Community Development Corporation has hereunto executed this Certificate of completion for the purposes therein contained on this the ____ day of February, 2024.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: _____
BENJAMIN M. BENTLEY
SECRETARY

STATE OF TENNESSEE
COUNTY OF KNOX

Before me, a Notary Public in and for the aforesaid State and County, personally appeared Benjamin M. Bentley, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Secretary of Knoxville's Community Development Corporation, the within named bargainor, a corporation, and that he as such Secretary being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Secretary.

WITNESS my hand and seal, at office in Knoxville, Tennessee, this ____ day of February, 2024.

Expiration of Commission

Notary Public





KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 6

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing the negotiation and execution of all documents required to effectuate the closing of Austin Homes Phase 3, a 161-unit affordable housing project for families and seniors, including the execution of all loan and tax credit partnership guarantees required as well the ground and PILOT lease.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:

BACKGROUND

1. What is the objective of this action?
Approval to enter into various documents related to the financial closing of the Austin Homes Phase 3 as well as provide all necessary completion and financial guarantees for the project and the execution of a ground and PILOT lease.

2. Why is the action needed now?
Board approval is needed before closing which is expected to be in late March 2024.

3. Who are the parties involved and what are their roles (if appropriate)?
KCDC will provide standard financial and completion guarantees on behalf of the owner entity and as required by the lender, JP Morgan Chase, and to the equity investor, Regions Bank, as well as serve as lessor under the ground and pilot lease. Bell Street 2 Corporation, an instrumentality of KCDC, is the class B limited partner of owner entity, Bell Street 2 LP.

4. What are the long-term and short-term exposures?
The documents and agreements associated with this transaction are very comparable to past tax credit development transactions such as those at the first two phases of Austin Homes and Liberty Place. Similar to past deals, KCDC will be providing certain guarantees that the project is completed and performs as underwritten.

HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	KCDC was previously awarded 4% tax credits from THDA for this project and KCDC was also awarded a \$7.5M capital advance from HUD for 50 Section 202 housing units that will be within the 161 units.
ATTACHMENTS	Resolution, site plan, renderings

RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S
COMMUNITY DEVELOPMENT CORPORATION REGARDING THE
DEVELOPMENT OF AND THE UTILIZATION OF LOW-INCOME HOUSING
TAX CREDITS RELATED TO AUSTIN HOMES PHASE 3 AND THE
EXECUTION OF DOCUMENTS RELATING THERETO**

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

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

WHEREAS, to further the construction of 161 units of low-income housing (the "Project") on certain property located at approximately 245 S. Bell Street in Knoxville, Tennessee (the "Property"), KCDC (i) formed Bell Street 2 Corporation (the "Corporation"), a Tennessee nonprofit corporation, pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated, as an instrumentality of KCDC and (ii) formed Bell Street 2 LP, a Tennessee limited partnership (the "Partnership"), of which the Corporation is the Class B Limited Partner, KCDC is the limited partner and Bell Street 2 GP, LLC is the general partner (the "General Partner"); and

WHEREAS, KCDC proposes to finance the Project by the issuance and sale of its \$35,000,000 Tax-Exempt Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project) Series 2024A (the "Series 2024A Bonds") and its \$6,000,000 Taxable Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project) Series 2024B (the "Series 2024B Bonds") and, together with the Series 2024A Bonds, the "Bonds"; and

WHEREAS, JPMorgan Chase Bank, N.A. (the "Bank") has agreed to purchase the Bonds for a purchase price not to exceed \$41,000,000, the proceeds of which will be loaned by KCDC to the Partnership at a rate of interest not to exceed with Wall Street Journal Prime Rate minus 4%, pursuant to a Bond Purchase and Loan Agreement between the Bank, KCDC and the Partnership (the "Bond Purchase and Loan Agreement"); and

WHEREAS, the Bank has further agreed to provide permanent financing to the Partnership upon completion of construction of the Project in the form of a permanent loan in an amount not to exceed \$13,000,000 (the "Permanent Loan"); and

WHEREAS, the Bank would not agree to purchase the Bonds or provide the Permanent Loan without the Guaranty of KCDC and the execution by KCDC of certain guaranty agreements and other agreements, including but not limited to a Payment Guaranty, a Completion Guaranty, an Environmental Indemnity Agreement by Borrower and KCDC for the benefit of the Bank and a Subordination Agreement (collectively, and together with all other documents, agreements and instruments required to be executed by KCDC in connection with the purchase of the Bonds and the Permanent

Loan, including, without limitation, any documents necessary to evidence the security interests of the Bank in connection therewith, the "KCDC Bank Loan Documents"; and

WHEREAS, KCDC desires to make a loan to the Partnership to assist with the financing of the Project in an amount not to exceed \$12,000,000 (the "KCDC Loan"), which loan will be evidenced by a promissory note and secured by a deed of trust (together with such other documents, agreements and instruments referred to therein and/or required to be executed in connection with the KCDC Loan, the "KCDC Loan Documents"); and

WHEREAS, KCDC and the Partnership desire to enter into a ground lease (the "Lease"), pursuant to which KCDC will lease the Project to the Partnership; and

WHEREAS, the Lease also provides for a payment in lieu of taxes agreement between the Partnership and KCDC; and

WHEREAS, in order to move forward with the development of the Project and to utilize low-income housing tax credits available pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, for said development, KCDC desires to:

(i) transfer its limited partnership interest and to otherwise authorize the transactions contemplated pursuant to an Amended and Restated Limited Partnership Agreement for the Partnership (the "Partnership Agreement") among the General Partner, the Corporation, RAH Investor 407 LLC, as the investor limited partner, Sterling Corporate Services LLC, as the special limited partner, and KCDC, as withdrawing limited partner;

(ii) authorize, as part of the transactions contemplated by the Partnership Agreement, the execution and delivery of that certain Guaranty Agreement pursuant to which KCDC will guaranty certain obligations of the Corporation and the General Partner to the Partnership and the Limited Partner, together with all other documents required to be executed by KCDC in connection with the transactions described in the Partnership Agreement (collectively, the "KCDC Partnership Documents");

(iii) authorize the execution and delivery of the KCDC Bank Loan Documents;

(iv) authorize the KCDC Loan to the Partnership and the execution and delivery of the KCDC Loan Documents;

(v) authorize the transactions contemplated pursuant to the Lease and the execution and delivery thereof;

(vi) authorize the release of all HUD Declaration(s) of Trust which currently encumber the Property and/or the Project, together with all other documents required to be executed by KCDC in connection the conversion of 43 public housing units to Section 8 through HUD's Rental Assistance

Demonstration program (collectively, the "RAD Documents") in connection with the Project; and

(vii) authorize the execution of all documents required to be executed by KCDC in connection with HUD's Section 202 program with respect to 50 units in the project, including but not limited to any documents in connection with the \$7,500,000 capital advance to be received by the Partnership, the Project Rental Assistance Contract and related use and regulatory agreements, and any and all documents necessary to complete the conversion of the Section 202 units to Section 8 through the RAD for PRAC program (collectively, the "RAD for PRAC Documents");

Copies of the Partnership Agreement, the KCDC Partnership Documents, the Lease, the KCDC Bank Loan Documents, the KCDC Loan Documents, the RAD Documents and the RAD for PRAC documents shall be filed with the records of KCDC.

WHEREAS, the Board desires to authorize the officers of KCDC to execute such documents as they, individually or collectively, determine are necessary, desirable or appropriate to carry out the transactions contemplated herein, in the Partnership Agreement and agreements related thereto, in the KCDC Partnership Documents, in the Lease, in the KCDC Bank Loan Documents, in the KCDC Loan Documents, in the RAD Documents and in the RAD for PRAC Documents.

NOW, THEREFORE, BE, AND IT IS HEREBY, RESOLVED, that (i) the Chairman, the Vice Chairman and the Secretary of KCDC (each, an "Authorized Officer") is hereby authorized and directed to execute (to the extent that KCDC is a party thereto), and, if requested, the Secretary or Assistant Secretary is authorized to attest, and any such officer of KCDC is authorized to deliver to the other parties thereto the following documents: (a) the Partnership Agreement and the agreements related thereto (including, without limitation, the KCDC Partnership Documents), (b) the Lease, (c) the KCDC Bank Loan Documents and any amendments thereto; (d) the KCDC Loan Documents; (e) the RAD Documents; (f) the RAD for PRAC Documents; and (f) any and all other instruments, documents and agreements deemed necessary or desirable by an Authorized Officer to carry out the transactions described herein; all in the form approved by the Authorized Officer executing same, the execution of same by such Authorized Officer to constitute conclusive evidence of the approval of same, and (ii) such officers, together with all other officers and employees of KCDC, are hereby authorized to take all such further action as they may consider necessary or desirable in connection with the transactions described herein and to take from time to time any actions deemed necessary or desirable by such officers and employees to effectuate and comply with the terms of such agreements as are executed on behalf of KCDC pursuant to the authorization contained herein; and, further

RESOLVED, that it is in the best interest of KCDC to undertake the transactions described herein; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of KCDC by the officers of KCDC 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 officers of KCDC that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved at a meeting of the Board of Commissioners held this 27th day of February, 2024.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By: _____
Secretary

37196697.2

AUSTIN HOMES REDEVELOPMENT PHASE 3



AUSTIN HOMES REDEVELOPMENT



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 7

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	A final bond resolution authorizing KCDC to issue up to \$50,000,000 of revenue bonds to support the financing of approximately 161 units of new affordable housing at Austin Homes Phase 3 located at 245 S Bell Street in Knoxville.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ n/a Expenditure: \$ n/a Source of Funds: No funds committed with bond issuance.
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS Other – Name/Title: _____
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? This resolution authorizes KCDC to issue and sell revenue bonds in an amount up to \$50,000,000 as well as enter into various, customary agreements including but not limited to a bond purchase agreement and land use restriction agreement.</p> <p>2. Why is the action needed now? Closing of the transactions and bonds is expected in March and execution of this resolution is needed in advance of closing.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? KCDC as the bond issuer. Bell Street 2 Corporation as the project's Class B Limited Partner and developer. Bell Street 2 GP LLC as the project's general partner and Bell Street 2 LP as the borrower and project owner.</p> <p>4. What are the long-term and short-term exposures? Bonds being issued are not general obligation of KCDC.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	KCDC was previously awarded 4% tax credits from THDA for this project and KCDC was also awarded a \$7.5M capital advance from HUD for 50 Section 202 housing units that will be within the 161 units.
ATTACHMENTS	Resolution, bond purchase and loan agreement and LURC

RESOLUTION NO. _____

FINAL RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION AUTHORIZING ISSUANCE OF ITS TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS (AUSTIN HOMES PHASE 3 PROJECT) SERIES 2024A AND ITS TAXABLE MULTIFAMILY HOUSING REVENUE BONDS (AUSTIN HOMES PHASE 3 PROJECT) SERIES 2024B IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$50,000,000

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

WHEREAS, Bell Street 2 LP, a Tennessee limited partnership (the "Borrower"), has requested the Issuer to finance the acquisition, construction and equipping of approximately 161-units of multifamily housing for low and/or moderate-income citizens located at 245 S. Bell Street in Knoxville, Tennessee (the "Project"), which Project is of the character and will accomplish the purposes of Chapter 20 of Title 13 of the Tennessee Code Annotated, as amended (the "Act"); and

WHEREAS, the Issuer proposes to finance the Project by the issuance and sale of its (i) Tax-Exempt Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project) Series 2024A (the "Series 2024A Bond") and (ii) Taxable Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project) Series 2024B (the "Series 2024B Bond" and together with the Series 2024A Bond, the "Bonds") in an aggregate maximum principal amount not to exceed \$50,000,000; and

WHEREAS, the Issuer previously held a public hearing with respect to the issuance of the Bonds, as required under Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, JPMorgan Chase Bank, N.A., a national banking association (the "Bank") has agreed to purchase the Bonds, the proceeds of which will be loaned by the Issuer to the Borrower; and

WHEREAS, there have been submitted to the Issuer the forms of the following instruments which the Issuer proposes to execute to carry out the transactions described above, copies of which instruments shall be filed with the records of the Issuer:

- (a) Bond Purchase and Loan Agreement (the "Bond Purchase and Loan Agreement") between the Issuer, the Bank and the Borrower;
- (b) Series 2024A Bond;
- (c) Series 2024B Bond; and
- (d) Land Use Restriction Agreement (the "Regulatory Agreement") between the Issuer and the Borrower;

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 financing of the Project will assist the Issuer in connection with its mission of providing safe, affordable housing to the citizens of the State of Tennessee, thereby improving their health and wellbeing and promoting the purposes of the Act.

2. It is hereby found to be most advantageous to sell the Bonds to the Bank upon the terms and conditions set forth in the Bond Purchase and Loan Agreement.

3. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute and either is authorized to deliver the Bond Purchase and Loan Agreement to the other parties thereto.

4. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute by facsimile or manual signature, attested by the facsimile or manual signature of its Secretary or Assistant Secretary, and either is authorized and directed to deliver the Bonds to the Bank upon payment of the purchase price therefor.

5. The Bond Purchase and Loan Agreement, the Bonds and the Regulatory Agreement shall be in substantially the forms submitted, which are hereby approved, with such completions, omissions, insertions and changes as may be approved by the officers executing them, their execution to constitute conclusive evidence of their approval of any such omissions, insertions and changes. In connection with the execution of the Bond Purchase and Loan Agreement, the officer(s) are hereby expressly authorized to approve the maturities and interest rates on the Bonds, provided that none of the interest rates on the Bonds may exceed the maximum interest rate permitted by law, the aggregate principal amount of the Bonds shall not exceed \$50,000,000 and the final maturity of the Bonds shall be no later than the maximum term permitted by law.

6. The officers of the Issuer are hereby authorized and directed to execute, deliver and file all certificates and instruments, including Internal Revenue Service Form 8038, financing statements to evidence security interests created under the Indenture, a Tax Exemption Certificate and Agreement, and an informational statement to be filed with the State of Tennessee, and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds and the financing of the Project.

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

8. All other acts of the officers of the Issuer which are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bonds and the financing of the Project are hereby approved and confirmed.

Approved and adopted this ____ day of February, 2024.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By: _____
Secretary

37293042.1

BOND PURCHASE AND LOAN AGREEMENT

among

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

and

BELL STREET 2 LP

and

JPMORGAN CHASE BANK, N.A.

Dated as of _____, 2024

\$35,000,000

Knoxville's Community Development Corporation
Tax-Exempt Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project)
Series 2024A

\$7,500,000

Knoxville's Community Development Corporation
Taxable Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project)
Series 2024B

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Exhibits:

- A. Form of Bonds
- B. Form of Notes

THIS BOND PURCHASE AND LOAN AGREEMENT dated as of _____, 2024 (the “Agreement”), among KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION, a public, nonprofit corporation duly organized and existing under the laws of the State of Tennessee (the “Issuer”), JPMORGAN CHASE BANK, N.A., a national banking association, as initial holder of the Bonds described herein (the “Lender”), and BELL STREET 2 LP, a Tennessee limited partnership (the “Borrower”).

W I T N E S E T H:

WHEREAS, the Issuer is a public, nonprofit corporation authorized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, *et seq.*, as amended (the “Act”), to issue bonds for the purposes authorized by the Act; and

WHEREAS, the Issuer proposes to issue and sell to the Lender, with the approval of the Borrower, its (i) Tax-Exempt Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project) Series 2024A, in the original principal amount of \$35,000,000 (the “Series 2024A Bond”) and (ii) Taxable Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project) Series 2024B, in the maximum principal amount of \$7,500,000 (the “Series 2024B Bond” and together with the Series 2024A Bond, the “Bonds”); and

WHEREAS, the proceeds of the sale of the Bonds will be loaned by the Issuer to the Borrower to finance the acquisition, construction and equipping by the Borrower of a 161-unit multifamily residential rental housing facility for individuals and families of low and moderate income located at 245 S. Bell Street in Knoxville, Tennessee (the “New Project”); and

WHEREAS, the Borrower agrees to repay such loans from the Issuer on the terms and conditions hereinafter set forth; and

WHEREAS, simultaneously with the issuance of the Bonds, to evidence its obligations hereunder and to make payments sufficient to pay the Bonds, the Borrower will execute and deliver to the Issuer a Series 2024A Promissory Note (the “Series 2024A Note”) and a Series 2024B Promissory Note (the “Series 2024B Note” and together with the Series 2024A Note, the “Notes”), which the Issuer will endorse to the Lender as security for the Bonds; and

WHEREAS, the Issuer will assign the Notes to the Lender as security for the Bonds; and

WHEREAS, the Issuer, the Borrower and the Lender desire to set forth the terms and conditions with respect to such financing.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions. In addition to other terms defined elsewhere in this Agreement, the following terms shall have the following meanings in this Agreement unless the context otherwise requires:

“Act” shall have the meaning given to such term in the recitals hereof.

“Affiliate” means any other Person controlling or controlled by or under common control with Borrower. For purposes of this definition, “control,” when used with respect to any specified Person, means

the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” means this Bond Purchase and Loan Agreement, including any amendments or supplements hereto.

“Bonds” shall have the meaning given to such term in the recitals hereof.

“Bond Counsel” means Bass, Berry & Sims PLC, or any other firm nationally recognized on the subject of municipal bonds acceptable to the Holder.

“Borrower” means Bell Street 2 LP, a Tennessee limited partnership.

“Borrower Representative” means the President or Vice President of the Borrower, or any one or more of the persons at the time designated to act on behalf of the Borrower by written certificate furnished to the Holder containing the specimen signature of such person and signed on behalf of the Borrower by a Borrower Representative.

“Business Day” means any day on which the Holder is open for the purpose of conducting business.

“Capitalized Lease” means any lease of property by Borrower, as lessee, that would be capitalized on a balance sheet of Borrower prepared in accordance with GAAP.

“Cash Collateral Account” means a deposit account established by the Borrower with the Lender into which the Lender shall disburse proceeds of the Bonds in accordance with the terms hereof for payment costs of the New Project. [Change the name of this account to Construction Account?]

“Closing Date” means _____, 2024, which is the initial date of delivery of and payment for the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings thereunder.

“Commitment Fee” means, collectively, (i) the amount of \$_____ relative to the Series 2024A Bond and (ii) \$_____ relative to the Series 2024B Bond; which Commitment Fee shall be paid by the Borrower at the closing of the loan.

“Community Investment Tax Credits” or “CITC” means the 5% Annual Investment Tax Credit with respect to Tennessee franchise and excise taxes for financial institutions pursuant to Section 67-4-2109(h) of Tennessee Code Annotated, as amended.

“Completion Date” means _____, 20__.

“Construction Contract” means a construction contract for the New Project, with a contractor reasonably acceptable to the Lender.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated under common control) which, together with the Borrower are treated as a single employer under Section 414 of the Code.

“Covenant Agreement” means the Construction Loan Covenant Agreement dated as of _____, 2024 between the Lender and the Borrower, as amended or supplemented from time to time.

“Deed of Trust” means the Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of _____, 2024 pursuant to which the Borrower has granted a lien on the Premises to the Lender.

“Default Rate” shall, with respect to each Bond, have the meaning set forth in the related Note.

“Disbursement Agreement” means the [Construction Disbursement Agreement dated as of the date hereof by and between the Borrower and Lender, as amended or supplemented from time to time].

“Dollars” means the lawful money of the United States of America.

“Draw Request” means a request from the Borrower to the Lender for a disbursement from the Cash Collateral Account in accordance with Article VII hereof.

“Eminent Domain” means the taking of title to, or the temporary use of, the Premises or any part thereof pursuant to eminent domain or condemnation proceedings, or any voluntary conveyance of any part of the Premises during the pendency of, or as a result of a threat of, such proceedings.

[“Environmental Indemnity Agreement” means the Environmental Indemnity Agreement of even date herewith among the Borrower and the Lender, as the same may be amended from time to time.]

“Environmental Laws” means all federal, state, regional, county or local laws, statutes, rules, regulations or ordinances, now or hereafter in effect, relating to the generation, recycling, use, reuse, sale, storage, handling, transport, treatment, emission, discharge or disposal of Hazardous Materials, including the Comprehensive Environmental Response Compensation Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601 et seq. (“CERCLA”), the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §6901 et seq. (“RCRA”), the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., the Clean Water Act of 1977, 33 U.S.C. §1251 et seq., and any state, regional, county or local statute, law, rule, regulation or ordinance now or hereafter in effect that relates to the protection of public health or safety from exposure to Hazardous Materials, to the discharge, emission or disposal of Hazardous Materials in or to air, water, land or groundwater, to the withdrawal or use of groundwater, to the use, handling or disposal of asbestos, polychlorinated biphenyls, petroleum, petroleum derivatives or by-products, other petroleum hydrocarbons or urea formaldehyde, to the treatment, storage, disposal or management of Hazardous Materials, to exposure to Hazardous Materials or to the transportation, storage, disposal, management or release of gaseous or liquid substances, and any regulation, order, injunction, judgment, or legally enforceable declaration, notice or demand issued thereunder.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“Event of Bankruptcy” means any event described in Section 9.1(g) and (h) hereof.

“Event of Default” means any of the events set forth in Section 9.1 hereof.

“Event of Taxability” means, for each series of Bonds, a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the

taking of any action by the Issuer or the Borrower, or the failure to take any action by the Issuer or the Borrower, or the making by the Issuer or the Borrower of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on such series of Bonds to become includable, in whole or in part, in the gross income of the Holder or any prior Holder thereof for federal income tax purposes; provided, however, that no Event of Taxability shall occur if interest paid or payable on such series of Bonds is includable, in whole or in part, in the gross income of the Holder or any prior Holder thereof for federal income tax purposes solely due to such Holder being a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of Section 147(a) of the Code.

“Fiscal Year” means, with respect to the Borrower, the twelve (12) month period ending on December 31 of each year or such other annual fiscal accounting period for the Borrower as may be established in the future by its governing body and approved by the Holder.

“GAAP” means generally accepted accounting principles from time to time in effect in the United States of America. In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrower and the Lender agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrower and the Lender, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. “Accounting Change” refers to a change in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

“General Partner” means Bell Street 2 GP, LLC, a Tennessee nonprofit corporation.

“Governmental Authority” means all agencies, authorities, bodies, boards, commissions, courts, instrumentalities, legislatures and offices of any nature whatsoever for any government unit or political subdivision, whether foreign, federal, state, county, district, municipal or otherwise, and whether now or hereafter in existence.

“Hazardous Materials” means gasoline, motor oil, fuel oil, waste oil, other petroleum or petroleum-based products, asbestos, polychlorinated biphenyls, medical and infectious wastes and any chemical, material or substance to which exposure is prohibited, limited or regulated by any federal, state, county, local or regional authority or which, even if not so regulated, is known to pose a hazard to health and safety, including but not limited to substances and materials defined or designated as “hazardous substances”, “hazardous wastes”, “pollutants”, “contaminants”, “hazardous materials” or “toxic substances” under any Environmental Law.

“Hedge Agreement” means any agreement between Borrower and Lender, or any affiliate of Lender, now existing or hereafter entered into, which provides for an interest rate swap, cap, floor, collar, or any similar transaction or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging Borrower's exposure to fluctuations in interest rates.

“Highest Lawful Rate” means the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on debts outstanding hereunder, as the case may be, under the laws applicable to the Issuer or the Borrower, as applicable, that

presently are in effect or, to the extent allowed by law, under such applicable laws that hereafter may be in effect and that allow a higher maximum nonusurious interest rate than applicable laws now allow.

“Holder” means the Lender or any future registered owner of the Bonds as permitted hereunder.

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

“Indebtedness” means with respect to the Borrower at any date, without duplication, (i) all obligations of the Borrower for borrowed money, (ii) all obligations of the Borrower evidenced by bonds, debentures, notes or other similar instrument, (iii) all obligations of the Borrower to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of the Borrower as lessee under Capitalized Leases, (v) all obligations of the Borrower to purchase securities (or other property) that arise out of or in connection with the sale of the same or substantially similar securities or property, (vi) all deferred obligations of the Borrower to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, (vii) all Indebtedness of others secured by a Lien on any asset of the Borrower, whether or not such Indebtedness is assumed by the Borrower, (viii) all Indebtedness of others guaranteed by the Borrower, and (ix) the Obligations.

“Interest Rate Swap” means any agreement, whether or not in writing, relating to any rate swap, forward rate transaction, commodity swap, equity index swap or option, interest rate option, cap or collar transaction, or any other similar transaction, including, unless the context otherwise clearly requires, any form of master agreement published by the International Swaps and Derivatives Association, Inc., or any other master agreement, entered into by Borrower (or its affiliate), in connection with the Loan, together with any related schedule and confirmation, as amended, supplemented, superseded or replaced from time to time.

“Investor Limited Partner” means RAH Investor 407, LLC, or any successors or assignees thereof, as the limited partner of the Borrower.

“Issuer” means Knoxville’s Community Development Corporation, a public, nonprofit corporation of the State of Tennessee, and its successors and assigns.

“Issuer Representative” means the Chair, Vice Chair or Executive Director of the Issuer, or either of them, or any one of the persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Lender containing the specimen signatures of such persons and signed on behalf of the Issuer by its Chair, Vice Chair or Executive Director.

“Issuer Resolution” means the resolution of the Issuer adopted on _____, 2024, authorizing the execution of this Agreement and the issuance of the Bonds.

“Land Use Restriction Agreement” means the Land Use Restriction Agreement, dated as of _____, 2024, by and between the Issuer and the Borrower, as amended or supplemented from time to time.

“Lender” means JPMorgan Chase Bank, N.A., a national banking association, or any successor or assignee thereof, as the Holder of the Bonds.

“Lien” means, as to any asset, (1) any lien, charge, claim, mortgage, security interest, pledge, hypothecation or other encumbrance of any kind with respect to such asset, (2) any interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease or other title retention agreement relating to

such asset, (3) any reservation, exception, encroachment, easement, right-of-way, covenant, condition, restriction, lease or other title exception affecting such asset, or (4) any assignment, deposit, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction).

“Loan” or “Loans” means the Series 2024A Loan and/or the Series 2024B Loan, as applicable, and any other advances made to or on behalf of the Borrower pursuant to this Agreement and the Bonds. Such term is further defined and clarified in Section 5.1 hereof.

“Local Government” means the City of Knoxville, Tennessee.

“Material Adverse Effect” means, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, a material adverse change in, or a material adverse effect on, (a) the business, results of operations, financial condition, assets, liabilities or prospects of the Borrower; (b) the ability of the Borrower to perform any of its obligations under the Operative Documents; (c) the rights and remedies of the Lender under any of the Operative Documents; or (d) the legality, validity or enforceability of any of the Operative Documents.

“Material Contracts” means each indenture, mortgage, agreement or other instrument or contract (written or oral) to which the Borrower is a party or by which any of its assets are bound (including, without limitation, any employment agreement, agreement relating to an obligation, agreement for the construction, acquisition or disposition of real or personal property, agreement for the purchasing or furnishing of services or lease), which (i) evidences, secures or governs any outstanding obligation of the Borrower, and (ii) if canceled, breached or not renewed by any party thereto, would have a Material Adverse Effect on the business operations, assets, condition (financial or otherwise) or prospects of the Borrower.

“Maturity Date” or “Maturity Dates” shall mean the Series 2024A Maturity and/or the Series 2024B Maturity Date, as applicable.

“Net Proceeds” when used with respect to any insurance proceeds or award resulting from, or other amount received in connection with, Eminent Domain, means the gross proceeds from such proceeds, award or other amount, less all expenses (including attorneys’ fees) incurred in the realization thereof.

“New Project” shall have the meaning given to such term in the recitals hereof.

“Notes” shall have the meaning given to such term in the recitals hereof.

“Obligations” means all present and future debts, obligations and liabilities of Borrower to Lender, whether now existing or arising later, including, without limitation, the obligations (a) to pay all principal, interest, late charges, prepayment premiums (if any) and other amounts due at any time under the Note; (b) to pay all expenses, indemnification payments, fees and other amounts due at any time under the Deed of Trust or any of the other Operative Documents, together with interest as provided in the Operative Documents; (c) to pay and perform all obligations of Borrower (or its affiliate) under any Interest Rate Swap or Hedge Agreement; and (d) to perform, observe and comply with all of the terms, covenants and conditions, expressed or implied, which Borrower is required to perform, observe or comply with pursuant to the terms of the Operative Documents.

“Operative Documents” means this Agreement, the Bonds, the Deed of Trust, [the Disbursement Agreement, the Covenant Agreement, the Environmental Indemnity Agreement, any Interest Rate Swap or Hedge Agreement entered into in connection with any Loan, the Notes, and any other documents or instruments evidencing or securing the Notes].

“Payment of the Bonds” means payment in full of the Bonds and the making in full of all other payments due and payable pursuant to this Agreement at the time of such payment.

“Person” means an individual, partnership, corporation, limited liability company, trust, unincorporated organization, association, joint venture, joint stock company, or a government or agency or political subdivision thereof.

“PBGC” means the Pension Benefit Guaranty Corporation, an agency of the United States Government.

“Plan” means, with respect to the Borrower at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained by a member of the Controlled Group for employees of a member of the Controlled Group of which the Borrower is a part, or (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the Borrower is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“Plans and Specifications” means the plans and specifications for the New Project, together with any addenda thereto and modifications thereof.

“Premises” means the real property and all improvements thereon, including the Project Facilities, which are covered by the Deed of Trust.

“Project Budget” means the construction budget for the New Project, detailing the costs and expenses associated therewith.

“Project Facilities” means, collectively, the facilities acquired, constructed, renovated and equipped as part of the New Project.

“Purchase Price” shall have the meaning given to such term in Section 3.1 hereof.

“Reportable Event” shall have the meaning assigned to such term in Title IV of ERISA and the regulations thereunder.

“Reserved Rights” means the rights of the Issuer to (i) receive notices specified hereunder, (ii) receive certain information required hereunder and inspect the books and records of Borrower and the Project Facilities, (iii) indemnification and limitations on the liability of the Issuer and its directors, officers, employees, etc. and (iv) reimbursement of certain fees and expenses specified hereunder.

“Series 2024A Loan” means the Lender’s making available of the proceeds of the Series 2024A Bonds to the Borrower, subject to the terms and conditions hereof, through the Lender’s purchase of the Series 2024A Bonds from the Issuer.

“Series 2024A Maturity Date” shall mean _____, 20__.

“Series 2024A Note” shall mean the Series 2024A Promissory Note in the form attached hereto as Exhibit B-1.

“Series 2024B Loan” means the Lender’s making available of the proceeds of the Series 2024B Bonds to the Borrower, subject to the terms and conditions hereof, through the Lender’s purchase of the Series 2024B Bonds from the Issuer.

“Series 2024B Maturity Date” shall mean January 7, 2025.

“Series 2024B Note” shall mean the Series 2024B Promissory Note in the form attached hereto as Exhibit B-2.

“State” means the State of Tennessee.

“Subsidiary” means, with respect to the Borrower, any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the Borrower in its consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power, or in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise controlled, by the Borrower or one or more subsidiaries of the Borrower or by the Borrower and one or more subsidiaries of the Borrower.

“Tax Certificate” means the Tax Exemption Certificate and Agreement dated the Closing Date and executed by the Borrower and the Issuer in connection with the issuance of the Series 2024A Bonds.

“TDOR” means the Tennessee Department of Revenue.

“THDA” means the Tennessee Housing Development Agency.

“Title Company” means Tennessee Valley Title Insurance Co.

Section 1.2 Rules of Construction.

(a) In this Agreement, unless otherwise indicated, (i) defined terms may be used in the singular or the plural and the use of any gender includes all genders, (ii) the words “hereof,” “herein,” “hereto,” “hereby” and “hereunder” refer to this entire Agreement, (iii) all references to particular Articles or Sections are references to the Articles or Sections of this Agreement, (iv) the terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants,” (v) the term “including” shall mean “including, but not limited to,” (vi) the table of contents, captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement, (vii) any capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the other Operative Documents, (viii) all references herein to the Code or any particular provision or section thereof shall be deemed to refer to any successor, or successor provision or section, thereof, as the case may be and (ix) the terms “best knowledge” or “knowledge” shall mean the actual knowledge (and shall not include constructive knowledge) of the members and managers, after due inquiry, of the Borrower.

(b) All accounting terms used herein without definition shall be interpreted in accordance with GAAP, and except as otherwise expressly provided herein, all determinations herein required shall be made in accordance with GAAP.

(c) References to any time of the day in this Agreement shall refer to the time in effect in Knoxville, Tennessee on such day.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to, and agrees with, the Borrower and the Lender as follows (all of which shall survive the execution and delivery of this Agreement and the issuance of the Bonds):

(a) The Issuer is a public, nonprofit corporation of the State organized and existing under the Act. The Issuer is authorized to issue bonds in accordance with the laws of the State, including the Act.

(b) The Issuer has the power to loan the Borrower the proceeds from the sale of the Bonds pursuant to the provisions of this Agreement to finance the Project Facilities, such loan being in furtherance of the purposes for which the Issuer was organized.

(c) The Issuer has the power to enter into this Agreement and to carry out its obligations hereunder, to issue the Bonds to finance the Project Facilities and to assign the Notes without recourse to the Lender; by proper action has duly authorized the execution and delivery of this Agreement, the performance of its obligations hereunder and the issuance of the Bonds; and, simultaneously with the execution and delivery of this Agreement, has duly executed and delivered and issued the Bonds.

(d) The Issuer hereby finds that the financing of the Project Facilities will serve the purposes of the Act.

(e) So long as the Bonds are outstanding, the Issuer will not issue or sell any other bonds, notes or other obligations the principal, premium, if any, or interest of which may be payable in whole or in part from the payments by the Borrower pursuant to this Agreement or the Notes.

(f) To the best of the Issuer's knowledge, the execution and delivery by the Issuer of this Agreement and the Bonds and compliance with the terms and conditions hereof and thereof will not conflict with or result in the violation of or constitute a default under (i) the Act or any existing law, rule or regulation applicable to it, (ii) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Issuer or any of its assets is subject, or (iii) the by-laws or any other rules or procedures of the Issuer.

(g) To the best of the Issuer's knowledge, no further approval, consent or withholding of objection on the part of any Federal, state or local regulatory body, is required in connection with (1) the execution, issuance, sale and delivery of the Bonds by the Issuer, (2) the execution or delivery of or compliance by the Issuer with the terms and conditions of this Agreement, or (3) the assignment by the Issuer of its rights under this Agreement and the Notes. To the best of Issuer's knowledge, the consummation by the Issuer of the transactions set forth in the manner and under

the terms and conditions as provided herein will comply with all applicable state, local or Federal laws and any rules and regulations promulgated thereunder by any regulatory authority or agency.

(h) To the best of Issuer's knowledge, no litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or threatened against the Issuer with respect to (1) the organization and existence of the Issuer, (2) its authority to execute or deliver this Agreement or the Bonds, (3) the validity or enforceability of this Agreement or the Bonds, or the transactions contemplated hereby or thereby, (4) the title of any officer of the Issuer who executed this Agreement or the Bonds, or (5) any authority or proceedings related to the execution and delivery of this Agreement or the Bonds, on behalf of the Issuer, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(i) All requirements and conditions specified in the Act, the bylaws or other organizational documents of the Issuer and all other laws and regulations applicable to the adoption of the Issuer Resolution, the execution, delivery and issuance of the Bonds and the execution and delivery of the other Operative Documents to which the Issuer is a party, have been fulfilled.

(j) The Issuer shall take all action and do all things which it is authorized by law to take and do in order to perform and observe all covenants and agreements on its part to be performed and observed under the Bonds and the other Operative Documents to which it is a party and in order to provide for and to assure payment of the Bonds and the interest thereon when due, but solely in accordance with and subject to the limitations contained in the Bonds and the other Operative Documents to which it is a party.

(k) The Issuer shall not alter, amend or repeal the Issuer Resolution, or, without the prior written consent of the Holder, agree to any alteration or amendment of this Agreement, or take any action impairing any authority, right or benefit given or conferred by the Issuer Resolution or the Operative Documents.

(l) The Bonds and the other Operative Documents to which the Issuer is a party are legal, valid and binding obligations of the Issuer.

All of the above representations and warranties shall survive the execution and delivery of this Agreement and the issuance of the Bonds.

THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE PROJECT FACILITIES OR THE CONDITION THEREOF, OR THAT THE PROJECT FACILITIES ARE SUITABLE FOR THE PURPOSES OR NEEDS OF BORROWER. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT BORROWER WILL HAVE QUIET AND PEACEFUL POSSESSION OF THE PROJECT FACILITIES. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT FACILITIES OR ITS SUITABILITY FOR THE BORROWER'S PURPOSES.

Section 2.2 Representations and Warranties of Borrower. The Borrower makes the following representations as the basis for its undertakings hereunder (all of which shall survive the execution and delivery of this Agreement and the issuance of the Bonds):

(a) The Borrower is a Tennessee limited partnership, duly organized and validly existing under the laws of the State.

(b) The Borrower has the power to enter into the Operative Documents to which it is a party and perform its obligations thereunder, and by proper action has duly authorized the execution and delivery of the Operative Documents to which it is a party and the performance of its obligations thereunder. When executed and delivered, the Operative Documents to which the Borrower is a party will be the valid and binding obligations or agreements of the Borrower, enforceable in accordance with their respective terms.

(c) There is no litigation at law or in equity or any proceeding before any governmental agency or arbitral body involving the Borrower pending or, to the actual knowledge of the Borrower, threatened which has not been disclosed to the Lender in which any judgment or order would have a Material Adverse Effect upon the business or assets of the Borrower, or that would materially affect its authority to do business, the validity of the Operative Documents or the performance of its obligations thereunder. The Borrower is not in default with respect to any judgment, order, writ, injunction, decree, demand, rule or regulation of any court, governmental authority or arbitration board or tribunal.

(d) The Borrower is in compliance in all material respects with all requirements and conditions of all Material Contracts and related documents, and, to the best of the actual knowledge of the Borrower, no event has occurred and is continuing under the provisions of any Material Contract that with the lapse of time or the giving of notice, or both, would constitute an event of default by the Borrower thereunder.

(e) The execution and delivery of the Operative Documents to which it is a party and the performance by the Borrower of its obligations thereunder do not and will not conflict with, or constitute a breach or result in a violation of, the certificate of limited partnership or partnership agreement of the Borrower, or to the best of its actual knowledge, any agreement or other instrument to which the Borrower is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental agency having jurisdiction over the Borrower or any of its property.

(f) The Borrower has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority that (1) are required to be obtained by the Borrower as a condition precedent to the issuance of the Notes or the execution and delivery of the Operative Documents, (2) are required for the performance by the Borrower of its obligations thereunder or in connection with the Tax Certificate or (3) are required for the acquisition, construction and equipping of the Project Facilities, or, if such permits are not yet obtainable, has no reason to believe it will not be able to obtain such permits when required.

(g) The Borrower is in compliance in all material respects with all Environmental Laws to which it is subject and will continue to maintain such compliance.

(h) The Borrower has filed all federal, state and local tax returns which are required to be filed by it and has paid or caused to be paid all taxes as shown on such returns or on any assessment received by it, to the extent that such taxes have become due, and no controversy in respect of additional taxes, state or federal, of the Borrower is pending or, to the knowledge of the Borrower, threatened which has not heretofore been disclosed in writing to the Lender and which, if adversely determined, would have a Material Adverse Effect on the financial condition or operations of the Borrower.

(i) None of the Operative Documents nor any information (financial or otherwise) furnished by or on behalf of the Borrower in connection with the negotiation of the sale of the

Bonds contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein not misleading. There is no fact that the Borrower has not disclosed in writing to the Lender that will have a Material Adverse Effect on the properties, business, prospects, profits or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under the Operative Documents.

(j) The Borrower possesses all material patents, licenses, trademarks, trademark rights, trade names, trade name rights and copyrights necessary to conduct its business as now conducted, without known conflict with any patent, license, trademark, trade name or copyrights of any other Person.

(k) The site of the Project Facilities is properly zoned for its intended use for the Project Facilities, and the use and operation of the Project Facilities complies with the uses permitted by applicable zoning regulations.

(l) The Borrower has not taken any action and will not take or omit to take any action which would impair the exclusion of interest on the Bonds from federal income taxation.

(m) All of the representations, warranties and covenants of the Borrower contained in the Tax Certificate are hereby reaffirmed and incorporated herein by this reference.

(n) The Borrower (a) is not an "investment company" or "controlled" by an "investment company", as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, and (b) is not otherwise subject to any other regulatory scheme limiting its ability to incur debt or requiring any approval or consent from, or registration or filing with, any Governmental Authority in connection therewith.

(o) No proceeds of the Bonds will be used directly or indirectly for "purchasing" or "carrying" any "margin stock" with the respective meanings of each of such terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the applicable Margin Regulations. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying "margin stock".

(p) To the knowledge of the Borrower, there is no threatened employee strike, work stoppage or labor dispute with any labor organization pertaining to its operations. To the knowledge of the Borrower, no labor organization claims to represent any persons who are employed by the Borrower. There are no unfair labor practice charges pending against the Borrower at the National Labor Relations Board. The Borrower is in compliance in all material respects with all federal and state laws respecting employment and employment practices, terms and conditions of employment, and wages and hours. The Borrower has complied in all material respects with all requirements of the Immigration and Reform and Control Act of 1986.

(q) The Borrower is in compliance in all material respects with ERISA to the extent applicable to it and has received no notice to the contrary from the PBGC or any other Governmental Authority. No condition exists or event or transaction has occurred with respect to any Plan that could reasonably be expected to result in the incurrence by the Borrower of any material liability, fine or penalty.

(r) The Borrower does not have any Subsidiaries.

(s) The Borrower (i) is not a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (ii) does not engage in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such person in any manner violative of Section 2, or (iii) is not a person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

(t) The Borrower is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Bonds will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(u) The Issuer is an "eligible housing entity" and the Project is an "eligible activity" for purposes of Tenn. Code Ann. Section 67-4-2109(h). The Certificate of Contribution for Tax Credit for the CITC has been approved by THDA and TDOR.

Section 2.3 Representations of the Lender.

(a) The Lender is an "accredited investor" as defined in Rule 501 of Regulation D, or a "qualified institutional buyer" as defined in Rule 144A, under the Securities Act of 1933, as amended (the "1933 Act").

(b) The Lender is purchasing the Bonds solely for its own account in evidence of a privately negotiated loan, made in the ordinary course of the commercial lending business of the Lender, for the purpose of extending credit to the Issuer and the Borrower.

(c) The Lender has regularly acquired debt similar to the Bonds for its own account and has sufficient knowledge and experience in business and financial matters in general, and in debt such as the Bonds in particular, to enable the Lender to evaluate the merits and risks of purchase of the Bonds, the credit of the Borrower, and the terms of the Bonds. The Lender confirms it is able to bear the economic risk of acquisition and ownership of the Bonds, including loss of all principal.

(d) The Lender has had full and free access to all books, records, and audits, and has had satisfactory opportunity to make inquiry of the officers, of the Issuer and the Borrower, and has been provided with and has evaluated such corporate, financial and general information regarding the Issuer and the Borrower as the Lender deems necessary to make an informed decision with respect to the purchase of the Bonds; provided, however, that this representation shall not constitute a waiver of any rights or remedies the Lender may have with respect to any untrue information it may have received or any material information which was withheld from review.

(e) The Lender understands that an official statement, prospectus, offering circular, or other comprehensive offering statement has not been provided with respect to the Bonds. The

Lender has made its own independent credit analysis and decision to purchase the Bonds based on an independent examination and evaluation of the transaction and the information deemed appropriate, without reliance on any other person or entity.

(f) The Lender understands that the Bonds: (i) are not registered under the 1933 Act and is not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (ii) is not listed on any stock or other securities exchange, and (iii) is not rated by any credit rating agency.

(g) The Lender does not have a present intention to the distribution, resale, pledging, fractionalization, subdivision or other disposition of the Bonds or any interest therein. The Lender is not participating, directly or indirectly, in any underwriting of the Bonds or any interest therein. The Lender presently intends to hold the Bonds for an indefinite period of time. Because the Lender has no immediate intent to trade the Bonds, and as a condition to the purchase of the Bonds, the Lender has directed the Issuer and the Borrower not to obtain a CUSIP number for the Bonds or apply for eligibility of the Bonds under the book-entry system of The Depository Trust Company.

(h) The Lender covenants and agrees that, in connection with any encumbrance, pledge, sale, transfer or other disposition of the Bonds, or any interest therein, the Lender will comply with all applicable federal and state securities laws and all regulations and rulings promulgated thereunder, including without limitation all disclosure and registration requirements thereof.

(i) It is specifically understood and agreed that the Issuer makes no representation, covenant or agreement as to the financial position or business condition of the Borrower and does not represent or warrant as to any statements, materials, representations or certifications furnished by the Borrower in connection with the sale of the Bonds, or as to the correctness, completeness or accuracy thereof. The Issuer, furthermore, has not undertaken any independent investigation into the financial condition or capabilities of the Borrower to manage or operate the Project Facilities or the Borrower's ability to discharge its obligations under the Notes, this Agreement or any other obligation whatsoever.

ARTICLE III ISSUANCE OF THE BONDS

Section 3.1 Sale and Purchase of Bond. In reliance upon the representations, warranties and agreements herein contained, and subject to the conditions herein set forth (a) the Issuer agrees to issue and sell the Series 2024A Bond to the Lender for a purchase price of \$35,000,000 and the Series 2024B Bond to the Lender for a purchase price not to exceed \$7,500,000, such amounts to be paid through (and shall be equal to the amount of) the advance of proceeds to the Borrower as set out in Article VII hereof; (b) the Issuer also agrees to lend the Borrower the proceeds of the Bonds, to enter into this Agreement and to pledge the Notes, endorsed without recourse to the order of the Lender; (c) the Lender agrees to purchase the Bonds from the Issuer; and (d) the Borrower agrees to enter into this Agreement, the Notes and the other Operative Documents, and to consent to the pledge of the Notes, endorsed without recourse by the Issuer, to the order of the Lender as security for the Bonds.

Section 3.2 Conditions Precedent To Closing. The Issuer shall issue and sell the Bonds, and the Lender shall accept delivery of the Bonds and [fully advance all of the proceeds of the Bonds on the Closing Date], only upon delivery to the Lender, in form and substance satisfactory to the Lender, of the following:

- (a) Executed copies of the Operative Documents, the Land Use Restriction Agreement and the Tax Certificate;
- (b) Evidence of the due authorization, execution and delivery of the Operative Documents by the parties thereto;
- (c) Original policies or certificates, as determined by and satisfactory to the Lender, with respect to the insurance required hereunder and under the Operative Documents;
- (d) Evidence of the completion and arrangements for filing of Internal Revenue Service Form 8038 with respect to the issuance of the Bonds;
- (e) A favorable opinion of counsel for the Borrower as to such matters as the Lender may reasonably request;
- (f) A favorable opinion of counsel for the Issuer as to such matters as the Lender may reasonably request;
- (g) A favorable opinion of Bond Counsel as to such matters as the Lender may reasonably request, including that interest on the Series 2024A Bonds will be excluded from gross income for Federal income tax purposes, except for interest on any Bond during any period while it is held by a "substantial user" of the New Project or a "related person" within the meaning of the Code;
- (h) A certificate of the Borrower certifying that after giving effect to the financing described in this Agreement, (x) no Default or Event of Default exists, (y) all representations and warranties of Borrower set forth in the Operative Documents are true and correct and (z) since the date of the financial statements of Borrower delivered at Closing pursuant to this Agreement, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect, and having as attachments true and correct copies of its resolution authorizing the financing described in this Agreement, its articles of incorporation, bylaws and a Certificate of Existence issued by the Secretary of State of the State;
- (i) A certificate of the Issuer having as attachments true and correct copies of its articles of incorporation, bylaws and a Certificate of Existence issued by the Secretary of State of the State;
- (j) A commitment for title insurance issued by the Title Company to issue a mortgagee title insurance policy insuring the priority of the Deed of Trust, subject only to such exceptions as Purchaser may approve in writing;
- (k) A survey of the Premises in form and substance reasonably acceptable to the Lender;
- (l) A Project Budget for costs of the New Project (including hard and soft costs);
- (m) A project timeline for the estimated progress and completion of the New Project;
- (n) Plans and Specifications for the New Project;

- (o) Executed copies of the Construction Contract for the New Project;
- (p) Evidence of insurance of the general contractor for the New Project;
- (q) Satisfactory evidence that the Borrower has received all necessary permits for construction of the New Project;
- (r) [insert other conditions]
- (s) Evidence satisfactory to the Lender that THDA and TDOR certifications and approvals related to the CITC are in full force and effect and have been updated, as necessary; and
- (t) Such other documentation, certificates and opinions as may be reasonably required by the Lender or Bond Counsel.

Section 3.3 Bond to be Issued in Registered Form; Registration and Transfer.

(a) The Bonds shall be issuable as fully registered Bonds without coupons. The Bonds shall be substantially in the form attached hereto as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Agreement, and may have endorsed thereon such legends or text as maybe necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirements of law with respect thereto.

(b) The Borrower is hereby appointed as the registrar for the Bonds (the “Bond Registrar”) and as such shall keep books for the registration and for the registration of transfer of the Bonds as provided in this Agreement (the “Bond Registration Books”). The transfer of the Bonds may be registered upon the Bond Registration Books only upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon such registration of transfer, the Issuer shall execute and deliver at the earliest practicable time in exchange for such Bond a new Bond registered in the name of the transferee, in an aggregate principal amount equal to the principal amount of such Bond and maturing in the same principal installments and bearing interest at the same rate.

(c) The Bond surrendered in any exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. The Bond Registrar shall not be required to make any registration of transfer of the Bond during the fifteen (15) days immediately preceding an interest payment date on the Bonds or, in the case of any proposed redemption of the Bonds, after any such Bond or any portion thereof has been called for redemption.

(d) The person in whose name the Bond shall be registered upon the Bond Registration Books shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and interest on such Bond shall be made only to the registered owner thereof or his registered assigns. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

(e) Upon any registration of transfer of the Bond or of any interest therein, the transferee or any subsequent transferee, if the transfer to it in all respects complies with the

requirements of this Section, and if it is duly registered as owner as herein provided, shall be deemed the Holder for purposes of this Agreement and shall succeed to the rights and be bound by the obligations of the Lender hereunder, including without limitation the provisions of this Section relating to transfer of the Bonds. Immediately upon any registration of transfer of the Bond or of any interest therein, the new Holder shall give written notice of such transfer to the Borrower.

(f) Principal and interest shall be payable to the Holder of record on the principal or interest payment date for such payment.

ARTICLE IV TERMS OF THE BONDS

Section 4.1 Interest Rate.

(a) Interest Rate.

(i) *Series 2024A Bond.* Interest shall accrue on the outstanding principal amount of the Series 2024A Bond, and shall be calculated at the same rate and in the same manner as the Series 2024A Note.

(ii) *Series 2024B Bond.* Interest shall accrue on the outstanding principal amount of the Series 2024B Bond, and shall be calculated at the same rate and in the same manner as the Series 2024B Note.

(b) Maximum Rate. Anything herein to the contrary notwithstanding, in no event will the Bonds or the Notes bear interest at a rate in excess of the Highest Lawful Rate.

Section 4.2 Repayment of Bonds.

(a) *Series 2024A Bond.* The Borrower shall pay accrued interest on the outstanding principal amount of the Series 2024A Bond at the same times set forth in the Series 2024A Note. The entire outstanding principal balance of the Series 2024A Bond plus all accrued and unpaid interest shall be due and payable in full on the Series 2024A Maturity Date.

(b) *Series 2024B Bond.* The Borrower shall pay accrued interest on the outstanding principal amount of the Series 2024B Bond at the same times set forth in the Series 2024B Note. The entire outstanding principal balance of the Series 2024B Bond plus all accrued and unpaid interest shall be due and payable in full on the Series 2024B Maturity Date.

Section 4.3 Optional Prepayment.

(a) The Bonds are subject to prepayment at the same times and in the same manner as the Notes.

ARTICLE V
LOAN OF PROCEEDS TO BORROWER; ADDITIONAL PAYMENTS

Section 5.1 Loan by the Issuer; Repayment of Loan.

(a) The Issuer agrees, upon the terms and conditions contained in this Agreement, to lend to the Borrower, [in one advance made on the Closing Date], the proceeds received by the Issuer from the sale of the Bonds. Such loans shall be non-revolving loans; amounts repaid may not be reborrowed. The advance of the proceeds of the Bonds shall be made by the Lender to the Borrower, on behalf of the Issuer, as provided in Article VII hereof.

(b) Concurrent with the issuance of the Bonds, to evidence its obligations to repay the Loans, the Borrower shall deliver the Notes to the Issuer for assignment to the Lender as security for the Payment of the Bonds. The Issuer hereby assigns the Notes to the Lender without recourse and shall also execute the form of assignment affixed to the Notes.

Section 5.2 Place, Time and Application of Payments.

(a) The Borrower shall make all payments required hereunder and under the Bonds, for the account of the Issuer, as and when the same become due and shall promptly pay to the Holder all other amounts necessary to pay principal of and interest on the Bonds, including any other payments required under the Bonds, as and when the same become due (whether at maturity, by acceleration or otherwise), on the dates and in the amounts set forth herein and in the Bonds.

(b) All payments by the Borrower to the Holder shall be made in lawful currency of the United States of America and in immediately available funds to the Holder at such place or by such method as shall be specified by the Holder by notice to the Borrower; provided, nothing herein shall be construed to require payment of any amount in advance of the due date thereof.

(c) Any amount at any time paid to the Holder as the payment of principal of or interest on the Bonds as the same become due shall be credited against the Borrower's obligation hereunder and under the Notes as of the date such payment is received (but subject to collection of any instrument, draft, check or order for payment received by the Holder).

(d) All amounts payable by the Borrower to the Holder hereunder which are due on a day which is not a Business Day shall be payable on the next succeeding Business Day, and any interest payable thereon shall be payable for such extended time at the specified rate.

Section 5.3 No Set Off. The obligation of the Borrower to make the payments required by the Notes shall be absolute and unconditional. The Borrower will pay without abatement, diminution or deduction (whether for taxes or otherwise) all such amounts regardless of any cause or circumstance whatsoever including, without limitation, any defense, set off, recoupment or counterclaim that the Borrower may have or assert against the Issuer, the Lender, any Holder or any other Person.

ARTICLE VI

ASSIGNMENT OF CERTAIN ISSUER RIGHTS

Section 6.1 **Assignment of Rights Under Agreement and Notes.** In order to provide security for the payment of principal of and interest on the Bonds and all amounts now or hereafter payable under this Agreement, the Issuer hereby pledges, assigns, transfers and sets over to the Holder all of the Issuer's right, title and interest (including beneficial interest) in and to this Agreement and the Notes, including, but not limited to, all payments of principal and interest due and to become due from the Borrower under the Notes and this Agreement, whether made at their respective due dates or as prepayments permitted or required by this Agreement, together with full power and authority, in the name of the Issuer or otherwise, to demand, receive, enforce, collect or receipt for any or all of the foregoing, to endorse or execute any checks or other instruments or orders, to file any claims and to take any action which the Holder may deem necessary or advisable in connection therewith, and the Issuer hereby irrevocably appoints the Holder attorney in fact of the Issuer for such purposes, which appointment is coupled with an interest and is irrevocable; provided, however, that the Issuer shall continue to have, together with the Holder, all Reserved Rights.

Section 6.2 **Certain Rights of the Lender.**

(a) The Lender or any subsequent Holder may take or release other security, may release any party primarily or secondarily liable for any indebtedness secured hereby, may grant extensions, renewals or indulgences with respect to such indebtedness, and may apply any other security therefor held by it to the satisfaction of such indebtedness without prejudice to any of its rights hereunder. Nothing herein contained and no act done or omitted by the Holder pursuant to the powers and rights granted it herein shall be deemed to be a waiver by the Holder of its rights and remedies under the Bonds or this Agreement. The right of the Holder to collect such indebtedness and to enforce any other security therefor held by it may be exercised by the Holder either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

(b) Neither the assignment of the Issuer's right hereunder nor any action or inaction on the part of the Lender or any subsequent Holder shall, without Lender's or any subsequent Holder's written consent, constitute an assumption on its part of any obligation of any other person under this Agreement or the Notes, nor shall the Lender or any subsequent Holder have any obligation to make any payment to be made by the Issuer hereunder or under the Notes or the Bonds, or to present or file any claim, or to take any other action to collect or enforce the payment of any amounts which have been assigned to the Lender or any subsequent Holder or to which it may be entitled under this assignment at any time or times. No action or inaction on the part of the Issuer shall adversely affect or limit in any way the rights of the Lender or any subsequent Holder under this assignment or under this Agreement or the Notes.

Section 6.3 **No Further Assignment.** Except as set forth in this Article, the Issuer agrees that during the term of this Agreement it will not sell, assign, transfer or convey any of its interest in this Agreement or the Notes.

Section 6.4 **Application of Funds.**

(a) If no Event of Default shall have occurred, the Borrower and the Issuer agree that all funds assigned hereunder shall be paid and applied as follows:

(i) each payment to be made pursuant to the Notes shall be paid by the Borrower directly to the Holder on or before the due date of such payment under this Agreement, and shall be applied in accordance with the terms hereof and of the Bonds;

(ii) all amounts prepaid by the Borrower pursuant to Section 4.3 hereof shall be paid to the Holder and applied to the redemption of the Bonds as provided in the Bonds; and

(iii) all other funds assigned hereunder shall be applied as provided in this Agreement and the Bonds.

(b) If any "Event of Default" under this Agreement shall have occurred, all funds covered by this Agreement shall be paid to the Holder who shall hold all funds received and shall apply the same in the manner specified in Section 9.3 of this Agreement and in the Bonds.

ARTICLE VII ADVANCE OF PROCEEDS TO THE BORROWER

Section 7.1 General.

(a) The Lender will purchase the Bonds and extend the Loans to the Borrower, on behalf of the Issuer, [by fully advancing all of the proceeds of the Bonds on the Closing Date] to or on behalf of the Borrower as set forth in this Article VII.

(b) The Cash Collateral Account is hereby created and established with the Lender. On the Closing Date, the Lender shall deposit to the Cash Collateral Account the amounts set forth in Section 7.2.

(c) The Borrower hereby agrees to use the proceeds of the Bonds solely to pay costs of the New Project.

Section 7.2 [Full Advance at Closing]. The Lender will [fully advance all of the proceeds of the Bonds on the Closing Date] as follows:

(a) \$_____ of proceeds of the Series 2024A Bonds will be advanced to the Title Company and disbursed in accordance with the Closing Statement to pay costs incurred by the Borrower for the acquisition of the New Project; and

(b) \$_____ of proceeds of the Series 2024A Bonds will be deposited to the Cash Collateral Account; and

(c) \$_____ of proceeds of the Series 2024B Bonds will be advanced to the Title Company and disbursed in accordance with the Closing Statement to pay costs incurred by the Borrower for the acquisition of the New Project; and

(d) \$_____ of proceeds of the Series 2024B Bonds will be deposited to the Cash Collateral Account.

Section 7.3 Disbursements from Cash Collateral Account

Borrower acknowledges that the Loan Proceeds shall be funded as needed on a draw basis from the Cash Collateral Account in accordance with this Agreement and the Disbursement Agreement and that Borrower has no right to access the funds in the Cash Collateral Account until such time as the Loan Proceeds are released in accordance with this Agreement and the Disbursement Agreement.

ARTICLE VIII BORROWER'S COVENANTS

Section 8.1 Affirmative Covenants. So long as any of the Borrower's obligations hereunder or under the Operative Documents (except any indemnification obligations of the Borrower under the Operative Documents pursuant to which the Lender or the Issuer have not made any claim) are unpaid or remain outstanding, the Borrower will comply with the following affirmative covenants:

(a) Use of Proceeds. The Borrower will use the proceeds of the Bonds solely for the purposes described in this Agreement.

(b) Existence. The Borrower will do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and good standing in the State.

(c) Financial and Other Reports. The Borrower will furnish to the Holder and, if the Issuer requests, to the Issuer, the following: _____. [do we need to include financial reporting requirements here or will this be in a separate lender document?]

(d) Compliance with Other Agreements. The Borrower shall comply in all materials respects with, or cause to be complied with, all requirements and conditions of the Operative Documents, all Material Contracts and related documents, and insurance policies which relate to the Borrower and the Project Facilities.

(e) Payment of Expenses. The Borrower will pay (1) the reasonable fees and expenses of the Issuer, counsel to the Issuer, the Lender, counsel to the Lender and Bond Counsel and all other costs, fees and expenses incidental to the issuance of the Bonds, and (2) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the filings or recordings pursuant to the Operative Documents and the transactions contemplated by this agreement, and (3) all costs of administration, amendment or enforcement of any of the Operative Documents.

(f) Compliance with Laws. The Borrower shall observe and comply with all applicable laws, statutes, codes, acts, ordinances, regulations, permits, licenses and requirements of any Governmental Authority applicable to its business and properties.

(g) Books and Records. The Borrower will keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of the Borrower in conformity with GAAP.

(h) Insurance. The Borrower will maintain or cause to be maintained, with financially sound and reputable insurers, property insurance, public liability insurance, third party property damage insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of the Borrower as may customarily be carried or maintained under similar circumstances by entities engaged in similar businesses. At the request of the Lender, Borrower

will deliver forthwith a certificate executed by a duly authorized officer of Borrower, specifying the details of such insurance in effect. On the Closing Date and upon request during the term of this Agreement, the Holder shall be provided with evidence that Borrower has satisfied all of the Holder's insurance requirements, including, without limitation, (i) a copy of Borrower's liability insurance policy evidencing insurance in an amount and with a company satisfactory to the Holder, naming the Holder as an additional insured, and (ii) evidence of builder's risk insurance on the ACORD 27 form, in form, substance and with coverages which are satisfactory to the Holder in an amount which adequately covers the replacement costs of all improvements to the New Project, all materials used in connection therewith, and soft cost coverage acceptable to the Holder. All insurance shall be issued by companies authorized to transact business in Tennessee, having a minimum Best Rating of A-XI or better, and shall be otherwise satisfactory to the Holder. The Holder shall also be provided with evidence that premiums for such insurance have been paid for the one-year period commencing on the Closing Date and for each one-year period thereafter.

(i) Damage or Destruction. If the Premises or any part thereof are damaged or destroyed by fire or other casualty, the Borrower shall, as promptly as practicable, comply with the terms of the Deed of Trust.

(j) Payment of Obligations. The Borrower will pay and discharge at or before maturity, all of its obligations and liabilities before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower has set aside on its books adequate reserves with respect thereto in accordance with GAAP or (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

(k) Compliance with Tax Certificate and Land Use Restriction Agreement; Event of Taxability. The Borrower will comply with the covenants, requirements and agreements set forth in the Tax Certificate and the Land Use Restriction Agreement. The Borrower will not take or permit any action (other than an action prohibited (or required) by HUD pursuant to the National Housing Act, applicable Section 202 or Section 811 regulations, the [HUD loan documents] or, if applicable, Project Rental Assistance Contract (PRAC) and the regulations thereunder) that would adversely affect the tax exempt status of the Series 2024A Bonds. The Borrower will give the Issuer and the Holder prompt written notice of any determination by the Borrower that an Event of Taxability has occurred.

(l) Compliance with Plans and Specifications and Legal Requirements. Borrower shall cause all construction to be performed in a good and workmanlike manner, in accordance with all legal requirements, ordinances and restrictions.

(m) CITC Compliance. To the extent that compliance is within Borrower's control, Borrower shall comply with all requirements necessary for the Lender to receive the CITC each year while the Bonds are outstanding.

(n) [insert any HUD required provisions] [discuss timing of HUD capital advance documents and whether the HUD-required rider is needed in this document if the bonds will be paid off and converted to perm loan prior to execution of HUD capital advance documents] [The Capital Advance Documents and regulations will control in the event of a conflict between the provisions of this Agreement, the Land Use Restriction Agreement, the Tax Certificate and any other]

ARTICLE IX EVENTS OF DEFAULT

Section 9.1 **Events of Default.** The term “Event of Default” shall mean any one or more of the following events:

(a) The failure by the Borrower to pay any payment of principal of or interest on the Notes or other amount payable under this Agreement within 5 Business Days of the date written notice of such failure to pay is provided to the Borrower;

(b) The occurrence of an event of default under any other Operative Document, subject to any applicable cure periods in such other Operative Document;

(c) Any material representation or warranty of the Borrower contained in this Agreement, in any Operative Document, in the Tax Certificate or in any other document, instrument or certificate delivered pursuant hereto or in connection with the issuance and sale of the Bonds shall have been false, misleading or incomplete in any material respect on the date as of which made;

(d) Failure by the Borrower to observe and perform any covenant, condition or agreement on the part of the Borrower under this Agreement (other than a covenant, condition or agreement that is specifically dealt with elsewhere in this Section) for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Holder; provided, however, that the Borrower shall have an additional period of time as is reasonably necessary to cure such failure if: (1) such failure does not involve the failure to make payments on a monetary obligation; (2) such failure cannot reasonably be cured within 60 days; (3) Borrower is diligently undertaking to cure such default; and (4) Borrower has provided Lender with security reasonably satisfactory to Lender against any interruption of payments on the Notes as a result of such continuing failure; provided, further, however that such additional cure period shall not exceed 180 days except as otherwise may be agreed by the Lender in writing.

(e) The Borrower shall (1) fail to pay any indebtedness for borrowed money (other than its obligations hereunder or under the Bonds or the Notes), or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), including any such indebtedness or obligation now or hereafter owed to the Holder, or (2) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such indebtedness, when required to be performed or observed, if the effect of such failure under (1) or (2) is to accelerate, or to permit the acceleration after the giving of notice or the passage of time or both, of the maturity of such indebtedness or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof, so long as the aggregate principal amount of such indebtedness that would then become due or payable would equal or exceed \$1,000,000;

(f) The Borrower shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this Section, (iii) apply for or consent to the

appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing;

(g) An involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or its debts, or any substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or for a substantial part of its assets, and in any such case, such proceeding or petition shall remain undismissed for a period of 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) One or more judgments, decrees or orders for the payment of money in excess of the greater of \$1,000,000, in the aggregate shall be rendered against the Borrower and such judgment(s), decree(s) or order(s) shall continue unsatisfied and in effect for a period of sixty (60) consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal;

(i) The Deed of Trust shall at any time after its execution and delivery, for any reason cease to create a valid and perfected [first priority] lien in the property subject thereto [carve out for HUD mortgage related to capital advance?];

(j) Any of the Operative Documents shall cease to be in full force and effect, or shall be declared null and void, or the validity or enforceability thereof shall be contested by the Borrower, or the Borrower shall deny it has any further liability or obligation under any of the Operative Documents; or

(k) The occurrence of an event of default (as defined therein) by the Borrower under any agreement, whether now existing or entering into hereafter, between the Borrower and the Holder or any affiliate thereof, following any applicable cure period therein provided and provided such event of default has not been waived by the Holder or affiliate thereof.

Section 9.2 Remedies of Holder. Whenever any Event of Default referred to in Section 9.1 hereof shall have happened and shall not have been waived, the Holder may take any one or more of the following remedial steps:

(a) By written notice declare all installments of principal repayable pursuant to the Notes and the Bonds for the remainder of the term thereof to be immediately due and payable, whereupon the same, together with accrued interest thereon as provided for in the Notes and the Bonds, shall become immediately due and payable without presentment, demand, protest or any other notice whatsoever, all of which are hereby expressly waived by the Borrower; provided, however, that upon the occurrence of any event described in Section 9.1(g) or (h) the Notes and the Bonds shall become immediately due without demand or acceleration.

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the amounts payable pursuant to the Notes and the Bonds then due and thereafter to become due, or to enforce the performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement or under any of the other Operative Documents.

In the enforcement of the remedies provided in this Section, the Holder may treat all reasonable expenses of enforcement, including, without limitation, legal, accounting and advertising fees and expenses, as additional amounts payable by the Borrower then due and owing and the Borrower agrees to pay such additional amounts upon demand, the amount of such legal fees to be without regard to any statutory presumption.

Section 9.3 Payments After Default; No Waiver. Any amounts collected pursuant to action taken under Section 9.2 hereof shall be paid to the Holder and applied to the payment of, first, any costs, expenses and fees incurred by the Holder as a result of taking such action; second, any overdue interest on the Bonds; third, any overdue principal of the Bonds; fourth, the outstanding principal balance of the Bonds; and fifth, if Payment of the Bonds shall have been made, all remaining moneys shall be paid as required by law.

Section 9.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Holder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 9.5 Enforcement of Reserved Rights. Notwithstanding anything in this Agreement to the contrary, the Issuer shall have the right to independently enforce the Reserved Rights and shall not be required to obtain the consent of the Lender, any Holder, or any other person or entity in order to enforce any of the Reserved Rights.

ARTICLE X LIMITATION OF LIABILITY; INDEMNIFICATION

Section 10.1 Limitation of Issuer's Liability. No covenant, agreement or obligation contained in any Operative Document shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee or agent of the Issuer in his individual capacity, and neither the directors of the Issuer nor any officer, employee or agent thereof executing any Operative Document shall be liable personally on such Operative Document or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee or agent of the Issuer shall incur any personal liability with respect to any other action taken by him pursuant to the Operative Documents or the Act or any of the transactions contemplated thereby provided he acts in good faith.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF TENNESSEE OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE LOCAL GOVERNMENT OR THE ISSUER, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF TENNESSEE OR OF ANY SUCH POLITICAL SUBDIVISION, INCLUDING THE LOCAL GOVERNMENT OR THE ISSUER, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS HEREIN PROVIDED THEREFOR FROM REVENUES. NEITHER THE STATE OF TENNESSEE, THE LOCAL GOVERNMENT NOR THE ISSUER SHALL BE OBLIGATED TO PAY THE SAME OR THE INTEREST THEREON EXCEPT FROM REVENUES AND RECEIPTS DERIVED BY Issuer pursuant to this Agreement or from payments on the Notes and neither the faith and credit nor the taxing power of the State of Tennessee or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the State of Tennessee or any political subdivision thereof, INCLUDING THE

LOCAL GOVERNMENT OR THE ISSUER, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for its payment. THE ISSUER HAS NO TAXING POWER.

Section 10.2 Indemnification by Borrower. The Borrower shall and hereby does indemnify and hold harmless the Issuer, the Bonds Registrar, the Holder and the Local Government and all officers, directors, agents and employees thereof (each an “Indemnified Party” and, collectively, the “Indemnified Parties”) of and from all losses, costs, damages, expenses and liabilities of whatever nature, including but not limited to reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments (collectively referred to hereinafter as “Losses”), to the extent arising out of or related to one or more Claims, as hereinafter defined, excluding any such Losses or Claims that arise out of an act of gross negligence or willful misconduct of any such Indemnified Parties. The word “Claims” as used herein shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatsoever nature including but not limited to claims, lawsuits, causes of action and other legal actions and proceedings involving bodily or personal injury or death of any person or damage to any property (including but not limited to persons employed by any of the Indemnified Parties and any other person) brought against any of the Indemnified Parties or to which any of the Indemnified Parties is a party, to the extent arising out of or relating to (1) the transfer, sale, operation, use, occupancy, maintenance or ownership of the Project Facilities or any part thereof or (2) the execution, delivery or performance of this Agreement, any Operative Document or any other related instruments or documents, and the issuance of the Bonds. The obligations of the Borrower under this Section shall survive termination of this Agreement and apply to all Losses and Claims that result from, arise out of, or are related to any event, occurrence, condition or relationship prior to termination of this Agreement, whether such Losses and Claims are asserted prior to termination of this Agreement or thereafter.

Each Indemnified Party shall reimburse the Borrower for payments made by the Borrower pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by such Indemnified Party from any insurance covering such Claims with respect to the Losses sustained. The Indemnified Parties shall have the duty to claim any such insurance proceeds and shall assign their respective rights to such proceeds, to the extent of such required reimbursement, to the Borrower.

In case any Claim shall be brought against any Indemnified Party in respect of which indemnity may be sought against the Borrower, then such Indemnified Party shall promptly notify the Borrower in writing of such Claim. Failure to notify the Borrower of such Claim shall not relieve the Borrower from any liability that the Borrower may have other than pursuant to this Section and shall relieve the Borrower from liability the Borrower may have under this Section only to the extent that such failure materially prejudices the Borrower. The Borrower shall have the right to assume the investigation and defense of such Claim, including the employment of counsel, which counsel shall be satisfactory to the Indemnified Parties, and shall pay all expenses of the investigation and defense of such Claim. If any action, suit or proceeding is brought against any Indemnified Party for any loss or damage for which the Borrower is required to provide indemnification under this Section, such Indemnified Party shall promptly notify the Borrower and the Borrower shall have the sole right and duty to assume, and shall assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion. Notwithstanding the foregoing, in the event the Indemnified Party is the Holder or the Issuer, in the event the Holder or the Issuer reasonably believes there are defenses available to it that are not being pursued, the Holder or the Issuer (as the case may be) may, in its sole discretion, hire independent counsel to pursue its own defense, and the Borrower shall be liable for the cost of such counsel. The Borrower shall not be liable for Losses resulting from settlement of Claims against an Indemnified Party unless the Borrower consents to that settlement. The obligations of the Borrower under this Section shall survive any termination of this Agreement.

Section 10.3 Issuer Not Liable. To the extent permitted by law, no recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the

other Operative Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the Issuer or the Local Government or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, officer, agent, attorney or employee as such, past, present or future, of the Issuer or the Local Government or any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the Issuer and the Borrower, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such director, officer, agent, attorney and employee is, by the execution of this Agreement and as a condition of, and as part of the consideration for, the execution of this Agreement, expressly waived and released.

Notwithstanding any other provision of this Agreement, none of the Issuer nor the Local Government shall be liable to the Borrower or the Holder or any other person for any failure of the Issuer to take action under this Agreement unless the Issuer (a) is requested in writing by an appropriate person to take such action, (b) is assured of payment of, or reimbursement for, any reasonable expenses in such action, and (c) is afforded, under the existing circumstances, a reasonable period to take such action. In acting under this Agreement, or in refraining from acting under this Agreement, the Issuer may conclusively rely on the advice of its counsel.

ARTICLE XI MISCELLANEOUS

Section 11.1 Assignment and Participation.

(a) Except with the prior written consent of the Holder, other than the assignment by the Issuer to the Holder hereunder or under the Notes, the rights of the Borrower under this Agreement shall not be assigned and the duties and obligations of the Borrower under this Agreement shall not be delegated, and the Project Facilities may not be leased or sold as a whole or in part.

(b) Upon prior written consent of the Borrower, the Holder shall have the right to transfer and/or assign its rights and interest hereunder and under the Operative Documents to any person or entity. The Holder covenants and agrees that, in connection with any encumbrance, pledge, sale, transfer or other disposition of the Bonds, or any interest therein, the Holder will comply with all applicable federal and state securities laws and all regulations and rulings promulgated thereunder, including without limitation all disclosure and registration requirements thereof.

(c) Upon prior written consent of the Borrower, the Holder may participate portions of its obligations under this Agreement and the other Operative Documents and the obligations of Borrower under this Agreement and the other Operative Documents (collectively, the “Participated Obligations”) to financial institutions (“Participants”). The Borrower and the Issuer acknowledge and agree that upon any participation the Participants will become owners of a pro rata portion of the Participated Obligations.

Section 11.2 Benefit of Agreement. The Borrower intends that the representations, warranties and covenants made by the Borrower in this Agreement shall be for the equal benefit of the Issuer and the Holder hereunder.

Section 11.3 **Notices.** Except as may otherwise be provided in the applicable Operative Document, all demands, notices, approvals, consents, requests and other communications hereunder and under the other Operative Documents shall be in writing and shall be deemed to have been given when delivered in person or by overnight courier or mailed by first class registered or certified mail, postage prepaid, addressed:

(a) if to the Borrower, at Bell Street 2 LP, 901 North Broadway Street, Knoxville, TN 37917, Attn: Benjamin Bentley;

with a copy to:

RAH Investor 407, LLC

Sterling Corporate Services LLC

Bell Street 2 GP, LLC

Bell Street 2 Corporation
901 North Broadway Street
Knoxville, TN 37917
Attn: Benjamin Bentley

(b) if to the Issuer, at Knoxville's Community Development Corporation, 901 North Broadway Street, Knoxville, TN 37917, Attn: Benjamin Bentley;

(c) if to the Lender, at JPMorgan Chase Bank, N.A., _____; and

(d) if to any Holder other than the Lender, as shall be specified in writing by such Holder to the Issuer and the Borrower.

A duplicate copy of each notice, approval, consent, request or other communication given under any Operative Document by either the Issuer or the Borrower to the other shall also be given to the Lender or any subsequent Holder. The Issuer, the Borrower and the Lender or any subsequent Holder may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests, or other communications shall be sent or persons to whose attention the same shall be directed.

Section 11.4 **Amendments.** This Agreement, the Bonds and the Notes may not be terminated, modified or amended, and the Borrower will not take or omit to take any action, the taking or omission of which might result in any alteration or impairment of this Agreement, the Bonds or the Notes, without the prior written consent of the Holder. Any consent provided for in this Agreement which may

be given by the Issuer shall not be valid unless approved in writing by the Holder and no offer made by the Borrower under any Operative Document shall be deemed accepted or rejected by the Issuer without such approval. In connection with any such amendment requested by the Borrower, the Holder may require the Borrower to deliver, at the Borrower's expense, an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. Notwithstanding the foregoing, the provisions of this Agreement (other than the provisions which affect the rights of the Issuer to indemnification, payment of expenses or notice) may be amended in writing signed only by the Borrower and the Holder, without the need for the consent of the Issuer provided that in connection with such amendment, the Holder and the Issuer shall receive an opinion of nationally recognized bond counsel that such amendment will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes.

Section 11.5 UCC Financing Statements. The Holder may file any financing statements and any continuation statements and amendments to financing statements that are or may be necessary with respect to this Agreement and the assignment of the Issuer's rights hereunder under the Uniform Commercial Code as in effect in the State. The Borrower hereby (a) irrevocably appoints the Holder as its true and lawful attorney for such purpose, with full power of substitution, and (b) ratifies and confirms all that such attorney or any substitute shall lawfully do by virtue hereof. If so requested by the Holder, the Borrower shall ratify and confirm all proper continuation statements and amendments to financing statements as may be designated in any such request.

Section 11.6 No Third Party Beneficiary. It is specifically agreed between the parties to this Agreement that it is not intended by any of the provisions of any part of this Agreement to make the public or any member thereof, other than as may be expressly provided herein, a third party beneficiary hereunder.

Section 11.7 Miscellaneous.

(a) The Holder shall furnish to the Issuer upon written request (1) a statement of the amount of principal of the Bonds outstanding and unpaid as of the date of such request and (2) such information as may be necessary to complete the annual audit of the Issuer as required by the Act or any other law, now or hereafter in effect.

(b) This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and the subsequent holders of the Bonds and their respective successors and assigns. The representations, covenants and agreements contained herein shall continue notwithstanding the delivery of the Bonds to the Lender.

(c) If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

(d) This Agreement shall be governed by the applicable laws of the State of Tennessee.

(e) The Operative Documents express the entire understanding among the parties and none of such instruments may be modified except in writing signed by the parties. No Operative Document may be modified before Payment of the Bonds without the consent of the Holder.

(f) This Agreement may be executed in several counterparts, each of which shall be an original, and all of which together shall constitute but one and the same instrument.

(g) The Issuer and the Borrower shall each notify the other and the Holder within five Business Days after either of them receives notice that an Event of Bankruptcy has occurred with respect to the Borrower or the Issuer, or after either of them becomes aware that an Event of Default (as defined in Article IX) has occurred.

Section 11.8 References to the Bonds Ineffective After Bond Paid. Upon Payment of the Bonds, all references in this Agreement to the Bonds shall be ineffective and the Issuer and Holder of the Bonds shall not thereafter have any rights hereunder, excepting those that shall have theretofore vested rights to indemnification under Section 10.2 hereof and the rights to the computation, reporting and payment of any rebate amounts and other payments under the Tax Certificate.

Section 11.9 No Implied Waiver. In the event any agreement contained in the Notes or this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach thereunder or hereunder. Neither any failure nor any delay on the part of the Lender or any subsequent Holder to exercise any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege.

Section 11.10 Interest and Loan Charges Not to Exceed Highest Lawful Rate. Anything in this Agreement or the Operative Documents to the contrary notwithstanding, in no event whatsoever, whether by reason of advancement of proceeds of the Bonds, acceleration of the maturity of the unpaid balance hereunder or under the Bonds or otherwise, shall the interest and loan charges agreed to be paid to the Holder for the use of the money advanced or to be advanced hereunder exceed the Highest Lawful Rate in effect from time to time. It is understood and agreed by the parties that, if for any reason whatsoever the interest or loan charges paid or contracted to be paid by Borrowers hereunder or in respect of the Bonds shall exceed the Highest Lawful Rate, then, *ipso facto*, the obligation to pay such interest and/or loan charges shall be reduced to the Highest Lawful Rate in effect from time to time, and any amounts collected by the Holder that exceed the Highest Lawful Rate shall be applied to the reduction of the principal balance of the Bonds, if permitted under applicable law or if not refunded to Borrower so that at no time shall the interest or loan charges paid or payable in respect of this Agreement exceed the Highest Lawful Rate.

Section 11.11 Issuer Representative. Whenever under the provisions of this Agreement the approval of the Issuer is required or the Issuer is required to take some action at the request of the Borrower, such approval shall be made or such action shall be taken by the Issuer Representative; and the Borrower, the Lender and any subsequent Holder shall be authorized to rely on any such approval or action.

Section 11.12 Borrower Representative. Whenever under the provisions of this Agreement the approval of the Borrower is required or the Borrower is required to take some action at the request of the Issuer, such approval shall be made or such action shall be taken by the Borrower Representative; and the Issuer, the Lender and any subsequent Holder shall be authorized to act on any such approval or action.

Section 11.13 Service, Waiver of Jury Trial.

(a) Service of process in any action shall be duly served if mailed by registered mail, postage prepaid, to Borrower and Issuer each at its address described in Section 11.3 or if served by any other means permitted by applicable law.

(b) The Borrower, and the Issuer to the extent permitted by law, each hereby
(i) covenants and agrees not to elect a trial by jury of any issue triable of right by a jury, and

(ii) waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist. This waiver of right to trial by jury is separately given, knowingly and voluntarily, by Borrower and Issuer, and this waiver is intended to encompass individually each instance and each issue as to which the right to a jury trial would otherwise accrue. Holder is hereby authorized and requested to submit this Agreement for resolution, so as to serve as conclusive evidence of such waiver of the right to jury trial by Borrower and Issuer. Further, Borrower and Issuer each hereby certifies that no representative or agent of Holder (including Holder's counsel) has represented, expressly or otherwise, to Borrower or Issuer that Holder shall not seek to enforce this waiver of right to jury trial provision.

(c) The waivers made pursuant to this Section shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 11.14 Privately Negotiated Loan.

The Borrower and the Issuer each acknowledges and agrees that the Lender is purchasing the Bonds as evidence of a privately negotiated loan and in that connection the Bonds shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement, or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

Section 11.15 Role of Lender.

The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non affiliated persons of municipal advisory services and/or investment advisory services. With respect to this Agreement and any other information, materials or communications provided by the Lender: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Agreement, information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the Issuer and the Borrower have been informed that the Issuer and the Borrower should discuss this Agreement and any such other information, materials or communications with any and all internal and external advisors and experts that the Issuer and the Borrower, respectively, deem appropriate before acting on this Agreement or any such other information, materials or communications.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names, all as of the date first above written.

**KNOXVILLE'S COMMUNITY DEVELOPMENT
CORPORATION**

By: _____
Scott Broyles, Vice Chair

ATTEST:

By: _____
Benjamin M. Bentley, Secretary

BELL STREET 2 LP
a Tennessee Limited Partnership

By: Bell Street 2 GP, LLC
a Tennessee non-profit limited liability company
its general partner

By: Southeastern Housing Foundation II, Inc.
a Tennessee non-profit corporation
its sole member

By: _____
Name: _____
Title: _____

JPMORGAN CHASE BANK, N.A.

By: _____
Name: _____
Title: _____

EXHIBIT A
FORM OF BOND

THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES PLEDGED FOR ITS BENEFIT. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE CITY OF KNOXVILLE OR THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

No. R-1

Maximum
\$[Par Amount]

UNITED STATES OF AMERICA
STATE OF TENNESSEE

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
[TAX-EXEMPT][TAXABLE] MULTIFAMILY HOUSING REVENUE BONDS
(AUSTIN HOMES PHASE 3 PROJECT)
SERIES 2024[A][B]

Dated: _____, 2024

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a public, nonprofit corporation duly organized and existing under the Constitution and laws of the State of Tennessee (the "Issuer"), for value received, hereby promises to pay the principal amount of \$[Par Amount] (or such lesser amount as may be advanced from time to time hereunder), solely from the sources and on the dates as hereinafter provided, to JPMORGAN CHASE BANK, N.A. (the "Lender") or registered assigns, with a final payment of all unpaid amounts on _____, 20__ (the "Maturity Date"). Payment of the final installment of principal shall be made only upon the presentation and surrender hereof to the Bond Registrar pursuant to the Bond Purchase and Loan Agreement dated as of _____, 2024 (the "Agreement") among the Issuer, the Lender and BELL STREET 2 LP (the "Borrower"). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Agreement.

The Lender will fund the purchase of the Bonds by fully advancing the proceeds of the Bonds to the Borrower on the date hereof pursuant to the terms and conditions of the Agreement.

The Issuer promises to pay, but solely from such sources, interest on the outstanding principal amount of this Bond from the date of this Bond until the principal amount hereof is paid in full, on the dates and at the rates provided in the Agreement. The Issuer shall make principal and interest payments as provided in the Agreement.

Anything herein to the contrary notwithstanding, in no event will this Bond or the Notes bear interest at a rate in excess of the Highest Lawful Rate.

All payments of principal of and interest on this Bond shall be made to the Holder at its address as it appears on the Bonds registration book of the Bonds Registrar in lawful money of the United States of America.

This Bond is issued pursuant to the Act, as amended, and the Agreement for the purposes set forth in the Agreement. Pursuant to the Agreement, the Issuer has loaned the proceeds of this Bond to the Borrower, and the Borrower, to evidence repayment of the loan, has issued its Series 2024[A][B] Promissory Note dated the date hereof (the "Note").

This Bond is secured by (a) an assignment to the Holder by the Issuer of substantially all of its rights in the Agreement, excluding Reserved Rights; and (b) the assignment by the Issuer without recourse and pledge and delivery of the Note to the Holder. Reference is hereby made to the Agreement, the Note and to all amendments thereto for a description of the provisions, among others, with respect to the nature and extent of such security and guarantee, the rights, duties and obligations of the Issuer, the Borrower and the Holder of this Bond.

Executed copies of the Agreement and the Note are on file in the office of the Issuer. Reference is hereby made to such documents for the provisions, among others, with respect to the custody and application of the proceeds of this Bond, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and interest on this Bond, the nature and extent of the security, the terms and conditions under which this Bond is or may be issued, the system of registration of this Bond, the rights, duties and obligations of the Issuer and the rights of the Holder of this Bond, and, by the acceptance of this Bond, the Holder hereof assents to all of the provisions of such documents.

This Bond is a limited obligation of the Issuer, the principal of and interest on which is payable solely from the revenues derived from the Agreement and the Note, which revenues have been pledged and assigned to secure the payment thereof. The Issuer shall not be obligated to pay the principal of or interest on this Bond except from such revenues pledged and assigned therefor. Neither the faith and credit nor the taxing power of the State of Tennessee or any political subdivision or agency thereof, including the Issuer, is pledged to the payment of the principal of or interest on this Bond, and this Bond shall not be deemed to constitute a debt of the State of Tennessee or any political subdivision or agency thereof. The Issuer has no taxing power.

Pursuant to the Agreement, the Borrower is hereby appointed to act as the initial Bond Registrar. The transfer of this Bond may be registered by the Holder hereof in person or by his attorney or legal representative at the principal office of the Bonds Registrar, or its successors and assigns, but only in the manner and subject to the limitations and conditions provided in the Agreement. Upon any such registration of transfer, the Bond Registrar shall execute and deliver in exchange for this Bond a new registered bond or bonds without coupons, registered in the name of the transferee or transferees, in denominations authorized by the Agreement and in the aggregate principal amount equal to the remaining outstanding principal amount of this Bond, of the same maturity of principal installments and bearing interest at the same rate.

This Bond may be redeemed in whole or in part at any time at the option of the Borrower as provided in the Agreement in such amounts as the Note is prepaid by the Borrower. Any redemption in part shall be applied to reduce the principal installments of this Bond as provided in the Agreement.

In certain events, on the conditions, in the manner and with the effect set forth in the Agreement, the unpaid principal of this Bond may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

All acts, conditions and things required to exist, happen and be performed precedent to the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required

by law, and the issuance of this Bond, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitations.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Knoxville's Community Development Corporation has caused this Bond to be signed and attested by the manual or facsimile signature of its duly authorized officers as of the date first above written.

**KNOXVILLE'S COMMUNITY DEVELOPMENT
CORPORATION**

By: _____
Scott Broyles, Vice Chair

ATTEST:

By: _____
Benjamin M. Bentley, Secretary

EXHIBIT B-1 and B-2

FORM OF NOTES

Exhibit B-1 – Form of Series 2024A Note

Exhibit B-2 – Form of Series 2024B Note

37290365.1

THIS INSTRUMENT PREPARED BY AND
WHEN RECORDED RETURN TO:

BASS, BERRY & SIMS PLC (JPM)
1700 Riverview Tower
900 South Gay Street
Knoxville, Tennessee 37902
(865) 521-6200

LAND USE RESTRICTION AGREEMENT

BETWEEN

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

and

BELL STREET 2 LP

DATED AS OF _____, 2024

Relating to

\$35,000,000

Knoxville's Community Development Corporation
Tax-Exempt Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project)
Series 2024A

LAND USE RESTRICTION AGREEMENT

THIS LAND USE RESTRICTION AGREEMENT (this “Agreement” or this “Land Use Restriction Agreement”) is made and entered into as of _____, 2024 by and between KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION, a public nonprofit corporation organized and existing under the laws of the State of Tennessee (the “Issuer”), and BELL STREET 2 LP, a Tennessee limited partnership (the “Borrower”).

WITNESSETH:

WHEREAS, the Issuer is a public, nonprofit corporation authorized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, *et seq.*, as amended (the “Act”), to issue bonds for the purposes authorized by the Act; and

WHEREAS, at the request of the Borrower, the Issuer has duly authorized the issuance of its Tax-Exempt Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project) Series 2024A, in the original principal amount of \$35,000,000 (the “Bonds”) to finance the acquisition and construction of a 161-unit multifamily housing facility on that certain real property more fully described on Exhibit A hereto (collectively, the “Project Site”) located in the City of Knoxville, Tennessee; and

WHEREAS, in order for interest on the Bonds to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”), and the income tax regulations (the “Regulations”) and rulings with respect to the Code, the use and operation of the Project (as hereinafter defined) must be restricted in certain respects; and

WHEREAS, the Issuer and the Borrower have determined to enter into this Land Use Restriction Agreement in order to set forth certain terms and conditions relating to the acquisition, construction and equipping of the Project and in order to ensure that the Project will be used and operated in accordance with the Code;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Issuer and the Borrower hereby agree as follows:

Section 1. ***Definitions and Interpretation.*** The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

“*Adjusted Income*” means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 142(d) of the Code as it shall be in effect on the Closing Date.

“*Agreement*” or “*Land Use Restriction Agreement*” means this Land Use Restriction Agreement dated as of _____, 2024 by and among the Issuer and the Borrower, as it may be amended from time to time.

“*Applicable Income Limit*” shall mean, as of any date as of which determined, 60% or less of area median gross income as most recently determined pursuant to Section 142(d)(2)(B) of the Code.

“*Area*” shall mean the geographic area with respect to which the Applicable Income Limit is determined pursuant to Section 142(d)(2)(B) of the Code.

“*Authorized Borrower Representative*” means any person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer containing the specimen signature of such person and signed on behalf of the Borrower, which certificate may designate an alternate or alternates.

“*Available Units*” means Units in the Project that are actually occupied and Units in the Project that are unoccupied and have been leased at least once after becoming available for occupancy, provided that (a) in the case of an acquisition of an existing residential rental project, a Unit that is unoccupied on the later of (i) the date the Project is acquired or (ii) the issue date of the Bonds is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such date, and (b) a Unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been leased for the first time after the renovations are completed.

“*Bank*” means JPMorgan Chase Bank, N.A., a national banking association, as Holder of the Bonds, and its successors and assigns.

“*Bonds*” shall have the meaning assigned thereto in the recitals above.

“*Bond Counsel*” means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the tax-exempt nature of interest on, obligations issued by states and their political subdivisions by the Issuer and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“*Borrower*” means Bell Street 2 LP, a Tennessee limited partnership, and its permitted successors and assigns.

“*Certificate of Continuing Compliance*” means the Certificate of Continuing Program Compliance to be filed annually by the Borrower with the Bank at the times specified in Section 3 of this Land Use Restriction Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit B.

“*Closing Date*” means the date of issuance of the Bonds.

“*Code*” means the United States Internal Revenue Code of 1986, as amended.

“*Dwelling Units*” means the units of multi-family residential rental housing comprising the Project.

“*Functionally Related and Subordinate*” means and includes facilities for use by tenants, for example, laundry facilities, parking areas and recreational facilities, provided that the same are of a character and size commensurate with the character and size of the Project.

“*Holder*” means any Person who is the holder of the Bonds.

“*Housing Act*” means the United States Housing Act of 1937, as amended, or its successor.

“*Income Certification*” means a Verification of Income in the form attached hereto as Exhibit C.

“Investor Limited Partner” means RAH Investor 407, LLC, and its permitted successors and assigns.

“Issuer” means Knoxville’s Community Development Corporation.

“Issuer Loan” means the loan made by the Issuer to the Borrower of the proceeds of the Bonds for the purpose of financing the acquisition, construction and equipping of the Project in accordance with the Loan Agreement.

“Loan Agreement” means the Bond Purchase and Loan Agreement dated as of _____, 2024, between the Issuer and the Borrower, as it may be amended from time to time.

“Low Income Tenant” means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of lower income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be 60% of median gross income for the Area with adjustments for family size. If all the occupants of a unit are students (as defined under Section 151(c) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not qualify as Low Income Tenants. The determination of a tenant’s status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant. Section 7872(g) of the Code shall not apply in determining the income of individuals for purposes of this paragraph.

“Low Income Units” means the units in the Project required to be rented to, or held available for occupancy by, Low Income Tenants pursuant to Section 3(b) hereof.

“Person” means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

“Project” means the Project Facilities and the Project Site.

“Project Facilities” means the buildings, structures and other improvements on the Project Site to be constructed and/or improved by the Borrower, and all fixtures and other property owned or leased by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Project.

“Project Site” means the parcel or parcels of real property described in Exhibit A hereto, and all rights and appurtenances thereunto appertaining.

“Qualified Project Period” means the period beginning on the first day on which 10% of the units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which fifty percent (50%) of the units were first occupied, or (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project, including the Bonds, is outstanding or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

“Regulations” means the Income Tax Regulations promulgated or proposed (if deemed appropriate in the opinion of Bond Counsel) by the Department of the Treasury pursuant to the Code from time to time.

“*Tax-exempt*” means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes (other than interest on the Bonds for any period during which such Bonds are held by a “substantial user” of any facility financed with the proceeds of the Bonds or a “related person,” as such terms are used in Section 147(a) of the Code); provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

“*Unit*” shall mean a “unit,” as defined in 26 C.F.R. § 1.103-8(b)(8), comprising a portion of any of the Project rented or held available for rental to tenants.

Unless the context clearly requires otherwise, as used in this Land Use Restriction Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Land Use Restriction Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Land Use Restriction Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Land Use Restriction Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Land Use Restriction Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. ***Residential Rental Property.*** The Borrower hereby acknowledges and agrees that the Project will be owned, leased, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of this Land Use Restriction Agreement, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project has been developed for the purpose of providing multi-family residential rental property, and the Borrower owns (for federal tax purposes), manages and operates the Project and will continue to operate the Project as a project to provide multi-family residential rental property comprising a building or structure or several interrelated buildings or structures, together with any Functionally Related and Subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations and the Act, as the same shall be amended from time to time, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the Dwelling Units in the Project are similarly constructed units, and each Dwelling Unit in the Project will be separate and distinct from every other Dwelling Unit and contains complete facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range (or a multiple-burner cooktop and a convection microwave oven), a sink and a refrigerator.

(c) None of the Dwelling Units in the Project will at any time be utilized on a transient basis; none of the Dwelling Units in the Project have been or will be leased or rented for a period of less than six months; and neither the Project nor any portion thereof have been or will be used

as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer park, trailer court, mobile home park, or recreational vehicle park or by a cooperative housing corporation (as defined in section 216(b)(1) of the Code).

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses.

(e) Each Dwelling Unit will be available for rental on a continuous basis to members of the general public on a nontransient basis, and the Borrower has not and will not give preference to any particular class or group (other than the elderly) in renting the Dwelling Units in the Project, except to the extent that Dwelling Units are required to be leased or rented to Low Income Tenants.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, which have similarly constructed units financed pursuant to a common plan, together with Functionally Related and Subordinate facilities which shall be owned (for federal tax purposes) by the Borrower or a Related Person as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more Dwelling Units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.

(h) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, source of income (e.g., AFDC, SSI), mental or physical disability, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(i) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are holders of vouchers or certificates for federal housing assistance payments for existing housing pursuant to Section 8 of the Housing Act ("Section 8") or a successor federal program, and, in connection therewith, the Borrower has not and will not apply tenant selection criteria to such voucher or certificate holders which are more burdensome than the criteria applied to any other prospective tenants.

(j) The Borrower will not discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under any federal, state or local program or on the basis that they have a minor child or children living with them.

Section 3. ***Low Income Tenants; Records and Reports.*** Pursuant to the requirements of the Code, the Borrower hereby represents, warrants and covenants as follows:

(a) Within 30 days after the commencement of the Qualified Project Period, the Borrower shall execute and deliver to the Issuer and the Bank a copy of a certificate identifying the beginning date and earliest ending date of the Qualified Project Period, in substantially the form attached as Exhibit D hereto.

(b) The Borrower will rent on a continuous basis to Low Income Tenants at least 40% of the Available Units in the Project; provided, however, that, as provided in Section 142(d)(3)(B) of the Code, any Available Unit occupied by a Low Income Tenant at the commencement of occupancy shall continue to be treated as if occupied by a Low Income Tenant during tenancy of such Available Unit by such Low Income Tenant even though such Low Income Tenant may subsequently cease to be a Low Income Tenant, so long as the Adjusted Income of such Low Income Tenant as of the most recent certification pursuant to subsection (c) below does not exceed 140% of the Applicable Income Limit as of such certification. In the event that the Adjusted Income of a Low Income Tenant shall exceed 140% of such Applicable Income Limit, if (treating such tenant as if it were not a Low Income Tenant) less than 40% of the Available Units in the Project are occupied by Low Income Tenants, the Borrower shall rent the next Available Unit in the Project of comparable or smaller size to a Low Income Tenant (provided, however, that any Available Unit in the Project of a larger size may be rented to a tenant who is not a Low Income Tenant if such Available Unit was previously occupied by such a tenant) and, upon renting such Available Unit to such Low Income Tenant, the Borrower shall make a new certification pursuant to subsection (c). In addition, any Available Unit vacated by a Low Income Tenant shall be treated as being occupied by such vacating Low Income Tenant until reoccupied by another tenant (other than occupancy for 31 days or less) at which time the character of the Available Unit shall be redetermined, provided that reasonable attempts are made to rent the Available Unit and no other Available Units of comparable or smaller size in the Project are rented to a tenant who is not a Low Income Tenant before such Available Unit is rented. Notwithstanding the foregoing, unless more than 90 percent of the Units in the Project are not Available Units at any time within 60 days after the later of (i) the date the Project is acquired by the Borrower or (ii) the issue date of the Bonds, for a period of 12 months beginning on the issue date of the Bonds (the "Transition Period"), the failure to satisfy the requirements described above will not cause the Project to not be a qualified residential rental project (as defined in the Code), provided, in any event, the Borrower shall satisfy the Low Income Tenant requirements described above no later than the end of such Transition Period.

(c) The Borrower will obtain, complete, and maintain on file Income Certifications (substantially in the form attached hereto as Exhibit C) from each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Project and (ii) thereafter, annual Income Certifications which must be filed no later than each February 1. The Borrower will obtain such additional information as may be required in the future by the Issuer and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-exempt under Section 142(d) of the Code. A rent roll showing the Low Income Tenants in the Project, their most recent certified incomes and their unit numbers together with, if requested by the Bank, a copy of the most recent Income Certification for Low Income Tenants commencing or continuing occupation of a Low and Moderate Income Unit (and not previously filed with the Bank) shall be attached to the Certificate of Continuing Compliance which is to be filed with the Bank no later than February 15 of each calendar year following the date hereof, until the end of the Qualified Project Period. The Borrower shall make a good faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by taking one or more of the following steps as part of the verification process: (1) obtain a pay stub for the most recent pay period, (2) obtain an income tax return for the two most recent tax years, (3) conduct a TRW or similar search or (4) contact the applicant's current employer.

(d) The Borrower will maintain complete and accurate records pertaining to the Low Income Units and will with reasonable notice permit any duly authorized representative of the Issuer, the Bank, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(e) On or before each January 15 during the Qualified Project Period, the Borrower will submit to the Bank a draft of the completed Internal Revenue Code Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each February 1 during the Qualified Project Period the Borrower will submit such completed form to the Secretary of the Treasury.

(f) Each lease or rental agreement pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the income certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof and to recertification if the number of occupants in the units increases.

(g) At the request of the Borrower, the Issuer elects that the requirements of subparagraph (B) of Section 142(d)(1) of the Code (the "40-60 Test") be applied to the Project.

Section 4. ***Tax-exempt Status of the Bonds.*** The Borrower makes the following representations, warranties and agreements for the benefit of the Holder of the Bonds from time to time:

(a) The Borrower will not take or permit actions within its control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take any lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Borrower will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Bank, with a copy to the Borrower, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Bank, with a copy to the Borrower, in order to ensure that the requirements and restrictions of this Land Use Restriction Agreement will be binding upon it and all owners of the Project, including, but not limited to, the execution and recordation of this Land Use Restriction Agreement in the land records of the Register's Office of Knox County, Tennessee.

(d) The Borrower will not enter into any agreements which would result in the payment of principal or interest on the Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Subject to Section 9 hereof, the Borrower hereby covenants to include the requirements and restrictions contained in this Land Use Restriction Agreement in any documents transferring any interest in the Project prior to the expiration of the Qualified Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Land Use Restriction Agreement.

Section 5. ***Modification of Covenants.*** The Borrower and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer, the Borrower and the Bank, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Land Use Restriction Agreement in order to maintain the Tax-exempt status of interest on the Bonds, this Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Bank and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Land Use Restriction Agreement, this Land Use Restriction Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Bank and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment will not affect the Tax-exempt status of interest on the Bonds.

(c) The Borrower, the Issuer and, if applicable, the Bank shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 5, and the Issuer hereby appoints the Bank as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Issuer, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Issuer and the Bank shall take no action under this subsection (c) without first notifying the Issuer and without first providing the Issuer an opportunity to comply with the requirements of this Section 5. Nothing in this Section 5(c) shall be construed to allow the Bank to execute an amendment to this Land Use Restriction Agreement on behalf of the Issuer.

Section 6. ***Indemnification.*** The Borrower shall indemnify and hold harmless the Issuer, the Bank and the respective officers, directors, members, supervisors, directors, officials, agents and employees and each of them against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to (a) the design, construction, installation, operation, use, occupancy, maintenance, or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto), or (b) any written statements or representations with respect to the Borrower, the Project, or the Bonds made or given to the Issuer, the Bank, or any underwriters or purchasers of any of the Bonds, or any tenants or applicants for tenancy in the Project or any other person, by the Borrower, or any Authorized Borrower Representative, including, but not limited to, statements or representations of facts, financial information or partnership affairs. The Borrower also shall pay and discharge and shall indemnify and hold harmless the Issuer and the Bank from (i) any lien or charge upon payments by the Borrower to the Issuer and the Bank hereunder and (ii) any taxes (including, without

limitation, all ad valorem taxes and sales taxes, if applicable), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Issuer or the Bank shall give prompt notice to the Borrower and the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion, provided that the Issuer and the Bank shall have the right to review and approve or disapprove any such compromise or settlement. In addition thereto, the Borrower will pay upon demand all of the reasonable fees and expenses, including, without limitation, attorneys' fees and expenses paid or incurred by the Issuer and the Bank in enforcing the provisions hereof against the Borrower except in instances when the Borrower is the prevailing party.

Promptly after receipt by any party entitled to indemnification under this Section 6 of notice of the commencement of any suit, action or proceeding, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 6, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 6 or from any liability under this Section 6, unless the failure to provide notice prejudices the defense of such suit, action or proceeding. In case any such action is brought against any indemnified party, and it notifies the indemnifying party, the indemnifying party shall be entitled to participate in, and to the extent that it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party (but shall not be required), to assume, the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and otherwise to participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party shall not be liable to such indemnified party under this Section 6 for any attorneys' fees or expenses subsequently incurred by such indemnified party in connection with defense thereof unless (i) the indemnified party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence, or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel to represent the indemnified party at the expense of the indemnifying party.

Section 7. *Consideration.* The Issuer has issued the Bonds to provide funds to finance the Project, all for the purpose, among others, of inducing the Borrower to operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Borrower has entered into this Land Use Restriction Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 8. *Reliance.* The Borrower hereby recognizes and agrees that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exemption from federal income taxation of the interest on the Bonds. In performing its duties and obligations hereunder, the Issuer may rely upon statements and certificates of the Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower

exists under this Land Use Restriction Agreement, the Bank may, but shall not be required to, conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Bank by the Borrower with respect to the occurrence or absence of a default, unless it knows that the notice or certificate is erroneous or misleading.

Section 9. *Sale or Transfer of the Project.* Except for a transfer of the Project pursuant to a foreclosure or a deed in lieu of foreclosure or a similar event where this Agreement terminates pursuant to the provisions of Section 10(c), the Borrower covenants and agrees that the Borrower will cause or require as a condition precedent to any conveyance, transfer, assignment or any other disposition of the Project prior to the termination of the Qualified Project Period provided herein (the "Transfer") that the transferee of the Project, pursuant to the Transfer, assume in writing, in a form acceptable to the Issuer and the Bank, all duties and obligations of the Borrower under this Agreement, including this Section 9 in the event of a subsequent Transfer by the transferee prior to expiration of the Qualified Project Period provided herein (the "Assumption Agreement"). The Borrower shall deliver the Assumption Agreement to the Issuer prior to the Transfer. No Transfer shall operate to release the Borrower from its obligations under this Agreement, arising before the date of the Transfer. A transfer between the Borrower and the Issuer in order to facilitate a payment in lieu of taxes agreement under which the Borrower remains the owner of the Project for federal tax purposes shall not be a Transfer for purposes of this Agreement. Furthermore, a transfer from the Issuer to the Borrower upon the Borrower's exercise of a purchase option in connection with the payment in lieu of taxes agreement shall not be a Transfer for purposes of this Agreement.

Section 10. *Term.*

(a) This Land Use Restriction Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 10, shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Issuer Loan and termination of the Loan Agreement.

(b) Notwithstanding the foregoing, the provisions of Section 6 hereof shall survive the term of this Agreement, but only as to claims arising from events occurring during the term of this Agreement.

(c) The terms of this Land Use Restriction Agreement to the contrary notwithstanding, the requirements set forth herein shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Land Use Restriction Agreement caused by fire, seizure, requisition, foreclosure or transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer or the Bank from enforcing the provisions hereof, or condemnation or a similar event, but only if, within a reasonable period thereafter, either the portion of the Bonds attributable to the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 5 of this Land Use Restriction Agreement. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any related person (within the meaning of Section 147(a)(2) of the Code) obtains an ownership interest in the Project for tax purposes; provided, however, that any reinstatement of such provisions shall only be in effect during any period of time such Borrower or related person holds such ownership interest. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of

foreclosure or similar event, neither the Borrower nor any related person as described above (other than a limited partner of the Borrower or any related person (within the meaning of Section 147(a)(2) of the Code) to such limited partner that is otherwise subject to the immediately preceding sentence) will obtain an ownership interest in the Project for tax purposes.

(d) Upon the termination of the terms of this Land Use Restriction Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof (which shall be prepared, completed and recorded at the expense of the Borrower); provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Agreement in accordance with its terms.

Section 11. *Covenants To Run With the Land.* The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Land Use Restriction Agreement. The Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Agreement shall impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Section 12. *Burden and Benefit.* The Issuer and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. Subject to Section 23 hereof, the Issuer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

Section 13. *Uniformity; Common Plan.* The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 14. *Default; Enforcement.* If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Land Use Restriction Agreement, and if such default remains uncured for a period of 30 days after written notice thereof shall have been given by the Issuer or the Bank to the Borrower, then an "Event of Default" shall have occurred hereunder; provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 30 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 30 days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Bond Counsel, the failure to cure said default within 30 days will not adversely affect the Tax-exempt status of interest on the Bonds.

The Issuer, the Holder and the Bank each agree that the Investor Limited Partner may act to cure any default hereunder and that they shall accept such cure as though made by the Borrower.

Following an Event of Default hereunder, the Holder or the Bank may, at their option and subject to the provisions of the Loan Agreement, take any one or more of the following steps:

- (i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer, the Holder or the Bank hereunder;
- (ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; and
- (iii) enforce the obligations, covenants and agreements of the Borrower hereunder by an action for specific performance.

The Holder and the Bank shall have the right, in accordance with this Section 14 and the provisions of the Loan Agreement, subject to such consent, approval or knowledge of the Issuer or other third parties as the Loan Agreement may require, to exercise any or all of the rights or remedies of the Issuer hereunder, provided that prior to taking any such act the Holder or the Bank shall give the Issuer written notice of its intended action. All fees, costs and expenses of the Holder or the Bank incurred in taking any action pursuant to this Section 14 shall be the sole responsibility of the Borrower.

After the Loan Agreement has been discharged, the Issuer may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Holder or the Bank.

In the event the Borrower shall fail to submit the Income Certifications or the Certificates of Continuing Program Compliance at the times set forth in Section 3 hereof and the Issuer or the Bank shall determine to inspect the books and records of the Borrower to determine whether the Borrower is in compliance with the terms of this Land Use Restriction Agreement, the Borrower shall, upon demand by the Issuer or the Bank, pay all expenses and costs of the Issuer and the Bank in determining whether or not the Borrower is in compliance with the terms of this Land Use Restriction Agreement.

Section 15. **References after Discharge.** After the Loan Agreement and the Bonds have been discharged, all references to the Bank in this Land Use Restriction Agreement shall be deemed references to the Issuer.

Section 16. **Recording and Filing.** The Borrower shall cause this Land Use Restriction Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the land records of Knox County, Tennessee and in such other places as the Issuer, the Holder or the Bank may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. This Land Use Restriction Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and the Issuer as grantee.

Section 17. **Governing Law.** This Land Use Restriction Agreement shall be governed by the laws of the State of Tennessee.

Section 18. **Amendments.** This Land Use Restriction Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title (except as otherwise provided in Section 5(a)), and duly recorded in the land records of Knox County, Tennessee and only upon receipt by the Issuer of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Bonds and is not contrary to the provisions of the Act.

Anything to the contrary contained herein notwithstanding, the Issuer and the Borrower hereby agree to amend this Agreement to the extent required, in the opinion of Bond Counsel, in order that interest on the Bonds remains Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Land Use Restriction Agreement of the proposed amendment, with a copy of such requested amendment to Bond Counsel and a request that such Bond Counsel render to the Issuer an opinion as to the effect of such proposed amendment upon the Tax-exempt status of interest on the Bonds.

Section 19. **HUD Required Provisions.** [If the borrower finances or refinances the Project with a HUD-insured loan and the Project Site becomes subject to a deed of trust in connection therewith, this Land Use Restriction Agreement shall be subject to the provisions of the HUD Rider to Restrictive Covenants (“Rider”) attached hereto as Exhibit E, and the parties agree to comply with the terms thereof.][Notwithstanding anything to the contrary herein, the Borrower will not take any action prohibited by HUD pursuant to the National Housing Act, applicable Section 202 or Section 811 regulations, the [HUD loan documents] or, if applicable, Project Rental Assistance Contract (PRAC) and the regulations thereunder; and the Capital Advance Documents and regulations will control in the event of a conflict between the provisions of this Agreement.] [add any other HUD required provisions]

Section 20. **Notices.** Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

Issuer: Knoxville’s Community Development Corporation
901 North Broadway Street
Knoxville, TN 37917
Attn: Benjamin Bentley

Borrower: Bell Street 2 LP
901 North Broadway Street
Knoxville, TN 37917
Attn: Benjamin Bentley

with copies to: Bell Street 2 GP, LLC

Bell Street 2 Corporation
901 North Broadway Street
Knoxville, TN 37917
Attn: Benjamin Bentley

To the Investor Limited Partner:

RAH Investor 407, LLC

If to the Bank:

JPMorgan Chase Bank, N.A.

Notice shall be deemed given three Business Days after the date of mailing.

Section 21. ***Severability.*** If any provision of this Land Use Restriction Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 22. ***Multiple Counterparts.*** This Land Use Restriction Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 23. ***Benefits of Land Use Restriction Agreement.*** Except for the Investor Limited Partner, the Holder and the Bank, nothing in this Land Use Restriction Agreement, expressed or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Land Use Restriction Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer and the Borrower have executed this Land Use Restriction Agreement by duly authorized representatives, all as of the date first above written.

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

By: _____
Scott Broyles, Vice Chair

ACKNOWLEDGMENT

STATE OF TENNESSEE)
) SS.
KNOX COUNTY)

PERSONALLY APPEARED BEFORE ME, the undersigned authority in and for the said county and state on this _____ day of _____, in the year 2024, within my jurisdiction, the within named Scott Broyles, who acknowledged that he is Vice Chair of KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION, and that in said representative capacity he executed the above and foregoing instrument after having first been duly authorized to do so.

Given under my hand and official seal this _____ day of _____, 2024.

[SEAL]

Notary Public

My Commission Expires:

BELL STREET 2 LP
a Tennessee Limited Partnership

By: Bell Street 2 GP, LLC
a Tennessee non-profit limited liability company
its general partner

By: Southeastern Housing Foundation II, Inc.
a Tennessee non-profit corporation
its sole member

By: _____
Name: _____
Title: _____

STATE OF TENNESSEE
COUNTY OF KNOX

Before me, the undersigned, a Notary Public of said County and State, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the _____ of Southeastern Housing Foundation II, Inc., a Tennessee non-profit corporation, which is the sole member of Bell Street 2 GP, LLC, which is the general partner of Bell Street 2 LP, the within named bargainor, a Tennessee limited partnership, and that he as such officer executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation in its capacity as sole member of the general partner of the partnership, and on its behalf, by himself as such officer of the corporation.

Witness my hand and seal, at Office in Knox County, Tennessee, this ____ day of _____, 2024.

Notary Public

My Commission Expires: _____

EXHIBIT A
DESCRIPTION OF PROJECT SITE

EXHIBIT B
CERTIFICATE OF CONTINUING COMPLIANCE

FOR THE YEAR ENDING _____

\$35,000,000

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS
(AUSTIN HOMES PHASE 3 PROJECT)
SERIES 2024A

The undersigned, being the Authorized Borrower Representative of Bell Street 2 LP, a Tennessee limited partnership ("Borrower"), has read and is thoroughly familiar with the provisions of the various documents entered into by the Borrower with respect to the issuance of the captioned note by Knoxville's Community Development Corporation (the "Issuer"), including, without limitation, the Land Use Restriction Agreement, dated as of _____, 2024, among the Borrower and the Issuer (the "Land Use Restriction Agreement").

As of the date of this certificate the following percentages of completed residential units in the Project (i) are occupied by Low Income Tenants (as such term is defined in the Land Use Restriction Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants: _____%
Unit Nos. _____

Vacant Units: _____%
Unit Nos. _____

Low Income Tenants who commenced
occupancy of units during the
preceding year: Unit Nos. _____

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet, of each unit. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Borrower during such year and of the Borrower's performance under the Loan Agreement has been made under the supervision of the undersigned; and (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Borrower is not in default under any of the terms and provisions of the above documents [or describe the nature of any default in detail and set forth the measures being taken to remedy such default].

BELL STREET 2 LP
a Tennessee Limited Partnership

By: Bell Street 2 GP, LLC
a Tennessee non-profit limited liability company
its general partner

By: Southeastern Housing Foundation II, Inc.
a Tennessee non-profit corporation
its sole member

By: _____
Name: _____
Title: _____

EXHIBIT C

INCOME COMPUTATION AND CERTIFICATION

NOTE TO BORROWER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR 813). You should make certain that this form is at all times up to date with the HUD Regulations.

Re: AUSTIN HOMES PHASE 3 IN KNOXVILLE, TENNESSEE

I/We, the undersigned, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to reside in the unit:

1. Name of Members of the Household	2. Relationship to Head of Household	3. Age	4. Social Security Number	5. Place of Employment
_____	HEAD	_____	_____	_____
_____	SPOUSE	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

INCOME COMPUTATION

6. The total anticipated income, calculated in accordance with the provisions of this paragraph 6, of all persons over the age of 18 years listed above for the 12-month period, beginning the date that I/we plan to move into a unit is \$_____.

Included in the total anticipated income listed above are:

(a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services before payroll deductions;

(b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);

(c) interest and dividends (including income from assets included below);

(d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including any lump sum payment for the delayed start of a periodic payment;

(e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;

(f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;

(g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and

(i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

(a) casual, sporadic or irregular gifts;

(b) amounts which are specifically for or in reimbursement of medical expenses;

(c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;

(d) amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran, for use in meeting the costs of tuition, fees, books and equipment (any amounts of such scholarships or payments to veterans not used for the above purposes are to be included in income);

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act;

(j) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(k) payments or allowances made under the Department of Health and Human Services' Low Income Home Energy Assistance Program;

(l) payments received from the Job Training Partnership Act;

(m) income derived from the disposition of funds of the Grand River Band of Ottawa Indians;
and

(n) the first \$2,000 of per-capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

7. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?

_____ Yes _____ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?

_____ Yes _____ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?

_____ Yes _____ No

(d) If the answer to (c) above is yes, state:

(1) _____ the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____, and

(2) _____ the amount of such income, if any, that was included in item 6 above: \$_____.
_____.

8. (a) Are all of the individuals who propose to reside in the unit full-time students.*?

_____ Yes _____ No

* A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, are at least two of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?

_____ Yes _____ No

9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the "Borrower"), has any family relationship to the Borrower or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trustee held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit, and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

11. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this ____ day of _____ in Knox County, Tennessee.

Applicant

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]

FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:

- a. Enter amount entered for entire household in 6 above:

\$ _____

- b. (1) If the amount entered in 7(c) above is greater than \$5,000, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$ _____);

(2) Multiply the amount entered in 7(c) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings (\$ _____), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$ _____);

(3) Enter at right the greater of the amount calculated under (1) or (2) above:

\$ _____

- c. TOTAL ELIGIBLE INCOME
(Line 1.a plus line 1.b(3)):

\$ _____

2. The amount entered in 1.c:

_____ Qualifies the applicant(s) as a Low Income Tenant(s).

_____ Does not qualify the applicant(s) as a Low Income Tenant(s).

3. Number of apartment unit assigned: _____
Bedroom Size: _____ Rent: \$ _____

4. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Low Income Tenants.

5. Method used to verify applicants income:
_____ Employer income verification.

_____ Copies of tax returns.

_____ Other (_____)

Manager

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in Austin Homes Phase 3 in Knoxville, Tennessee, for persons of low and moderate income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual Wages	\$ _____
Overtime	_____
Bonuses	_____
Commissions	_____
Total current income	\$ _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

_____	_____	_____
Signature	Date	Title

I hereby grant you permission to disclose my income in order that the owner of Austin Homes Phase 3 in Knoxville, Tennessee may determine my income eligibility for rental of an apartment located therein.

_____	_____
Signature	Date

Please send to:

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature

Date

EXHIBIT D

CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD

\$35,000,000

Knoxville's Community Development Corporation
Tax-Exempt Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project)
Series 2024A

The undersigned acknowledges that the Qualified Project Period for the Project commenced on _____, 20____ and will terminate no earlier than _____, _____, the date which is 15 years after the commencement of the Qualified Project Period. Terms used but not defined herein shall have the meanings assigned thereto in that certain Land Use Restriction Agreement dated as of _____, 2024 among Knoxville's Community Development Corporation and Bell Street 2 LP.

Dated: _____, 20____

BELL STREET 2 LP

By: _____
Authorized Borrower Representative

EXHIBIT E

HUD RIDER TO RESTRICTIVE COVENANTS

(a) In the event of any conflict between any provision contained elsewhere in the Land Use Restriction Agreement to which this Rider is attached (the "Restrictive Covenants") and any provision contained in this Rider, the provision contained in this Rider shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms, in addition to the terms defined in the Restrictive Covenants, shall have the following definitions:

"Code" means the Internal Revenue Code of 1986, as amended.

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

"HUD Regulatory Agreement" means the Regulatory Agreement between the Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

"Lender" means the lender of the Mortgage Loan.

"Mortgage Loan" means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.

"Mortgage Loan Documents" means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

"National Housing Act" means the National Housing Act of 1934, as amended.

"Program Obligations" has the meaning set forth in the Security Instrument.

"Residual Receipts" has the meaning specified in the HUD Regulatory Agreement.

"Security Instrument" means the mortgage or deed of trust from the Borrower in favor of Lender, as the same may be supplemented, amended or modified.

"Surplus Cash" has the meaning specified in the HUD Regulatory Agreement.

Capitalized terms not specifically defined in this Rider shall have the meanings assigned to them in the Restrictive Covenants.

(c) Notwithstanding anything in the Restrictive Covenants to the contrary, to the extent applicable, the provisions hereof are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the "HUD Requirements"). The Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Issuer's ability

to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Borrower represents and warrants that to the best of the Borrower's knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) In the event of foreclosure (or deed in lieu of foreclosure), the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate, unless the Borrower or an affiliate thereof subsequently acquires the Project Site or as otherwise approved by HUD.

(e) The Borrower and the Issuer acknowledge that the Borrower's failure to comply with the covenants provided in the Restrictive Covenants does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

(f) In enforcing the Restrictive Covenants the Issuer will not file any claim against the Project, the Mortgage Loan proceeds or any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

- i. Available surplus cash, if the Borrower is a for-profit entity;
- ii. Available distributions of surplus cash and residual receipts authorized for release by HUD, if the Borrower is a limited distribution entity;
- iii. Available residual receipts authorized by HUD, if the Borrower is a non-profit entity;
- or
- iv. A HUD-approved collateral assignment of any HAP contract.

(g) For so long as the Mortgage Loan is outstanding, the Borrower and the Issuer shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the Issuer may require the Borrower to indemnify and hold the Issuer harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Issuer relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that the Borrower's obligation to indemnify and hold the Issuer harmless shall be limited to available surplus cash and/or residual receipts of the Borrower.

(i) No action shall be taken in accordance with the rights granted herein to preserve the tax exemption of the interest on the Bonds, or prohibiting the owner from taking any action that might jeopardize the tax-exemption, except in strict accord with Program Obligations.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 8

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	A final bond resolution authorizing KCDC to issue up to \$16,150,000 of revenue bonds to support the financing of approximately 47 units of new affordable housing located at 1645 Ebenezer Road in Knoxville
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds: No funds committed with bond issuance.
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS Other – Name/Title: _____
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? This resolution authorizes KCDC to issue and sell revenue bonds in an amount up to \$16,150,000 as well as enter into various, customary agreements including but not limited to a bond purchase agreement, trust indenture, loan agreement and land use restriction agreement.</p> <p>2. Why is the action needed now? Closing of the Bluegrass bonds is expected in March and execution of this resolution is needed in advance of closing.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? DGA Residential as KCDC's ownership partner and project developer.</p> <p>4. What are the long-term and short-term exposures? Bonds being issued are not general obligation of KCDC.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	In January 2024, KCDC board approved new entity names and changes to the project documents to reflect the updated project address.
ATTACHMENTS	Resolution, site plan, LURC, loan agreement, trust indenture, BPA, and prelim offering statement

**FINAL RESOLUTION AUTHORIZING ISSUANCE OF NOT TO
EXCEED \$16,150,000
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(BLUEGRASS APARTMENTS PROJECT) SERIES 2024**

WHEREAS, the Board of Directors of Knoxville's Community Development Corporation (the "Issuer"), has met pursuant to proper notice on February 27, 2024; and

WHEREAS, DGA Bluegrass LP, a Tennessee limited partnership (the "Borrower"), has requested the Issuer to finance the acquisition, construction, and equipping of a multifamily housing rental development consisting of approximately 47 apartment units to be known as Bluegrass Apartments to be located on certain property located at 1645 Ebenezer Road in Knoxville, Tennessee (the "Project"), which project is of the character and will accomplish the purposes of Part 20 of Title 13 of the Tennessee Code Annotated, as amended (the "Act"); and

WHEREAS, the Issuer proposes to issue and sale its revenue bonds for the Project in an amount not to exceed \$16,150,000; and

WHEREAS, the Issuer previously held a public hearing with respect to the issuance of Bonds, as required under Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, there have been submitted to the Issuer at the meeting on February 27, 2024, the forms of the following instruments which the Issuer proposes to execute to carry out the transactions described above, copies of which instruments shall be filed with the records of the Issuer:

- (a) Bond Purchase Agreement (the "Purchase Agreement") by and among the Issuer, the Borrower, and the purchaser thereof (the "Bond Purchaser");
- (b) Trust Indenture (the "Indenture") between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee");
- (c) The form of the Issuer's Multifamily Housing Revenue Bonds (Bluegrass Apartments Project), Series 2024 (the "Bonds");
- (d) Loan Agreement (the "Loan Agreement") between the Issuer and the Borrower, to provide for the loan of the proceeds of the Bonds to the Borrower and for the repayment of such loan; and

(e) Land Use Restriction Agreement (the "Land Use Restriction Agreement") among the Issuer, the Trustee and the Borrower.

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

1. It is hereby found and determined that the financing of the Project will assist the Borrower in connection with its mission of providing safe, affordable housing to the citizens of the State of Tennessee, thereby improving their health and wellbeing and promoting the purposes of the Act.

2. It is hereby found to be most advantageous to sell the Bonds, upon the terms and conditions set forth in the Purchase Agreement.

3. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute and either is authorized to deliver the Purchase Agreement to the other parties thereto.

4. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute, and the Secretary or Assistant Secretary of the Issuer is authorized to attest, and either is authorized and directed to deliver the Indenture to the Trustee.

5. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute, and the Secretary or Assistant Secretary of the Issuer is authorized to attest, and either is authorized to deliver the Loan Agreement and the Land Use Restriction Agreement to the Borrower, the Trustee and the Lender.

6. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute by facsimile or manual signature, attested by the facsimile or manual signature of its Secretary or Assistant Secretary, and either is authorized and directed to deliver the Bonds to the Trustee for authentication and delivery to the Bond Purchaser thereof upon payment of the purchase price therefor.

7. The Purchase Agreement, the Indenture, the Loan Agreement, the Land Use Restriction Agreement and the Bonds shall be in substantially the forms submitted, which are hereby approved, with such completions, omissions, insertions and changes as may be approved by the officers executing them, their execution to constitute conclusive evidence of their approval of any such omissions, insertions and changes; provided, however, that the Bonds shall bear interest at a rate or rates not to exceed the maximum

amount permitted by law and the Bonds shall mature on or before twenty (20) years after the issuance thereof.

8. The Issuer hereby authorizes and approves the preparation, use and circulation of a Preliminary Official Statement and a Final Official Statement, which describes the Bonds and the financing documents related to the Bonds and which will be used to market and sell the Bonds.

9. The officers of the Issuer are hereby authorized and directed to execute, deliver and file all certificates and instruments, including Internal Revenue Service Form 8038, financing statements to evidence security interests created under the Indenture, a Tax Exemption Certificate and Agreement, and an informational statement to be filed with the State of Tennessee, and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds and the financing of the Project.

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

11. All other acts of the officers of the Issuer which are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bonds and the financing of the Project are hereby approved and confirmed.

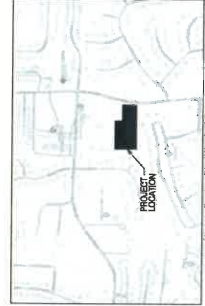
I hereby certify that attached hereto is a resolution of Knoxville's Community Development Corporation, duly and lawfully adopted by its Board of Directors on February 27, 2024, at a meeting at which a quorum was acting throughout and I furthermore certify that such resolution has not been amended or modified in any respect.

KNOXVILLE'S COMMUNITY DEVELOPMENT
CORPORATION

Secretary

37310047.1

C102



PROJECT LOCATION MAP - NOT TO SCALE

THIS INSTRUMENT PREPARED BY AND
WHEN RECORDED RETURN TO:

BASS, BERRY & SIMS PLC (JPM)
1700 Riverview Tower
900 South Gay Street
Knoxville, Tennessee 37902
(865) 521-6200

LAND USE RESTRICTION AGREEMENT

By and Among

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

and

DGA BLUEGRASS LP

DATED AS OF _____, 2024

Relating to

\$16,150,000
MULTIFAMILY HOUSING REVENUE BONDS
(BLUEGRASS APARTMENTS PROJECT)
SERIES 2024

LAND USE RESTRICTION AGREEMENT

THIS LAND USE RESTRICTION AGREEMENT (this "Agreement" or this "Land Use Restriction Agreement") is made and entered into as of _____, 2024 by and among KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a public nonprofit corporation organized and existing under the laws of the State of Tennessee (the "Issuer"), U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as trustee (the "Trustee") and DGA BLUEGRASS LP, a Tennessee limited partnership (the "Borrower").

WITNESSETH:

WHEREAS, the Issuer is duly organized and existing pursuant to the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, *et seq.*, as amended (the "Act") and is authorized and has the power to participate in mixed-finance projects to provide for the construction, reconstruction, rehabilitation, improvement, alteration or repair of housing facilities for persons of low income in the City of Knoxville, Tennessee and to issue its revenue bonds to provide funds for the financing thereof; and

WHEREAS, at the request of the Borrower, the Issuer has duly authorized the issuance of its multifamily housing revenue bonds more particularly designated as the "Knoxville's Community Development Corporation Multifamily Housing Revenue Bonds (Bluegrass Apartments Project) Series 2024" (the "Bonds") pursuant to the Act, in an aggregate principal amount not to exceed \$16,150,000 and use the proceeds thereof to finance the acquisition, construction and equipping of a 47-unit multifamily housing facility for low income citizens on that certain real property more fully described on Exhibit A hereto (collectively, the "Project Site") located in the City of Knoxville, Tennessee and to be known as "Bluegrass Apartments"; and

WHEREAS, in order for interest on the Bonds to be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and the income tax regulations (the "Regulations") and rulings with respect to the Code, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the Issuer, the Trustee and the Borrower have determined to enter into this Land Use Restriction Agreement in order to set forth certain terms and conditions relating to the acquisition, construction and equipping of the Project and in order to ensure that the Project will be used and operated in accordance with the Code;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Issuer, the Trustee and the Borrower hereby agree as follows:

Section 1. ***Definitions and Interpretation.*** The following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

"*Adjusted Income*" means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 142(d) of the Code as it shall be in effect on the Closing Date.

"*Affiliated Party*" means a limited or general partner or member of the Borrower, a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the

Code or a person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein).

"*Agreement*" or "*Land Use Restriction Agreement*" means this Land Use Restriction Agreement dated as of _____, 2024 by and among the Issuer, the Trustee and the Borrower, as it may be amended from time to time.

"*Applicable Income Limit*" shall mean, as of any date as of which determined, 60% or less of area median gross income as most recently determined pursuant to Section 142(d)(2)(B) of the Code.

"*Area*" shall mean the geographic area with respect to which the Applicable Income Limit is determined pursuant to Section 142(d)(2)(B) of the Code.

"*Authorized Borrower Representative*" means any person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower, which certificate may designate an alternate or alternates.

"*Available Units*" means Units in the Project that are actually occupied and Units in the Project that are unoccupied and have been leased at least once after becoming available for occupancy, provided that (a) in the case of an acquisition of an existing residential rental project, a Unit that is unoccupied on the later of (i) the date the Project is acquired or (ii) the issue date of the Bonds is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such date, and (b) a Unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been leased for the first time after the renovations are completed.

"*Bond Counsel*" means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and the tax-exempt nature of interest on, obligations issued by states and their political subdivisions by the Issuer and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia, but shall not include counsel for the Borrower or the Trustee.

"*Bondholder*" or "*holder*" or "*owner*" means, when used with respect to the Bonds, the owner of a Bond then outstanding under the Indenture as shown on the registration books maintained by the Trustee pursuant to the Indenture.

"*Bonds*" means Knoxville's Community Development Corporation Multifamily Housing Revenue Bonds (Bluegrass Apartments Project) Series 2024, in an aggregate principal amount not to exceed \$16,150,000.

"*Borrower*" means DGA Bluegrass LP, a Tennessee limited partnership, and its permitted successors and assigns.

"*Certificate of Continuing Compliance*" means the Certificate of Continuing Program Compliance to be filed annually by the Borrower with the Trustee at the times specified in Section 3(c) of this Land Use Restriction Agreement, such report to contain the information set forth in and to be in substantially the form attached hereto as Exhibit B.

"*Closing Date*" means the date of issuance of the Bonds.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Costs of Issuance" means costs of issuing the Bonds as defined in the Indenture.

"Determination of Taxability" shall mean either (a) receipt by the Trustee of an Opinion of Bond Counsel to the effect that an Event of Taxability has occurred with respect to the Bonds, or (b) receipt of a written notice by the Trustee from any Bondholder or the Commissioner or any District Director of Internal Revenue that the Internal Revenue Service has issued a written notice of deficiency, proposed notice of deficiency or assessment by the Commissioner or any District Director of Internal Revenue asserting that the interest paid or payable on any Bond to any person is or was includable in the gross income of the holder thereof for federal income tax purposes under Section 103 of the Code provided that no Determination of Taxability shall be deemed to have occurred under subparagraph (b) of this definition unless the Borrower has been afforded the reasonable opportunity to contest any such notice of deficiency or assessment and no Determination of Taxability shall occur until such contest by the Borrower, if made, has been finally determined (with no further right of appeal); provided that unless such final determination shall be obtained within two years of the receipt of such notice or assessment, a Determination of Taxability shall be deemed to occur unless, prior to the end of such two year period and prior to the end of each subsequent year in which a contest continues, the Trustee shall have received an Opinion of Bond Counsel to the effect that the interest on the Bonds is not includable in the gross income of any Holder or former Holder for federal income tax purposes.

"Dwelling Units" means the units of multi-family residential rental housing comprising the Project.

"Functionally Related and Subordinate" means and includes facilities for use by tenants, for example, laundry facilities, parking areas and recreational facilities, provided that the same are of a character and size commensurate with the character and size of the Project.

"Housing Act" means the United States Housing Act of 1937, as amended, or its successor.

"Income Certification" means a Verification of Income in the form attached hereto as Exhibit C.

"Indenture" means the Trust Indenture dated as of March 1, 2024 between the Issuer and the Trustee, relating to the issuance of the Bonds, and any indenture supplemental thereto.

"Investor Admission Date" has the meaning set forth in the Indenture.

"Investor Limited Partner" has the meaning set forth in the Indenture.

"Issuer" means Knoxville's Community Development Corporation.

"Issuer Loan" means the loan made by the Issuer to the Borrower of the Bond proceeds for the purpose of financing the acquisition, construction and equipping of the Project evidenced by the Loan Agreement.

"Loan Agreement" means the Loan Agreement dated as of March 1, 2024, between the Issuer and the Borrower, as it may be amended from time to time.

"Low Income Tenant" means a tenant whose Adjusted Income does not exceed limits determined in a manner consistent with determinations of lower income families under Section 8 of the Housing Act, except that the percentage of median gross income that qualifies as lower income shall be 60% of median gross income for the Area with adjustments for family size. If all the occupants of a unit are students (as

defined under Section 151(c) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not qualify as Low Income Tenants. The determination of a tenant's status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Tenant and annually thereafter and at any time the Borrower has knowledge that the number of occupants in that unit has increased, on the basis of an Income Certification executed by the tenant. Section 7872(g) of the Code shall not apply in determining the income of individuals for purposes of this paragraph.

"*Low Income Units*" means the units in the Project required to be rented to, or held available for occupancy by, Low Income Tenants pursuant to Section 3(b) hereof.

"*Project*" means the Project Facilities and the Project Site.

"*Project Facilities*" means the buildings, structures and other improvements on the Project Site to be constructed and/or improved by the Borrower, and all fixtures and other property owned or leased by the Borrower and located on, or used in connection with, such buildings, structures and other improvements constituting the Project.

"*Project Site*" means the parcel or parcels of real property described in Exhibit A hereto, and all rights and appurtenances thereunto appertaining.

"*Qualified Project Period*" means the period beginning on the first day on which 10% of the units in the Project are first occupied and ending on the latest of (a) the date which is 15 years after the date on which fifty percent (50%) of the units were first occupied, or (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project, including the Bonds, is outstanding or (c) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 terminates.

"*Regulations*" means the Income Tax Regulations promulgated or proposed (if deemed appropriate in the opinion of Bond Counsel) by the Department of the Treasury pursuant to the Code from time to time.

"*Tax-exempt*" means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes (other than interest on any Bond for any period during which such Bond is held by a "substantial user" of any facility financed with the proceeds of the Bonds or a "related person," as such terms are used in Section 147(a) of the Code); provided, however, that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

"*Trustee*" means U.S. Bank Trust Company, National Association, or any successor Trustee serving as such under the Indenture.

"*Unit*" shall mean a "unit," as defined in 26 C.F.R. § 1.103-8(b)(8), comprising a portion of any of the Project rented or held available for rental to tenants.

Unless the context clearly requires otherwise, as used in this Land Use Restriction Agreement, words of the masculine, feminine or neuter gender shall be construed to include each other gender and words of the singular number shall be construed to include the plural number, and vice versa. This Land Use Restriction Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Land Use Restriction Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1, notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Land Use Restriction Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Land Use Restriction Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

Section 2. ***Residential Rental Property.*** The Borrower hereby acknowledges and agrees that the Project will be owned, leased, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of this Land Use Restriction Agreement, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project has been developed for the purpose of providing multi-family residential rental property, and the Borrower will operate the Project (or cause the Project to be operated) as a project to provide multi-family residential rental property comprising a building or structure or several interrelated buildings or structures, together with any Functionally Related and Subordinate facilities, and no other facilities in accordance with Section 142(d) of the Code and Section 1.103-8(b) of the Regulations and the Act, as the same shall be amended from time to time, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the Dwelling Units in the Project are similarly constructed units, and each Dwelling Unit in the Project will be separate and distinct from every other Dwelling Unit and contains complete facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range (or a multiple-burner cooktop and a convection microwave oven), a sink and a refrigerator.

(c) None of the Dwelling Units in the Project will at any time be utilized on a transient basis; none of the Dwelling Units in the Project have been or will be leased or rented for a period of less than six months; and neither the Project nor any portion thereof have been or will be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, trailer park, trailer court, mobile home park, or recreational vehicle park or by a cooperative housing corporation (as defined in section 216(b)(1) of the Code).

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses.

(e) Each Dwelling Unit will be available for rental on a continuous basis to members of the general public on a nontransient basis, and the Borrower has not and will not give preference to any particular class or group (other than the elderly) in renting the Dwelling Units in the Project, except to the extent that Dwelling Units are required to be leased or rented to Low Income Tenants.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, which have similarly constructed units financed pursuant to a common plan, together with Functionally Related

and Subordinate facilities which shall be owned (for federal tax purposes) by the Borrower or a Related Person as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that if the Project contains five or more Dwelling Units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit by one or more resident managers or maintenance personnel any of whom may be the Borrower.

(h) The Borrower shall not discriminate on the basis of race, religion, creed, color, ethnic group identification, sex, source of income (e.g., AFDC, SSI), mental or physical disability, national origin or marital status in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(i) The Borrower will accept as tenants, on the same basis as all other prospective tenants, persons who are holders of vouchers or certificates for federal housing assistance payments for existing housing pursuant to Section 8 of the Housing Act ("Section 8") or a successor federal program, and, in connection therewith, the Borrower has not and will not apply tenant selection criteria to such voucher or certificate holders which are more burdensome than the criteria applied to any other prospective tenants.

(j) The Borrower will not discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under any federal, state or local program or on the basis that they have a minor child or children living with them.

Section 3. ***Low Income Tenants; Records and Reports.*** Pursuant to the requirements of the Code, the Borrower hereby represents, warrants and covenants as follows:

(a) Within 30 days after the commencement of the Qualified Project Period, the Borrower shall execute and deliver to the Trustee a copy of a certificate identifying the beginning date and earliest ending date of the Qualified Project Period, in substantially the form attached as Exhibit D hereto.

(b) The Borrower will rent (or will cause the Project to be rented) on a continuous basis to Low Income Tenants at least 40% of the Available Units in the Project; provided, however, that, as provided in Section 142(d)(3)(B) of the Code, any Available Unit occupied by a Low Income Tenant at the commencement of occupancy shall continue to be treated as if occupied by a Low Income Tenant during tenancy of such Available Unit by such Low Income Tenant even though such Low Income Tenant may subsequently cease to be a Low Income Tenant, so long as the Adjusted Income of such Low Income Tenant as of the most recent certification pursuant to subsection (c) below does not exceed 140% of the Applicable Income Limit as of such certification. In the event that the Adjusted Income of a Low Income Tenant shall exceed 140% of such Applicable Income Limit, if (treating such tenant as if it were not a Low Income Tenant) less than 40% of the Available Units in the Project are occupied by Low Income Tenants, the Borrower shall rent (or cause to be rented) the next Available Unit in the Project of comparable or smaller size to a Low Income Tenant (provided, however, that any Available Unit in the Project of a larger size may be rented to a tenant who is not a Low Income Tenant if such Available Unit was previously occupied by such a tenant) and, upon renting such Available Unit to such Low Income Tenant, the Borrower shall make a new certification pursuant to subsection (c). In addition, any Available Unit vacated by a Low Income Tenant shall be treated as being occupied by such vacating Low Income

Tenant until reoccupied by another tenant (other than occupancy for 31 days or less) at which time the character of the Available Unit shall be redetermined, provided that reasonable attempts are made to rent the Available Unit and no other Available Units of comparable or smaller size in the Project are rented to a tenant who is not a Low Income Tenant before such Available Unit is rented. Notwithstanding the foregoing, unless more than 90 percent of the Units in the Project are not Available Units at any time within 60 days after the later of (i) the date the Project is acquired by the Borrower or (ii) the issue date of the Bonds, for a period of 12 months beginning on the issue date of the Bonds (the "Transition Period"), the failure to satisfy the requirements described above will not cause the Project to not be a qualified residential rental project (as defined in the Code), provided, in any event, the Borrower shall satisfy the Low Income Tenant requirements described above no later than the end of such Transition Period.

(c) The Borrower will obtain, complete, and maintain on file Income Certifications (substantially in the form attached hereto as Exhibit C) from each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Project and (ii) thereafter, annual Income Certifications which must be filed no later than each February 1. The Borrower will obtain such additional information as may be required in the future by the Issuer and by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-exempt under Section 142(d) of the Code. A rent roll showing the Low Income Tenants in the Project, their most recent certified incomes and their unit numbers together with, if requested by the Trustee, a copy of the most recent Income Certification for Low Income Tenants commencing or continuing occupation of a Low and Moderate Income Unit (and not previously filed with the Trustee) shall be attached to the Certificate of Continuing Compliance which is to be filed with the Trustee no later than February 15 of each calendar year following the date hereof, until the end of the Qualified Project Period. The Borrower shall make a good faith effort to verify that the income information provided by an applicant in an Income Certification is accurate by taking one or more of the following steps as part of the verification process: (1) obtain a pay stub for the most recent pay period, (2) obtain an income tax return for the two most recent tax years, (3) conduct a TRW or similar search or (4) contact the applicant's current employer.

(d) The Borrower will maintain complete and accurate records pertaining to the Low Income Units and will with reasonable notice permit any duly authorized representative of the Issuer, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(e) On or before each January 15 during the Qualified Project Period the Borrower has and will submit to the Trustee a draft of the completed Internal Revenue Code Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Project continues to meet the requirements of Section 142(d) of the Code. On or before each February 1 during the Qualified Project Period the Borrower will submit such completed form to the Secretary of the Treasury.

(f) Each lease or rental agreement pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the income certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit, and that any material misstatement in such certification (whether or not intentional) will be cause for immediate termination of such lease or rental agreement. Each such

lease or rental agreement shall also provide that the tenant's income is subject to annual certification in accordance with Section 3(c) hereof and to recertification if the number of occupants in the units increases.

(g) At the request of the Borrower, the Issuer elects that the requirements of subparagraph (B) of Section 142(d)(1) of the Code (the "40-60 Test") be applied to the Project.

Section 4. ***Tax-exempt Status of the Bonds.*** The Borrower makes the following representations, warranties and agreements for the benefit of the holders of the Bonds from time to time:

(a) The Borrower will not take or permit actions within its control, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-exempt nature of the interest on the Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take any lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Borrower will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-exempt under Section 142(d) of the Code.

(c) The Borrower will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Trustee, with a copy to the Borrower, in order to ensure that the requirements and restrictions of this Land Use Restriction Agreement will be binding upon it and all owners of the Project, including, but not limited to, the execution and recordation of this Land Use Restriction Agreement in the land records of the Register's Office of Knox County, Tennessee.

(d) The Borrower will not enter into any agreements which would result in the payment of principal or interest on the Bonds being "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Subject to Section 9 hereof, the Borrower hereby covenants to include the requirements and restrictions contained in this Land Use Restriction Agreement in any documents transferring any interest in the Project prior to the expiration of the Qualified Project Period to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of this Land Use Restriction Agreement.

Section 5. ***Modification of Covenants.*** The Borrower, the Trustee and the Issuer hereby agree as follows:

(a) To the extent any amendments to the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Issuer and with the Trustee, who shall deliver a copy thereof to the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Land Use Restriction Agreement in order to maintain the Tax-exempt status of interest on the Bonds, this Agreement shall be deemed to be automatically amended, without the consent or approval of any other person, to impose such additional or more

restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Land Use Restriction Agreement, this Land Use Restriction Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment will not affect the Tax-exempt status of interest on the Bonds.

(c) The Borrower, the Issuer and, if applicable, the Trustee shall execute, deliver and, if applicable, file of record any and all documents and instruments necessary to effectuate the intent of this Section 5, and the Issuer hereby appoints the Trustee as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Issuer, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if the Issuer defaults in the performance of its obligations under this subsection (c); provided, however, that unless directed in writing by the Issuer, the Trustee shall take no action under this subsection (c) without first notifying the Issuer and without first providing the Issuer an opportunity to comply with the requirements of this Section 5. Nothing in this Section 5(c) shall be construed to allow the Trustee to execute an amendment to this Land Use Restriction Agreement on behalf of the Issuer.

Section 6. **Indemnification.** The Borrower shall indemnify and hold harmless the Issuer and the Trustee and their respective officers, directors, members, supervisors, directors, officials, agents and employees and each of them against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to (a) the design, construction, rehabilitation, installation, operation, use, occupancy, maintenance, or ownership of the Project (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto), or (b) any written statements or representations with respect to the Borrower, the Project, or the Bonds made or given to the Issuer or the Trustee, or any underwriters or purchasers of any of the Bonds, or any tenants or applicants for tenancy in the Project or any other person, by the Borrower, or any Authorized Borrower Representative, including, but not limited to, statements or representations of facts, financial information or partnership affairs. The Borrower also shall pay and discharge and shall indemnify and hold harmless the Issuer and the Trustee from (i) any lien or charge upon payments by the Borrower to the Issuer and the Trustee hereunder and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes, if applicable), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Issuer or the Trustee shall give prompt notice to the Borrower and the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion, provided that the Issuer and the Trustee shall have the right to review and approve or disapprove any such compromise or settlement. In addition thereto, the Borrower will pay upon demand all of the reasonable fees and expenses, including, without limitation, attorneys' fees and expenses paid or incurred by the Trustee and/or the Issuer in enforcing the provisions hereof against the Borrower. Notwithstanding anything to the contrary contained in the Bond Documents, Borrower shall not indemnify or hold harmless the Issuer, the Trustee, and/or the respective officers, directors, members, supervisors, directors, officials, agents and employees and each of them (each an "Indemnified Party") against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, reasonable attorneys' fees, litigation and court costs,

amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to the gross negligence or intentional misconduct of any Indemnified Party.

Promptly after receipt by any party entitled to indemnification under this Section 6 of notice of the commencement of any suit, action or proceeding, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 6, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 6 or from any liability under this Section 6, unless the failure to provide notice prejudices the defense of such suit, action or proceeding. In case any such action is brought against any indemnified party, and it notifies the indemnifying party, the indemnifying party shall be entitled to participate in, and to the extent that it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party (but shall not be required), to assume, the defense thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and otherwise to participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party shall not be liable to such indemnified party under this Section 6 for any attorneys' fees or expenses subsequently incurred by such indemnified party in connection with defense thereof unless (i) the indemnified party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence, or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel to represent the indemnified party at the expense of the indemnifying party.

Section 7. **Consideration.** The Issuer has issued the Bonds to provide funds to finance the Project, all for the purpose, among others, of inducing the Borrower to operate the Project. In consideration of the issuance of the Bonds by the Issuer, the Borrower has entered into this Land Use Restriction Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 8. **Reliance.** The Borrower hereby recognizes and agrees that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the exemption from federal income taxation of the interest on the Bonds. In performing their duties and obligations hereunder, the Issuer and the Trustee may rely upon statements and certificates of the Low Income Tenants, and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Issuer and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Issuer or the Trustee hereunder in good faith and in conformity with such opinion. In determining whether any default or lack of compliance by the Borrower exists under this Land Use Restriction Agreement, the Trustee may, but shall not be required to, conduct any investigation into or review of the operations or records of the Borrower and may rely solely on any written notice or certificate delivered to the Trustee by the Borrower or the Issuer with respect to the occurrence or absence of a default, unless it knows that the notice or certificate is erroneous or misleading.

Section 9. **Sale or Transfer of the Project.** Except for the transfer of the Project to the Borrower or a transfer of the Project pursuant to a foreclosure or a deed in lieu of foreclosure or a similar event where

this Agreement terminates pursuant to the provisions of Section 10(c), the Borrower covenants and agrees that the Borrower will cause or require as a condition precedent to any conveyance, transfer, assignment or any other disposition of the Project prior to the termination of the Qualified Project Period provided herein (the "Transfer") that the transferee of the Project, pursuant to the Transfer, assume in writing, in a form acceptable to the Issuer and the Trustee, all duties and obligations of the Borrower under this Agreement, including this Section 9 in the event of a subsequent Transfer by the transferee prior to expiration of the Qualified Project Period provided herein (the "Assumption Agreement"). The Borrower shall deliver the Assumption Agreement to the Issuer prior to the Transfer. No Transfer shall operate to release the Borrower from its obligations under this Agreement, arising before the date of the Transfer. A transfer between the Borrower and The Health, Educational and Housing Facility Board of the County of Knox in order to facilitate a payment in lieu of taxes agreement under which the Borrower remains the owner of the Project for federal tax purposes shall not be a Transfer for purposes of this Agreement. Furthermore, a transfer from The Health, Educational and Housing Facility Board of the County of Knox to the Borrower upon the Borrower's exercise of a purchase option in connection with the payment in lieu of taxes agreement shall not be a Transfer for purposes of this Agreement.

Section 10. *Term.*

(a) This Land Use Restriction Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, and shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 10, shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Issuer Loan and termination of the Indenture and the Loan Agreement.

(b) Notwithstanding the foregoing, the provisions of Section 6 hereof shall, in the case of the Trustee, survive the term of this Land Use Restriction Agreement or the replacement of the Trustee, but only as to claims arising from events occurring during the term of this Agreement or the Trustee's tenure as Trustee under the Indenture, and shall, in the case of the Issuer, survive the term of this Agreement, but only as to claims arising from events occurring during the term of this Agreement.

(c) The terms of this Land Use Restriction Agreement to the contrary notwithstanding, the requirements set forth herein shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Land Use Restriction Agreement caused by fire, seizure, requisition, foreclosure or transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer or the Trustee from enforcing the provisions hereof, or condemnation or a similar event, but only if, within a reasonable period thereafter, either the portion of the Bonds attributable to the Project is retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 5 of this Land Use Restriction Agreement. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, the Borrower or any related person (within the meaning of Section 147(a)(2) of the Code) obtains an ownership interest in the Project for tax purposes; provided, however, that any reinstatement of such provisions shall only be in effect during any period of time such Borrower or related person holds such ownership interest. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed in lieu of foreclosure or similar event, neither the Borrower nor any related person as described above (other than a limited partner of the Borrower or any related person (within the meaning of Section

147(a)(2) of the Code) to such limited partner that is otherwise subject to the immediately preceding sentence) will obtain an ownership interest in the Project for tax purposes.

(d) Upon the termination of the terms of this Land Use Restriction Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof (which shall be prepared, completed and recorded at the expense of the Borrower); provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Agreement in accordance with its terms.

Section 11. ***Covenants To Run With the Land.*** The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Land Use Restriction Agreement. The Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower's successors in title to the Project; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments.

No breach of any of the provisions of this Agreement shall impair, defeat or render invalid the lien of any mortgage, deed of trust or like encumbrance made in good faith and for value encumbering the Project or any portion thereof.

Section 12. ***Burden and Benefit.*** The Issuer and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Project is rendered less valuable thereby. Subject to Section 22 hereof, the Issuer and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

Section 13. ***Uniformity; Common Plan.*** The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Project Site.

Section 14. ***Default; Enforcement.*** If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Land Use Restriction Agreement, and if such default remains uncured for a period of 30 days after written notice thereof shall have been given by the Issuer or the Trustee to the Borrower, then the Trustee shall declare an "Event of Default" to have occurred hereunder provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 30 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 30 days and diligently pursues such action until the default is corrected, and (ii) in the opinion of Bond Counsel, the failure to cure said default within 30 days will not adversely affect the Tax-exempt status of interest on the Bonds.

The Issuer and the Trustee each agree that the Investor Limited Partner may act to cure any default hereunder and that they shall accept such cure as though made by the Borrower.

Following the declaration of an Event of Default hereunder, the Trustee may, at its option and subject to the provisions of the Indenture, take any one or more of the following steps:

(i) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee hereunder;

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; and

(iii) enforce the obligations, covenants and agreements of the Borrower hereunder by an action for specific performance.

The Trustee shall have the right, in accordance with this Section 14 and the provisions of the Indenture, subject to such consent, approval or knowledge of the Issuer or other third parties as the Indenture may require, to exercise any or all of the rights or remedies of the Issuer hereunder, provided that prior to taking any such act the Trustee shall give the Issuer written notice of its intended action. All fees, costs and expenses of the Trustee incurred in taking any action pursuant to this Section 14 shall be the sole responsibility of the Borrower.

After the Indenture has been discharged, the Issuer may act on its own behalf to declare an "Event of Default" to have occurred and to take any one or more of the steps specified hereinabove to the same extent and with the same effect as if taken by the Trustee.

In the event the Borrower shall fail to submit to the Trustee the Income Certifications or the Certificates of Continuing Program Compliance at the times set forth in Section 3 hereof and the Issuer or the Trustee shall determine to inspect the books and records of the Borrower to determine whether the Borrower is in compliance with the terms of this Land Use Restriction Agreement, the Borrower shall, upon demand by the Issuer or the Trustee, pay all expenses and costs of the Issuer and the Trustee in determining whether or not the Borrower is in compliance with the terms of this Land Use Restriction Agreement.

Section 15. ***The Trustee.*** The Trustee shall act as specifically provided herein and in the Indenture. The Trustee is entering into this Land Use Restriction Agreement solely in its capacity as trustee under the Indenture, and the duties, powers, rights and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture.

After the date on which no Bonds remain outstanding as provided in the Indenture, the Trustee shall no longer have any duties or responsibilities under this Land Use Restriction Agreement and all references to the Trustee in this Land Use Restriction Agreement shall be deemed references to the Issuer.

Section 16. ***Recording and Filing.*** After the closing of the Mortgage Loan (as defined in the Indenture), the Borrower shall cause this Land Use Restriction Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the land records of Knox County, Tennessee and in such other places as the Issuer or the Trustee may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. This Land Use Restriction Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and the Issuer as grantee.

Section 17. ***Governing Law.*** This Land Use Restriction Agreement shall be governed by the laws of the State of Tennessee. The Trustee's rights, duties and obligations hereunder are governed in their entirety by the terms and provisions of the Indenture.

Section 18. **Amendments.** This Land Use Restriction Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title (except as otherwise provided in Section 5(a)), and duly recorded in the land records of Knox County, Tennessee and only upon receipt by the Issuer of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-exempt status of interest on the Bonds and is not contrary to the provisions of the Act.

Anything to the contrary contained herein notwithstanding, the Issuer, the Trustee and the Borrower hereby agree to amend this Agreement to the extent required, in the opinion of Bond Counsel, in order that interest on the Bonds remain Tax-exempt. The party or parties requesting such amendment shall notify the other parties to this Land Use Restriction Agreement of the proposed amendment, with a copy of such requested amendment to Bond Counsel and a request that such Bond Counsel render to the Issuer an opinion as to the effect of such proposed amendment upon the Tax-exempt status of interest on the Bonds.

Section 19. **Notices.** Any notice required to be given hereunder shall be made in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

To the Issuer: Knoxville's Community Development Corporation
901 N. Broadway
Knoxville, Tennessee 37917
Attention: Chair

To the Trustee: U.S. Bank Trust Company, National Association
333 Commerce Street, Suite 800
Nashville, Tennessee 37201
Attention: Wallace Duke

To the Borrower: DGA Bluegrass LP
c/o DGA Bluegrass Apartments GP, LLC
6305 Kingston Pike
Knoxville, Tennessee 37919
Attention: Craig Cobb

with copies to: DGA Bluegrass LP
c/o Bluegrass GP Corporation
901 N. Broadway
Knoxville, Tennessee 37917
Attention: President

with copies to: Bass, Berry & Sims PLC
1700 Riverview Tower
900 S. Gay Street
Knoxville, Tennessee 37902
Attention: Russell Stair

To the Investor Limited Partner:

Before the Investor
Admission Date:

Knoxville's Community Development Corporation
901 N. Broadway
Knoxville, Tennessee 37917
Attention: Chair

On or after the Investor
Admission Date:

Attention: _____

With a copy to:

Attention: _____

Notice shall be deemed given three Business Days after the date of mailing.

Section 20. **Severability.** If any provision of this Land Use Restriction Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

Section 21. **Multiple Counterparts.** This Land Use Restriction Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Section 22. **Benefits of Land Use Restriction Agreement.** Except for the U.S. Secretary of Housing and Urban Development who is declared to be a third party beneficiary of Section 23 of this Land Use Restriction Agreement and except for the Investor Limited Partner, nothing in this Land Use Restriction Agreement, expressed or implied, shall give to any person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Land Use Restriction Agreement.

Section 23. **HUD Required Provisions.** This Land Use Restriction Agreement is made subject to the provisions of the HUD Rider to Restrictive Covenants ("Rider") attached hereto as Exhibit E, and the parties agree to comply with the terms thereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have executed this Land Use Restriction Agreement by duly authorized representatives, all as of the date first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: _____
Scott Broyles, Vice Chair

ACKNOWLEDGMENT

STATE OF TENNESSEE)
) SS.
COUNTY OF KNOX)

PERSONALLY APPEARED BEFORE ME, the undersigned authority in and for the said county and state on this ____ day of _____, in the year 2024, within my jurisdiction, the within named Scott Broyles, who acknowledged that he is Vice Chair of KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, and that in said representative capacity he executed the above and foregoing instrument after having first been duly authorized to do so.

Given under my hand and official seal this ____ day of _____, 2024.

[SEAL]

My Commission Expires:

Notary Public

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,
as Trustee

By: _____
Wallace Duke, Vice President

ACKNOWLEDGMENT

STATE OF _____)
) SS.
COUNTY OF _____)

PERSONALLY APPEARED BEFORE ME, the undersigned authority in and for the said county and state on this ____ day of _____, 2024, within my jurisdiction, the within named WALLACE DUKE, who acknowledged that he is the Vice President of U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, and that in said representative capacity he executed the above and foregoing instrument after having first been duly authorized to do so.

Given under my hand and official seal this ____ day of _____, 2024.

[SEAL]

Notary Public

My Commission Expires:

DGA BLUEGRASS LP

By: Bluegrass GP Corporation, a Tennessee
corporation, its General Partner

By: _____
Benjamin M. Bentley, President

ACKNOWLEDGMENT

STATE OF TENNESSEE)
) SS.
KNOX COUNTY)

Before me, the undersigned authority, a Notary Public in and for said county and state, personally appeared Benjamin M. Bentley, with whom I am personally acquainted, who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the President of Bluegrass GP Corporation, a Tennessee corporation, which is the General Partner of DGA Bluegrass LP, a Tennessee limited partnership, and is authorized by the corporation to execute this instrument on behalf of the corporation.

WITNESS my hand, at office, this ____ day of _____, 2024.

Notary Public

My Commission Expires:

EXHIBIT A
DESCRIPTION OF PROJECT SITE

LEGAL DESCRIPTION
(Bluegrass Apartments)

EXHIBIT B
CERTIFICATE OF CONTINUING COMPLIANCE

FOR THE YEAR ENDING _____

\$16,150,000

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(BLUEGRASS APARTMENTS PROJECT)
SERIES 2024

The undersigned, being the Authorized Borrower Representative of DGA Bluegrass LP, a Tennessee limited partnership ("Borrower"), has read and is thoroughly familiar with the provisions of the various documents entered into by the Borrower with respect to the issuance of the captioned bonds by Knoxville's Community Development Corporation (the "Issuer"), including, without limitation, the Land Use Restriction Agreement, dated as of _____, 2024, among the Borrower, the Issuer and U.S. Bank Trust Company, National Association, as Trustee (the "Land Use Restriction Agreement").

As of the date of this certificate the following percentages of completed residential units in the Project (i) are occupied by Low Income Tenants (as such term is defined in the Land Use Restriction Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants: _____%
Unit Nos. _____

Vacant Units: _____%
Unit Nos. _____

Low Income Tenants who commenced
occupancy of units during the
preceding year: Unit Nos. _____

Attached is a separate sheet (the "Occupancy Summary") listing, among other items, the following information for each unit in the Project: the number of each unit, the occupants of each unit and the size, in square feet, of each unit. The information contained thereon is true and accurate.

The undersigned hereby certifies that (1) a review of the activities of the Borrower during such year and of the Borrower's performance under the Loan Agreement has been made under the supervision of the undersigned; (2) to the best of the knowledge of the undersigned, based on the review described in clause (1) hereof, the Borrower is not in default under any of the terms and provisions of the above documents [or describe the nature of any default in detail and set forth the measures being taken to remedy such default]; and (3) to the knowledge of the Borrower, no Determination of Taxability (as such term is defined in the Land Use Restriction Agreement) has occurred [or, if a Determination of Taxability has occurred, set forth all material facts relating thereto].

DGA BLUEGRASS LP

By: _____
Authorized Borrower Representative

EXHIBIT C

INCOME COMPUTATION AND CERTIFICATION

NOTE TO BORROWER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR 813). You should make certain that this form is at all times up to date with the HUD Regulations.

Re: [PROJECT]

I/We, the undersigned, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit being applied for in the above apartment project. Listed below are the names of all persons who intend to reside in the unit:

1. Name of Members of the Household	2. Relationship to Head of Household	3. Age	4. Social Security Number	5. Place of Employment
_____	HEAD	_____	_____	_____
_____	SPOUSE	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

INCOME COMPUTATION

6. The total anticipated income, calculated in accordance with the provisions of this paragraph 6, of all persons over the age of 18 years listed above for the 12-month period, beginning the date that I/we plan to move into a unit is \$_____.

Included in the total anticipated income listed above are:

(a) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services before payroll deductions;

(b) the net income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization of capital indebtedness or any allowance for depreciation of capital assets);

(c) interest and dividends (including income from assets included below);

(d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including any lump sum payment for the delayed start of a periodic payment;

(e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;

(f) the maximum amount of public assistance available to the above persons other than the amount of any assistance specifically designated for shelter and utilities;

(g) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(h) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household or spouse; and

(i) any earned income tax credit to the extent that it exceeds income tax liability.

Excluded from such anticipated income are:

(a) casual, sporadic or irregular gifts;

(b) amounts which are specifically for or in reimbursement of medical expenses;

(c) lump sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlement for personal or property losses;

(d) amounts of educational scholarships paid directly to the student or the educational institution, and amounts paid by the government to a veteran, for use in meeting the costs of tuition, fees, books and equipment (any amounts of such scholarships or payments to veterans not used for the above purposes are to be included in income);

(e) special pay to a household member who is away from home and exposed to hostile fire;

(f) relocation payments under Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;

(g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1977;

(i) payments to volunteers under the Domestic Volunteer Service Act of 1973; payments received under the Alaska Native Claims Settlement Act;

(j) income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;

(k) payments or allowances made under the Department of Health and Human Services' Low Income Home Energy Assistance Program;

(l) payments received from the Job Training Partnership Act;

(m) income derived from the disposition of funds of the Grand River Band of Ottawa Indians;
and

(n) the first \$2,000 of per-capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims.

7. Do the persons whose income or contributions are included in item 6 above:

(a) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles and interests in Indian trust land)?
_____ Yes _____ No; or

(b) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value?
_____ Yes _____ No

(c) If the answer to (a) or (b) above is yes, does the combined total value of all such assets owned or disposed of by all such persons total more than \$5,000?
_____ Yes _____ No

(d) If the answer to (c) above is yes, state:

(1) _____ the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy in the unit that you propose to rent: \$_____, and

(2) _____ the amount of such income, if any, that was included in item 6 above: \$_____.
_____.

8. (a) Are all of the individuals who propose to reside in the unit full-time students.*?

_____ Yes _____ No

* A full-time student is an individual enrolled as a full-time student during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance and is not an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

(b) If the answer to 8(a) is yes, are at least two of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return?

_____Yes _____No

9. Neither myself nor any other occupant of the unit I/we propose to rent is the owner of the rental housing project in which the unit is located (hereinafter the "Borrower"), has any family relationship to the Borrower or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member, ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trustee held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

10. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit, and I/we declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

11. I/we will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding calendar year.

12. I/we acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit and will entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/we declare under penalty of perjury that the foregoing is true and correct.

Executed this ____ day of _____ in Knox County, Tennessee.

Applicant

Applicant

[Signature of all persons over the age of 18 years listed in number 2 above required]

FOR COMPLETION BY BORROWER ONLY:

1. Calculation of eligible income:

- a. Enter amount entered for entire household in 6 above: \$ _____
- b. (1) If the amount entered in 7(c) above is greater than \$5,000, enter the total amount entered in 7(d)(1), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$ _____);
- (2) Multiply the amount entered in 7(c) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(c) would be if invested in passbook savings (\$ _____), subtract from that figure the amount entered in 7(d)(2) and enter the remaining balance (\$ _____);
- (3) Enter at right the greater of the amount calculated under (1) or (2) above: \$ _____
- c. TOTAL ELIGIBLE INCOME (Line 1.a plus line 1.b(3)): \$ _____

2. The amount entered in 1.c:

_____ Qualifies the applicant(s) as a Low Income Tenant(s).

_____ Does not qualify the applicant(s) as a Low Income Tenant(s).

3. Number of apartment unit assigned: _____
Bedroom Size: _____ Rent: \$ _____

4. This apartment unit [was/was not] last occupied for a period of 31 consecutive days by persons whose aggregate anticipated annual income as certified in the above manner upon their initial occupancy of the apartment unit qualified them as Low Income Tenants.

5. Method used to verify applicants income:
_____ Employer income verification.
_____ Copies of tax returns.
_____ Other (_____)

Manager

INCOME VERIFICATION
(for employed persons)

The undersigned employee has applied for a rental unit located in Bluegrass Apartments in the City of Knoxville, Tennessee, for persons of low and moderate income. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual Wages	\$ _____
Overtime	_____
Bonuses	_____
Commissions	_____
Total current income	\$ _____

I hereby certify that the statements above are true and complete to the best of my knowledge.

_____	_____	_____
Signature	Date	Title

I hereby grant you permission to disclose my income in order that the owner of Bluegrass Apartments in the City of Knoxville, Tennessee may determine my income eligibility for rental of an apartment located therein.

_____	_____
Signature	Date

Please send to:

INCOME VERIFICATION
(for self-employed persons)

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding calendar year and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature

Date

EXHIBIT D

CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD

\$16,150,000
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(BLUEGRASS APARTMENTS PROJECT)
SERIES 2024

The undersigned acknowledges that the Qualified Project Period for the Project commenced on _____, 20____ and will terminate no earlier than _____, _____, the date which is 15 years after the commencement of the Qualified Project Period. Terms used but not defined herein shall have the meanings assigned thereto in that certain Land Use Restriction Agreement dated as of _____, 2024 among Knoxville's Community Development Corporation, DGA Bluegrass LP and U.S. Bank Trust Company, National Association, as Trustee.

Dated: _____, 20____

DGA BLUEGRASS LP

By: _____
Authorized Borrower Representative

[Counterpart Signature Page to Continuing Disclosure Agreement]

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

\$16,150,000.*

**Knoxville's Community Development Corporation
Multifamily Housing Revenue Bonds
(Bluegrass Apartments Project), Series 2024**

CUSIP: _____

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project:	Bluegrass Apartments
Address:	1645 Ebenezer Road, Knoxville, TN 37922
Number of Residential Units:	47

INFORMATION ON THE BONDS

Original principal amount of Bonds:	
Outstanding principal amount of Bonds:	

OPERATING HISTORY OF THE PROJECT

The tables set forth below offer a summary of the operating results of the Project for fiscal year ended December 31, 20__, as derived from the Borrower's audited financial statements [or unaudited financial statements].

Financial Results for Fiscal Year Ending December 31, _____	
Revenues	
Operating Expenses ¹	
Net Operating Income	
Debt Service on the Bonds	
Net Income (Loss)	
Debt Service Coverage Ratio	

¹ Excludes depreciation and other non-cash expenses.

Occupancy Results for Fiscal Year Ending December 31, _____	
Physical Occupancy	____%
Economic Occupancy ¹	____%

¹ The physical occupancy rate is the proportion of units that are occupied or leased by tenants. The economic occupancy rate is the proportion of the gross potential rent that is actually collected. As such, the economic occupancy takes into consideration items such as model units, employee units, discounted units, rent incentives, loss to lease and bad debt expense.

* Preliminary; subject to change.

AUDITED FINANCIAL STATEMENTS

_____ Attached

_____ Audited financial statements of the Borrower for the period ending December 31, 20__ are not yet completed; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements. Audited financial statements will be filed when available.

_____ No audited financial statements of the Borrower were prepared for the period ending December 31, 20__; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements.

EXHIBIT B

**NOTICE OF FAILURE TO
FILE ANNUAL DISCLOSURE REPORT**

Name of Issuer: Knoxville's Community Development Corporation
Name of Bond Issue: Multifamily Housing Revenue Bonds (Bluegrass Apartments Project), Series 2024
Name of Borrower: DGA Bluegrass LP
CUSIP: _____
Date of Issuance: March ____, 2024

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the "Borrower") has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by _____.

DATED: _____

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT C

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
PROJECT PLACED IN SERVICE**

Name of Issuer: Knoxville's Community Development Corporation
Name of Bond Issue: Multifamily Housing Revenue Bonds (Bluegrass Apartments Project), Series 2024
Name of Borrower: DGA Bluegrass LP
Name of Project: Bluegrass Apartments
Address of Project: 1645 Ebenezer Road, Knoxville, TN 37922
Date of Issuance: March __, 2024

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of March 1, 2024, between the above-referenced borrower (the "Borrower") and U.S. Bank Trust Company, National Association, as Dissemination Agent, that the Borrower has certified that the above-referenced project (the "Project") is complete and placed in service by the Borrower as evidenced by a certificate from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code.

Dated:

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION,**
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT D

FORM OF NOTICE OF PLACED IN SERVICE

\$16,150,000.*

**Knoxville's Community Development Corporation
Multifamily Housing Revenue Bonds
(Bluegrass Apartments Project), Series 2024**

The undersigned hereby provides notice to U.S. Bank Trust Company, National Association, a national banking association, as dissemination agent (the "Dissemination Agent") that the multifamily rental housing facility known as Bluegrass Apartments (the "Project") has been placed in service in accordance with the Trust Indenture, dated as of March 1, 2024, between Knoxville's Community Development Corporation (the "Issuer") and U.S. Bank Trust Company, National Association, a national banking association, as trustee (the "Trustee"), pursuant to which the above-captioned bonds were issued, as further evidenced by the attached Certificate of Occupancy.

DGA BLUEGRASS LP,
a Tennessee limited partnership

By: Bluegrass GP Corporation,
a Tennessee corporation,
its General Partner

By: _____
Benjamin M. Bentley
President

* Preliminary; subject to change.

ATTACHMENT
Certificate of Occupancy

APPENDIX F

FORM OF BOND COUNSEL OPINION

The form of the approving legal opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, bond counsel, is set forth below. The actual opinion will be delivered on the date of issuance of the bonds referred to therein and may vary from the form set forth below to reflect circumstances both factual and legal at the time of such delivery.

March __, 2024

Knoxville's Community Development Corporation
Knoxville, Tennessee

U.S. Bank Trust Company, National Association, Trustee
Nashville, Tennessee

Re: \$16,150,000* Knoxville's Community Development Corporation Multifamily Housing Revenue Bonds (Bluegrass Apartments Project), Series 2024

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Knoxville's Community Development Corporation (the "Issuer") of the referenced bonds (the "Bonds") which are dated the date hereof. In such capacity, we have examined the law and such certified proceedings and other papers as deemed necessary to render this opinion.

The Bonds are issued pursuant to a Trust Indenture dated as of March 1, 2024 (the "Indenture"), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Under the terms of a Loan Agreement dated as of September 1, 2023 (the "Agreement"), between the Issuer and DGA Bluegrass LP, a Tennessee limited partnership (the "Borrower"), the Borrower has agreed to make payments to be used to pay when due the principal of, premium, if any, and interest on the Bonds, and such payments and other revenues under the Agreement and certain rights of the Issuer under the Agreement have been assigned by the Issuer pursuant to the Indenture as security for the Bonds. The Bonds are payable solely from the Trust Estate pledged to the Trustee under the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Borrower contained in the Agreement, the certified proceedings and other certifications of public officials and others furnished to us, and certifications furnished to us by or on behalf of the Borrower (including certifications as to the use of bond proceeds which are material to paragraph 4 below), without undertaking to verify the same by independent investigation.

The use and operation of the Project is subject to the provisions of the Land Use Restriction Agreement dated as of March 1, 2024 (the "Restrictive Covenants"), among the Issuer, the Borrower and the Trustee. The Restrictive Covenants require that (i) at least 40% of the residential units of the Project be occupied at all times by individuals or families (with appropriate adjustments for family size) whose income is 60% or less of area median gross income, within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), for the Qualified Project Period, as defined in the Restrictive Covenants, and (ii) that the Project be owned, managed and operated as residential rental property, all as required by Section 142(d)(1) of the Code.

Based on our examination, and assuming continued compliance by the Issuer and the Borrower with certain covenants in the Agreement, the Restrictive Covenants and the Indenture which are designed to insure that interest on the Bonds remains excluded from gross income for federal income tax purposes, we are of the opinion that, under existing law:

* Preliminary; subject to change.

1. The Issuer is duly incorporated, validly existing and in good standing under the laws of the State of Tennessee with the corporate power and authority to enter into and perform its obligations under the Agreement and the Indenture and to issue the Bonds.

2. The Agreement, the Indenture and the Restrictive Covenants have been duly authorized, executed and delivered by the Issuer and are valid and binding obligations of the Issuer enforceable upon the Issuer. The Indenture creates a valid lien on the Trust Estate and certain rights of the Issuer under the Agreement.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are the valid and binding limited obligations of the Issuer, payable solely from the Trust Estate.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the Borrower comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. The Issuer and/or the Borrower have covenanted to comply with such requirements. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base or any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

6. It is not necessary in connection with the sale of the Bonds to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Indenture under the Trust Indenture Act of 1939, as amended.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 9

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing the execution of a development agreement with DGA Residential and the formation of Everett GP Corporation and DGA Everett LP in connection with potential development of a new affordable housing project at 1215 Everett Road in Knoxville.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Approval to enter into a development agreement with DGA Residential as well as the formation of entities necessary to facilitate the development of a new affordable housing development off of Everett Road in West Knoxville.</p> <p>2. Why is the action needed now? In order to apply and pursue 2024 4% tax credits and MTEB, these entities and agreements need to be in place.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? DGA Residential and/or its subsidiaries will serve as developer and sponsor of this project. The deal structure will be substantially the same as previous ventures with DGA Residential (Grosvenor, Willow Place, Bluegrass). Everett GP Corporation will be an instrumentality of KCDC and will serve as the general partner of the ownership entity.</p> <p>4. What are the long-term and short-term exposures? None.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	KCDC and DGA Residential have partnered on previous deals together including Grosvenor, Willow Place, and Bluegrass.
ATTACHMENTS	Resolution, development agreement, charter, cert of LP

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
AUTHORIZING THE EXECUTION OF A DEVELOPMENT
AGREEMENT WITH DGA RESIDENTIAL, LLC WITH RESPECT TO THE
DEVELOPMENT OF A PROJECT AT 1215 EVERETT ROAD, AND
AUTHORIZING THE FORMATION OF EVERETT GP CORPORATION
AND DGA EVERETT LP**

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

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

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

WHEREAS, DGA Residential, LLC (the "Developer") has requested KCDC's assistance in the development of affordable housing on real property located at approximately 1215 Everett Road in Knoxville, Tennessee (collectively, the "Property"); and

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

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

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

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

WHEREAS, as set forth in the Charter submitted to KCDC, KCDC desires to appoint its Chairman, Vice-Chairman and Treasurer as the initial Board of Directors of the Corporation; and

WHEREAS, for the purpose of facilitating financing and development of the Property, KCDC and the Developer desire to form a limited partnership known as DGA Everett LP (the "Limited Partnership"); and

WHEREAS, the Board desires to approve and authorize the execution of such documentation as is necessary for KCDC to form the Limited Partnership (the "Partnership Documents"), including but not limited to, a limited partnership agreement (the "Limited Partnership Agreement") and a certificate of limited partnership (the "Certificate of Limited Partnership"), drafts of which have been submitted to KCDC and shall be filed with the records of KCDC.

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

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

RESOLVED, that the Development Agreement shall be similar to the form submitted, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by counsel to the Board and the officers executing it, their execution to constitute conclusive evidence of their approval of any such completions, omissions, insertions and changes; and, further

RESOLVED, that the Authorized Officers, acting alone or in combination with one another, are authorized and empowered to execute and cause to be filed or recorded, as applicable, any and all other instruments, documents and agreements deemed necessary or desirable by the Authorized Officers in order to carry out KCDC's obligations under the Development Agreement; and, further

RESOLVED, that it is in the best interest of KCDC to enter into the Development Agreement; and, further,

RESOLVED, that the Authorized Officers, acting alone or in combination with one another, are authorized and empowered to execute and cause to be filed or recorded, as

applicable, the Charter, the Bylaws, the Limited Partnership Agreement and the Certificate of Limited Partnership; and, further

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

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

RESOLVED, that it is in the best interest of KCDC to enter into, file and/or record the Corporate Documents and the Partnership Documents with respect to the development 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.

BE IT THEREFORE RESOLVED that this Resolution shall be effective this 27th day of February, 2024.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By: _____
Secretary

**DEVELOPMENT AGREEMENT FOR EVERETT ROAD
APARTMENTS PROJECT**

By and Among

Knoxville's Community Development Corporation

And

DGA Residential, LLC

Dated as of

February 27, 2024

**DEVELOPMENT AGREEMENT FOR
1215 EVERETT ROAD APARTMENTS PROJECT**

This **Development Agreement for 1215 Everett Road Apartments Project** (the “Agreement”) dated and made effective this 27th day of February, 2024 entered into by and among **Knoxville's Community Development Corporation**, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, *et seq.* (the “Authority”) and **DGA RESIDENTIAL, LLC**, a Tennessee limited liability company, having its offices at 6305 Kingston Pike, Knoxville, Tennessee 37917 (the “Developer”, and the Developer together with the Authority, the “Parties”):

WITNESSETH

WHEREAS, the Developer is or will be under contract to acquire the fee title to certain property in the Knox County, Tennessee located at 1215 Everett Road (the “Property”), being more fully described on Exhibit A attached hereto and incorporated herein by reference; and

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

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

WHEREAS, the Project shall be financed from one or more of the following sources, among others: (i) Section 8 Project Based Voucher rental assistance, (ii) an award of 4% Low Income Housing Tax Credits from the Tennessee Housing Development Agency (“THDA”), (iii) City Affordable Rental Development Program funds, (iv) conventional financing from private commercial lenders, and (v) construction and/or permanent financing through THDA (collectively, the “Project Financing”); and

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

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

Article I

Definitions and Interpretation

Section 1.1 Definitions. (a) The following terms shall have the meanings ascribed to them in the Preamble and Recitals to this Agreement:

Agreement	Parties
Authority	Project Financing
Developer	Project
THDA	Project Entity

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

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

“City” means the City of Knoxville, Tennessee.

“Closing” means the date of execution and or recording of all documentation regarding title to and financing of the Project.

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

“County” means the Knox County, Tennessee.

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

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

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

“HAP Contract” shall mean the Section 8 Project Based Voucher contract or contracts for the Project as described more particularly in Section 7.1.

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

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

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

“HUD Requirements” shall mean, in connection with the Project: requirements contained the HUD Documents, if any.

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

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

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

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

“THDA Requirements” shall mean, in connection with the financing, construction, operation and maintenance of the Property to the extent that an allocation of 4% or 9% competitive low income housing tax credits have been awarded therefor, the requirements set forth in each of the following: (i) a reservation letter with attachments from THDA to the Sponsors or Developers reserving an allocation of 4% non-competitive low income housing tax credits; (ii) the 2022 THDA Qualified Allocation Plan; (iii) a low income housing tax credit application submitted to THDA for the Project; and (iv) Section 42 of the *Internal Revenue Code*.

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

Article II

General Representations and Warranties

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

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

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

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

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

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

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

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

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

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

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

(3) This Agreement is duly executed by the Authority, and is valid and legally binding upon the Authority and enforceable in accordance with its terms. The execution and delivery

hereof shall not constitute a default under or violate the terms of any indenture, agreement or other instrument to which the Authority is a party.

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

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

Article III

The Project

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

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

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

i) to prosecute applications for the Project Approvals diligently and in good faith in accordance with this Agreement. In connection with the Project Approvals, the Authority shall cooperate as requested by the Developer in any applications, agreements and other items relating to the Project Approvals;

ii) to pay, or cause to be paid by the Project Entities, all costs and expenses, including but not limited to application fees, escrow deposits and engineering, legal and other professional fees, associated with the applications for the Project Approvals as may be required by Applicable Laws, which payments shall be considered expenses of the Project, and the Authority agrees to inform all of its Project consultants and agents and contractors that, with respect to the management of the construction of the Project, the Developer shall direct and be responsible for all Project coordination and decisions;

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

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

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

Section 3.5 Recordkeeping, Audit & Reporting Requirements.

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

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

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

Article IV

Respective Obligations of the Parties

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

a) Project Implementation. The Authority shall employ their expertise and knowledge with respect to the provision of housing for low and moderate income persons in the community to

assist in the implementation of the Project. The Authority's assistance shall include, but not necessarily be limited to, acting as liaison between the City and the Developer as may be appropriate and aiding in the provision of information with respect to the Project to the community.

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

c) PILOT. The Authority acknowledges that the Developer will seek a tax exemption and payment in lieu of taxes agreement from the County through the Health, Educational and Housing Facility Board of the County of Knox ("PILOT"). The Authority will use commercially reasonable efforts to support the Developer's efforts to obtain the PILOT.

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

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

a) Environmental Testing. The Developer shall complete all reasonable environmental testing upon the Property and shall complete any necessary remediation of environmental conditions existing at the Property as of the date of the Closing.

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

c) PILOT Approval. The Developer shall be primarily responsible for obtaining approval of the PILOT.

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

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

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

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

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

h) Commencement of Construction. The Developer shall commence construction or cause

construction to be commenced, and to achieve Closing in a timely fashion, consistent with the Project Schedule as may be modified by the Parties.

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

Article V

Insurance

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

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

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

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

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

Notwithstanding the foregoing, the Authority shall not be indemnified by the Developer for losses or claims resulting from the gross negligence or misconduct of the Authority, its respective employees or agents.

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

(ii) General liability insurance with a combined single limit of not less than \$2,000,000 (including any excess liability and umbrella coverage) for injury to or death of any one person, for injury to or death of any number of persons in one occurrence, and for damage to property, insuring against any and all liability of Authority and Developer including, without limitation, coverage for contractual liability, broad form property damage and products/completed operations.

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

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

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

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

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

Article VI

Project Buyout

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

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

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

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

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

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

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

Article VII

Financing and Guarantees

Section 7.1 Sources of Funding. Developer agrees that they shall exercise diligent efforts to secure financing as necessary for the Project from the following sources, among others: (1) Section 8 HAP Contract, (2) Credit Allocations, (3) conventional financing from private commercial lenders, and (4) conventional construction and/or permanent financing. The Authority shall support funding and financing applications of the Developer that may be required in connection with the financing of the Project, including the structuring and procurement of financing that qualifies for the community investment tax credit in Tennessee.

The parties agree that the Authority shall use reasonable efforts to procure up to 100% of the residential units in the Project as Section 8 HAP units, subject to Developer's submission of an application for those HAP units acceptable to the Authority in its reasonable discretion under the applicable laws and program requirement. If the Developer successfully obtains such Section 8 HAP units, the Authority agrees to create and maintain for the Project, for the purpose of Project Based Vouchers, a site based waiting list for selection of residents for the units supported by the HAP Contract.

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

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

The Developer, or its affiliate, shall receive eighty percent (80%) of the fees and distributions from the Project Entity, after payment of all distributions to the investor limited partner, developer fees, investor fees, funding of all reserves and repayment of all loans, including the same share of all sale or refinancing proceeds, and the Authority, or its affiliate, shall receive twenty percent (20%) of such fees and distributions from the Project Entity. The amount due to the Authority shall either be received directly from the Project Entity or from the affiliate of the Developer. If received from the affiliate of the Developer, the right of the Authority, or its affiliate, to receive twenty percent (20%) of such fees and distributions shall be memorialized in the Participation Agreement unless otherwise agreed to by the parties.

Section 7.4 Authority Management Fees. DGA Residential, LLC or its affiliate shall be entitled to serve as the property manager for the Project at a management fee equal to at least six percent (6%) of the gross collected rents from the Project (calculated on a receipts basis).

Article VIII

Prohibition on Transfer

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

Article IX

Events of Default and Remedies

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

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

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

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

ii) a custodian shall have been legally appointed with or without consent of the Developer;

iii) Developer has made a general assignment for the benefit of creditors, or have filed a voluntary petition in bankruptcy or a petition or an answer seeking an arrangement with creditors or have taken advantage of any insolvency law;

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

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

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

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

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

Section 9.2 Remedies. a) Termination. In an Event of Default by any Party, a non-defaulting Party may take whatever action at law or in equity as may appear necessary or desirable to enforce the performance or observance of any rights, remedies, obligations, agreements, or

covenants of the defaulting party under this Agreement. Upon an Event of Default by a Party, a non-defaulting Party may terminate this Agreement upon ninety days (90) days notice.

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

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

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

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

Article X

HUD and Other Provisions and Obligations

Section 10.1 HUD Submissions. (a) Developer and Authority agree to cooperate in order to obtain HUD's written approval as required herein, to the extent such approval is required.

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

Section 10.2 Intentionally Omitted.

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

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

(a) The Fair Housing Act, 42 USC 3601-19, and regulations issued thereunder, 24 CFR Part 100; Executive Order 11063 (Equal Opportunity in Housing) and regulations issued thereunder, 24 CFR Part 107; and the fair housing poster regulations, 24 CFR Part 110.

(b) Title VI of the Civil Rights Act of 1964, 42 USC 2000d, and regulations issued thereunder relating to nondiscrimination in housing, 24 CFR Part 1.

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

(d) Section 504 of the Rehabilitation Act of 1973, 29 USC 794, and regulations issued thereunder, 24 CFR Part 8; the Americans with Disabilities Act, 42 USC 12181-89, and regulations issued thereunder, 28 CFR Part 36, and the Architectural Barriers Act of 1968, as amended (42 USC 4151) and regulations issued pursuant thereto, 24 CFR Part 40.

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

(f) Intentionally omitted.

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

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

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

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

(k) Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330), as supplemented by Department of Labor regulations at 29 CFR part 5.

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

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

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

Article XI

Miscellaneous

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

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

As to Authority:

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

As to Developer:

Attention: Craig Cobb
DGA Residential, LLC
6305 Kingston Pike
Knoxville, TN 37919
Ph 865-225-6506

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

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

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

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

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

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

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

Section 11.9 Governing Law. This Agreement shall be governed by and construed in

accordance with the applicable laws of the State of Tennessee without reference to its choice of law rules.

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

[End of Development Agreement. Signature page follows.]

IN WITNESS WHEREOF, we have hereunto set our hands as of the date first written above.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION
a housing and redevelopment authority of the
City of Knoxville, Tennessee organized under
the Tennessee Housing Authorities Law, Tenn.
Code Ann. §§ 13-20-101, *et seq.*

By: _____
Name: Benjamin M. Bentley
Title: Secretary

DGA RESIDENTIAL, LLC,
a Tennessee limited liability company

By: _____
Name: Craig Cobb
Title: Vice President

EXHIBIT A
Property Description

EXHIBIT B
PROJECT SCHEDULE

March 2024: Apply to THDA for an allocation of 4% LIHTC.

No later than December 31, 2024: Close on Project Financing.

No later than December 31, 2026: Complete construction and begin lease up.

EXHIBIT C
CONCEPT PLAN

[To be provided as soon as possible.]

35140868.1

FILED

CHARTER

OF

Nick McBride
Register of Deeds
Knox County

EVERETT GP CORPORATION

The undersigned, acting as the incorporator of a nonprofit corporation under the Tennessee Nonprofit Corporation Act, does hereby adopt the following Charter for such corporation:

ARTICLE I

NAME

The name of the corporation shall be EVERETT GP CORPORATION.

ARTICLE II

PUBLIC BENEFIT CORPORATION

The corporation is a public benefit corporation.

ARTICLE III

NOT FOR PROFIT

The corporation is not-for-profit.

Knox County, TN Page: 1 of 7
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RECORD FEE: \$10.00 T20240005846
M. TAX: \$0.00 T. TAX: \$0.00
202402200040099

ARTICLE IV

PURPOSES

The corporation is an instrumentality of Knoxville's Community Development Corporation ("KCDC"), a housing authority organized under Tennessee Code Annotated §§ 13-20-101 *et seq.* (the "Housing Authorities Law"), formed pursuant to §13-20-104(b) of the Housing Authorities Law for the purpose of exercising certain powers conferred upon KCDC by the Housing Authorities Law as delegated to the corporation by KCDC from time to time.

ARTICLE V

POWERS

In furtherance and not in limitation of the general powers conferred by the laws of the State of Tennessee, and the purposes set forth herein, it is expressly provided that the corporation shall have the following powers:

- (a) To enter into, make and perform contracts of every sort and kind with any person, firm, association, corporation, municipality, body politic, housing authority, county, state, or

with the Federal Government or any agency or instrumentality thereof in connection with the ownership and financing of certain real property located at approximately 1215 Everett Road, Knoxville, Tennessee (the "Property");

(b) To issue bonds or other obligations of the corporation, and to contract Indebtedness without limit as to amount for any of the purposes of the corporation and to secure the same to the extent necessary by mortgage, deed or deeds of trust, or pledge or lien or any or all of the real or personal property, or both, or right, title and interest therein of the corporation in connection with the ownership and financing of the Property;

(c) To form a limited partnership for the purpose of facilitating the acquisition of the Property and the financing, design, construction and/or operations of low-income housing on the Property;

(d) To acquire the Property and finance, design, construct and/or operate low-income housing on the Property;

(e) To do everything necessary, proper, convenient or incident to effect any or all of the purposes for which the corporation is organized and to undertake any other actions conferred upon KCDC by the Housing Authorities Law and delegated to the corporation by KCDC; and

(f) Without limiting the generality of the foregoing, this corporation shall have all the powers, privileges, rights, and immunities necessary or convenient for carrying out the purposes for which this corporation is formed, and the directors hereby claim for this corporation all the benefits, privileges, rights and powers created, given, extended or conferred, now or hereafter, by the provisions of all applicable laws of the State of Tennessee, pertaining to not-for-profit corporations and any additions or amendments thereto.

ARTICLE VI

PERIOD OF EXISTENCE

The duration of the corporation shall be perpetual.

ARTICLE VII

INITIAL REGISTERED OFFICE; INITIAL REGISTERED AGENT; INITIAL PRINCIPAL OFFICE

The address of the initial registered office of the corporation in the State of Tennessee is 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The name of its initial registered agent at that office is Benjamin M. Bentley. The place in Tennessee where the principal office of the corporation is to be located is 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The business email address of the corporation is info@kcdc.org.

ARTICLE VIII**MEMBERS**

The corporation shall not have members.

ARTICLE IX**DIRECTORS**

SECTION 1. Number of Directors. The Board of Directors shall consist of three (3) members.

SECTION 2. Election and Term. The directors of the corporation shall be the same persons who are elected to hold the offices of Chairman, Vice Chairman, and Treasurer of KCDC. The Board of Commissioners of KCDC shall have the power to appoint and remove all directors of the corporation. The election of any person to any such office in KCDC shall be deemed to be an election of such person to the Board of Directors of the corporation. Each director shall hold office until the expiration of the term for which he/she is elected, and thereafter until his successor has been elected and qualified.

ARTICLE X**INCORPORATOR**

The name and address of the Incorporator is as follows:

NAME	ADDRESS
Russell E. Stair	1700 Riverview Tower 900 S. Gay Street Knoxville, TN 37902

ARTICLE XI**AMENDMENTS**

The business and conduct of affairs of the corporation shall be regulated by Bylaws adopted by the board of directors, which shall not be inconsistent with this Charter and which so long as the corporation acts and functions as an instrumentality of KCDC, shall only be amended with the prior approval of KCDC, or its successors or designee.

ARTICLE XII**PROVISIONS FOR REGULATION AND CONDUCT
OF THE AFFAIRS OF THE CORPORATION**

Other provisions, consistent with the laws of the State of Tennessee, for the regulation and conduct of the affairs of this corporation, and creating, defining, limiting or regulating the powers of this corporation or of the directors are as follows:

(a) The corporation is a not-for-profit, non-stock corporation and no part of the income, profits or assets of the corporation shall ever be distributed to, or inure to the benefit of, any member, director or officer, but shall be used only for charitable or low-income housing purposes as provided herein.

(b) All of the assets of the corporation shall be held in trust for the purposes herein mentioned, including payment of the corporation's liabilities. Upon dissolution of the corporation, title to or other interest in any real or personal property and any other assets owned by the corporation at such time, after the payment of all its liabilities, shall vest in and be transferred to KCDC, or, in the event that KCDC shall cease to exist or fail to be a political subdivision of the State of Tennessee, to the State of Tennessee or a political subdivision thereof for a public purpose.

ARTICLE XIII**SPECIAL PROVISION**

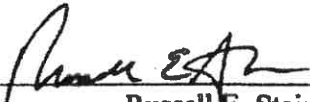
The acts and functions of the corporation shall constitute only acts of this corporation and shall never constitute an act, debt or a pledge of the faith and credit of the taxing power of the State of Tennessee or any political subdivision, taxing district or body, corporate and political thereof and shall not constitute an act, debt or pledge of KCDC, HUD or any staff members or employees of any such public body.

ARTICLE XIV**INDEMNIFICATION OF AND INSURANCE ON
DIRECTORS AND OFFICERS**

The directors and officers of the corporation shall be indemnified in connection with any actual or threatened, civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the name of the corporation or otherwise) arising out of their service to the corporation or to another organization at the request of the corporation to the extent mandated by the laws of the State of Tennessee and to the extent that such indemnification is limited to liability insurance coverage or distribution approved by HUD from residual receipts or surplus cash; provided, however, the directors and officers of the corporation may not be indemnified for liability: (i) for any breach of the director's duty of loyalty to the corporation; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; and (iii) under § 48-58-304 of the Act, as the same exists or hereafter may

be amended. Any repeal or modification of this Article XIV shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

Dated: February 13, 2024



Russell E. Stair

B1496-2248 02/14/2024 3:21 PM Received by Tennessee Secretary of State Tre Hargett



Tre Hargett
Secretary of State

Division of Business Services

Department of State

State of Tennessee

312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

EVERETT GP CORPORATION
901 N BROADWAY ST
KNOXVILLE, TN 37917-6663

February 15, 2024

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	001511845	Formation Locale:	TENNESSEE
Filing Type:	Nonprofit Corporation - Domestic	Date Formed:	02/14/2024
Filing Date:	02/14/2024 3:21 PM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2025
Duration Term:	Perpetual	Image # :	B1496-2244
Public/Mutual Benefit:	Public		
Business County:	KNOX COUNTY		

Document Receipt

Receipt # :	008673366	Filing Fee:	\$100.00
Payment-Check/MO -	CFS, NASHVILLE, TN		\$200.00
Deposit-Account -	CFS, NASHVILLE, TN		\$100.00

Registered Agent Address:
BENJAMIN M BENTLEY
901 N BROADWAY ST
KNOXVILLE, TN 37917-6663

Principal Address:
901 N BROADWAY ST
KNOXVILLE, TN 37917-6663

Congratulations on the successful filing of your **Charter** for **EVERETT GP CORPORATION** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Alexis Uqdah

Certificate of Authenticity

I, Lucretia Albert, do hereby make oath that I am a licensed attorney and/or the custodian of the original version of the electronic document tendered for registration herewith and that this electronic document is a true and exact copy of the original document executed and authenticated according to law on February 13, 2024.

Date

Lucretia Albert

Affiant Signature

02/14/2024

Date

State of Tennessee

County of Davidson

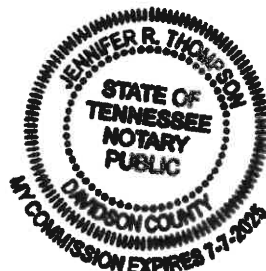
Sworn to and subscribed before me this 14 day of February, 2024

John R. Thompson

Notary's Signature

My Commission Expires: 7-7-25
Date

Notary's Seal (if on paper)



FILED

**CERTIFICATE OF LIMITED PARTNERSHIP
DGA EVERETT LP**

This Certificate of Limited Partnership (the "Certificate") of DGA EVERETT LP, a Tennessee limited partnership (the "Partnership"), is made on this 13th day of February, 2024, by Everett GP Corporation, as the General Partner.

The General Partner hereby certifies as follows:

Nick McBride
Register of Deeds
Knox County

1. The name of the Partnership is DGA Everett LP.
2. The name of the initial registered agent and the address of the initial registered office of the Partnership is as follows:

Craig Cobb
6305 Kingston Pike
Knoxville, Knox County, Tennessee 37919
3. The address of the principal office of the Partnership is as follows:

6305 Kingston Pike
Knoxville, Knox County, Tennessee 37919

Business email address is Entities@DominionDG.com.
4. The name and the business mailing address of the General Partner is as follows:

Everett GP Corporation
901 N. Broadway
Knoxville, Knox County, Tennessee 37917
5. The term of the Partnership shall continue in perpetuity, unless the Partnership is sooner dissolved in accordance with the provisions of the partnership agreement of the Partnership.
6. This Certificate of Limited Partnership shall be effective upon its filing with the Secretary of State of Tennessee.

IN WITNESS WHEREOF, the undersigned has executed and sworn to this Certificate of Limited Partnership as of the day and year first above written.

EVERETT GP CORPORATION,
General Partner

By: _____

Benjamin M. Bentley
Benjamin M. Bentley,
President

31914424.2

Knox County, TN Page: 1 of 3
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RECORD FEE: \$9.00 T20240005846
M. TAX: \$0.00 T. TAX: \$0.00

202402200040100



Tre Hargett
Secretary of State

Division of Business Services
Department of State

State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

DGA Everett LP
901 N BROADWAY
KNOXVILLE, TN 37917

February 15, 2024

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	001511847	Formation Locale:	TENNESSEE
Filing Type:	Limited Partnership - Domestic	Date Formed:	02/14/2024
Filing Date:	02/14/2024 3:21 PM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2025
Duration Term:	Perpetual	Image # :	B1496-2249
Business County:	KNOX COUNTY		

Document Receipt

Receipt # :	008673379	Filing Fee:	\$100.00
Payment-Account -	#000009 CFS, NASHVILLE, TN		\$100.00

Registered Agent Address:

CRAIG COBB
6305 KINGSTON PIKE
KNOXVILLE, TN 37919

Principal Address:

6305 KINGSTON PIKE
KNOXVILLE, TN 37919

Congratulations on the successful filing of your **Certificate of Limited Partnership** for **DGA Everett LP** in the State of Tennessee which is effective on the date shown above. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Alexis Uqdah

Certificate of Authenticity

I, Lucretia Albert, do hereby make oath that I am a
licensed attorney and/or the custodian of the original version of the electronic document
tendered for registration herewith and that this electronic document is a true and exact copy
of the original document executed and authenticated according to law on
February 13, 2024.

Date

Lucretia Albert

Affiant Signature

02/14/2024

Date

State of Tennessee

County of Davidson

Sworn to and subscribed before me this 14 day of February, 2024

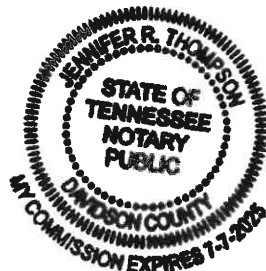
Jennifer R. Thompson

Notary's Signature

My Commission Expires: 7-7-25

Date

Notary's Seal (if on paper)



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 10

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	A preliminary bond resolution authorizing KCDC to issue up to \$20,000,000 of revenue bonds to support the financing of a new affordable housing development project located at 1215 Everett Road, Knoxville 37932.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ n/a Expenditure: \$ n/a Source of Funds: No funds committed with bond issuance.
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? This resolution authorizes KCDC to issue bonds and enter into a letter intent with the project owner/applicant DGA Everett LP. The total amount of bonds to be issued will not exceed \$20M. These bonds will be used in connection with 4% LIHTCs to help finance and capitalize the development of this new construction, affordable housing project.</p>	
<p>2. Why is the action needed now? THDA's application period for 4% LIHTCs will be open next month and the KCDC bond inducement resolution is required for the application.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? DGA Residential as KCDC's ownership partner and project developer.</p>	
<p>4. What are the long-term and short-term exposures? Bonds being issued are not general obligation of KCDC.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	None.
ATTACHMENTS	Resolution

RESOLUTION NO. _____

PRELIMINARY BOND RESOLUTION
OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
REGARDING DGA EVERETT LP

WHEREAS, DGA Everett LP, a Tennessee limited partnership (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and/or moderate-income citizens to be located at approximately 1215 Everett Road in Knoxville, Tennessee, and wishes to have Knoxville's Community Development Corporation ("KCDC") indicate its willingness to issue revenue bonds to provide financing for such purposes; and

WHEREAS, the acquisition, construction and equipping of such facilities will constitute a "project" within the meaning of T.C.A. § 13-20-101; and

WHEREAS, a letter of intent has been presented to KCDC under the terms of which KCDC agrees, subject to the provisions of such letter, to issue its revenue bonds in an amount not exceeding \$20,000,000 to provide financing for such project.

NOW, THEREFORE, BE IT RESOLVED BY KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION as follows:

1. KCDC hereby finds that the financing of such above-described project will improve the quality and availability of housing in the City of Knoxville and Knox County, Tennessee, and will contribute to the general welfare of the citizens thereof.

2. The Chair or the Executive Director of KCDC is hereby authorized to execute a letter of intent with the Applicant in substantially the form thereof as presented at this meeting or with such changes therein as shall be approved by the Chair or the Executive Director. The officers of KCDC are hereby authorized to take such further action as is necessary to carry out the intent and purposes of the letter of intent as executed.

3. The Chair or the Executive Director of KCDC is hereby authorized to conduct such public hearings on behalf of KCDC as the Applicant may request with respect to the project.

Approved this 27th day of February, 2024.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By: _____
Secretary

February 27, 2024

DGA Everett LP
6305 Kingston Pike
Knoxville, TN 37919

Ladies and Gentlemen:

Knoxville's Community Development Corporation ("KCDC") has been informed that DGA Everett LP, a Tennessee limited partnership (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and/or moderate-income citizens to be located at approximately 1215 Everett Road in Knoxville, Tennessee. The above-described acquisition, construction and equipping with regard to such facility constitutes a "project" within the meaning of T.C.A. § 13-20-101.

After investigation of the nature of the proposed project, KCDC has determined that the financing of the project will improve the quality and availability of housing in the City of Knoxville and Knox County, Tennessee, and will contribute to the general welfare of the citizens thereof. Therefore, it is the belief of KCDC that in assisting the financing of the project, KCDC will be acting in furtherance of the public purposes for which it was created.

Accordingly, in order to assist the Applicant in the financing of the project and in order to carry out the purposes for which KCDC was created, KCDC hereby makes the following proposals:

1. KCDC will issue, and sell to a purchaser to be designated by the Applicant prior to issuance, revenue bonds (the "Bonds") in the principal amount not to exceed \$20,000,000 to provide financing for the project. The Bonds shall be limited obligations of KCDC payable solely out of the revenues and receipts derived from the project including loan payments from the Applicant obtained in connection with the financing of the project. In no event shall the Bonds be general obligations of KCDC, its directors, or the City of Knoxville, Tennessee.

2. The terms of the Bonds (maturity schedule, interest rate, denominations, redemption provisions, etc.) will be determined by agreement among KCDC and the Applicant, subject to compliance with all applicable state and federal requirements, and all bylaws and policies of KCDC.

3. Prior to delivery of the Bonds, KCDC and the Applicant will enter into a loan agreement pursuant to which the proceeds from the sale of the Bonds will be used for the purposes hereinabove indicated and the Applicant will be obligated to make payments sufficient to cover all debt service requirements on the Bonds.

4. KCDC will enter into a trust indenture with a trustee to be nominated by the Applicant and subject to the approval of KCDC and/or a purchase contract with the purchaser of the Bonds. Such indenture and/or purchase contract will assign the loan agreement and all collateral therefor and all revenues received thereunder for the benefit of the bondholders. The terms and provisions of such indenture and/or purchase contract shall be agreed upon by KCDC, the Applicant and the purchaser of the Bonds.

5. KCDC hereby authorizes the Applicant to commence the acquisition, construction and equipping of the project as soon as practicable so that the inhabitants of the State of Tennessee might benefit from the project without delay. The Applicant may advance any interim funds required and be reimbursed from the proceeds of the Bonds, to the extent allowed by applicable law.

6. Upon the issuance, sale and delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Applicant shall have no further effect and, in the event of any inconsistencies between the terms of this proposal and the terms of any loan agreement and/or indenture or purchase contract the provisions of such latter documents shall control.

7. KCDC agrees to cooperate with the Applicant in executing, along with the Applicant, a Multi-Family Tax-Exempt Bond Authority Application (the "Application") to be prepared by the Applicant and submitted to the Tennessee Housing Development Agency ("THDA") with respect to the Project. The Applicant acknowledges that all information provided in the Application, other than the name and address of KCDC, is to be provided by the Applicant and not by KCDC and that KCDC has no responsibility as to the accuracy of such information other than as to the name and address of KCDC. The Applicant shall be responsible for any claims, liabilities, costs or expenses of KCDC that may arise as a result of the inaccuracy of any information contained in the

Application (other than the name and address of KCDC) or the submission of the Application.

If the foregoing proposal is satisfactory to you, you may indicate by signing the following acceptance and returning a copy to KCDC. This proposal and your acceptance will then constitute an agreement in principal with respect to the matters herein contained.

Yours very truly,

KNOXVILLE'S COMMUNITY DEVELOPMENT
CORPORATION

By: _____

Title: _____

ACCEPTANCE OF PROPOSAL
OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
BY
DGA EVERETT LP

The terms and conditions contained in the foregoing proposal by Knoxville's Community Development Corporation are hereby accepted by DGA Everett LP as of the date first written above.

DGA EVERETT LP

By: Everett GP Corporation,
its general partner

By: _____
Title: _____

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 11

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing the formation of Western Heights 2 GP Corporation and Western Heights 2 LP in connection with potential development of Phase 2 of Western Heights CNI redevelopment project.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Approval of the formation of entities and related filings necessary to facilitate the development of Phase 2 at Western Heights.</p> <p>2. Why is the action needed now? In order to apply and pursue 2024 9% tax credits, these entities and agreements need to be in place.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? Brinshore Development and/or its subsidiaries will serve as developer and co-owner with KCDC on the project. Western Heights 2 GP Corporation will be an instrumentality of KCDC and will serve as the general partner of the ownership entity.</p> <p>4. What are the long-term and short-term exposures? None.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	KCDC was previously awarded a HUD CNI grant to facilitate the redevelopment of Western Heights.
ATTACHMENTS	Resolution, current site plan, charter, Cert of LP

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
AUTHORIZING THE FORMATION OF WESTERN HEIGHTS 2 GP
CORPORATION AND WESTERN HEIGHTS 2 LP RELATING TO THE
CONSTRUCTION OF WESTERN HEIGHTS PHASE 2**

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

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

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

WHEREAS, for the purpose of facilitating the financing, rehabilitation, construction and development of a proposed redevelopment project, KCDC desires to form a corporation known as Western Heights 2 GP Corporation (the "Corporation") in connection with the development of an approximately 52-unit housing facility for very-low, low and/or moderate-income citizens to be on certain property located at or near 1331 W. Oldham Avenue in Knoxville, Tennessee (the "Project"); and

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

WHEREAS, KCDC desires to appoint its Chairman, Vice-Chairman and Treasurer as the initial Board of Directors of the Corporation; and

WHEREAS, for the purpose of facilitating the financing, rehabilitation, construction and development of the Project, KCDC and the Corporation desire to form a limited partnership known as Western Heights 2 LP (the "Limited Partnership"); and

WHEREAS, the Board desires to approve, authorize and ratify the execution of such documentation as is necessary for KCDC to form the Limited Partnership (the "Partnership Documents"), including, but not limited to, a limited partnership agreement (the "Limited Partnership Agreement") and a certificate of limited partnership (the "Certificate of Limited Partnership"), drafts of which have been submitted to KCDC and shall be filed with the records of KCDC.

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

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

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

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

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

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

Adopted this 27th day of February, 2024.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By: _____
Secretary

37209327.1



ILLUSTRATIVE PLAN

FILED

39.1

BM436-1223 02/01/2024 11:42 AM Received by Tennessee Secretary of State Tre Hargett

CHARTER
OF
Nick McBride
Register of Deeds
Knox County **WESTERN HEIGHTS 2 GP CORPORATION**

The undersigned, acting as the incorporator of a nonprofit corporation under the Tennessee Nonprofit Corporation Act, does hereby adopt the following Charter for such corporation:

ARTICLE I

NAME

The name of the corporation shall be WESTERN HEIGHTS 2 GP CORPORATION.

ARTICLE II

PUBLIC BENEFIT CORPORATION

The corporation is a public benefit corporation.

ARTICLE III

NOT FOR PROFIT

The corporation is not-for-profit.

Knox County, TN Page: 1 of 7
REC'D FOR REC 2/6/2024 11:36 AM
RECORD FEE: \$10.00 T20240004074
M. TAX: \$0.00 T. TAX: \$0.00

202402060037742

ARTICLE IV

PURPOSES

The corporation is an instrumentality of Knoxville's Community Development Corporation ("KCDC"), a housing authority organized under Tennessee Code Annotated §§ 13-20-101 *et seq.* (the "Housing Authorities Law"), formed pursuant to §13-20-104(b) of the Housing Authorities Law for the purpose of exercising certain powers conferred upon KCDC by the Housing Authorities Law as delegated to the corporation by KCDC from time to time.

ARTICLE V

POWERS

In furtherance and not in limitation of the general powers conferred by the laws of the State of Tennessee, and the purposes set forth herein, it is expressly provided that the corporation shall have the following powers:

(a) To enter into, make and perform contracts of every sort and kind with any person, firm, association, corporation, municipality, body politic, housing authority, county, state, or

with the Federal Government or any agency or instrumentality thereof in connection with the ownership and financing of certain real property commonly known as Western Heights, or a portion thereof (the "Western Heights Property");

(b) To issue bonds or other obligations of the corporation, and to contract Indebtedness without limit as to amount for any of the purposes of the corporation and to secure the same to the extent necessary by mortgage, deed or deeds of trust, or pledge or lien or any or all of the real or personal property, or both, or right, title and interest therein of the corporation in connection with the ownership and financing of the Western Heights Property;

(c) To form a limited partnership for the purpose of facilitating the acquisition of the Western Heights Property and the financing, design, construction and/or operations of low-income housing on the Western Heights Property;

(d) To acquire the Western Heights Property and finance, design, construct and/or operate low-income housing on the Western Heights Property;

(e) To do everything necessary, proper, convenient or incident to effect any or all of the purposes for which the corporation is organized and to undertake any other actions conferred upon KCDC by the Housing Authorities Law and delegated to the corporation by KCDC; and

(f) Without limiting the generality of the foregoing, this corporation shall have all the powers, privileges, rights, and immunities necessary or convenient for carrying out the purposes for which this corporation is formed, and the directors hereby claim for this corporation all the benefits, privileges, rights and powers created, given, extended or conferred, now or hereafter, by the provisions of all applicable laws of the State of Tennessee, pertaining to not-for-profit corporations and any additions or amendments thereto.

ARTICLE VI

PERIOD OF EXISTENCE

The duration of the corporation shall be perpetual.

ARTICLE VII

INITIAL REGISTERED OFFICE; INITIAL REGISTERED AGENT; INITIAL PRINCIPAL OFFICE

The address of the initial registered office of the corporation in the State of Tennessee is 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The name of its initial registered agent at that office is Benjamin M. Bentley. The place in Tennessee where the principal office of the corporation is to be located is 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The business email address is bbentley@kcdc.org.

ARTICLE VIII**MEMBERS**

The corporation shall not have members.

ARTICLE IX**DIRECTORS**

SECTION 1. Number of Directors. The Board of Directors shall consist of three (3) members.

SECTION 2. Election and Term. The directors of the corporation shall be the same persons who are elected to hold the offices of Chairman, Vice Chairman, and Treasurer of KCDC. The Board of Commissioners of KCDC shall have the power to appoint and remove all directors of the corporation. The election of any person to any such office in KCDC shall be deemed to be an election of such person to the Board of Directors of the corporation. Each director shall hold office until the expiration of the term for which he/she is elected, and thereafter until his successor has been elected and qualified.

ARTICLE X**INCORPORATOR**

The name and address of the Incorporator is as follows:

NAME	ADDRESS
Russell E. Stair	1700 Riverview Tower 900 S. Gay Street Knoxville, TN 37902

ARTICLE XI**AMENDMENTS**

The business and conduct of affairs of the corporation shall be regulated by Bylaws adopted by the board of directors, which shall not be inconsistent with this Charter and which so long as the corporation acts and functions as an instrumentality of KCDC, shall only be amended with the prior approval of KCDC, or its successors or designee.

ARTICLE XII**PROVISIONS FOR REGULATION AND CONDUCT
OF THE AFFAIRS OF THE CORPORATION**

Other provisions, consistent with the laws of the State of Tennessee, for the regulation and conduct of the affairs of this corporation, and creating, defining, limiting or regulating the powers of this corporation or of the directors are as follows:

(a) The corporation is a not-for-profit, non-stock corporation and no part of the income, profits or assets of the corporation shall ever be distributed to, on inure to the benefit of, any member, director or officer, but shall be used only for charitable or low-income housing purposes as provided herein.

(b) All of the assets of the corporation shall be held in trust for the purposes herein mentioned, including payment of the corporation's liabilities. Upon dissolution of the corporation, title to or other interest in any real or personal property and any other assets owned by the corporation at such time, after the payment of all its liabilities, shall vest in and be transferred to KCDC, or, in the event that KCDC shall cease to exist or fail to be a political subdivision of the State of Tennessee, to the State of Tennessee or a political subdivision thereof for a public purpose.

ARTICLE XIII**SPECIAL PROVISION**

The acts and functions of the corporation shall constitute only acts of this corporation and shall never constitute an act, debt or a pledge of the faith and credit of the taxing power of the State of Tennessee or any political subdivision, taxing district or body, corporate and politic thereof and shall not constitute an act, debt or pledge of KCDC, HUD or any staff members or employees of any such public body.

ARTICLE XIV**INDEMNIFICATION OF AND INSURANCE ON
DIRECTORS AND OFFICERS**

The directors and officers of the corporation shall be indemnified in connection with any actual or threatened, civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the name of the corporation or otherwise) arising out of their service to the corporation or to another organization at the request of the corporation to the full extent permitted by the laws of the State of Tennessee and to the extent that such indemnification is limited to liability insurance coverage or distribution approved by HUD from residual receipts or surplus cash; provided, however, the directors and officers of the corporation may not be indemnified for liability: (i) for any breach of the director's duty of loyalty to the corporation; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; and (iii) under § 48-58-304 of the Act, as the same exists or hereafter may

be amended. Any repeal or modification of this Article XIV shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

Dated: February 1, 2024



Russell E. Stair

37209335.1

E1496-1227 02/01/2024 11:42 AM Received by Tennessee Secretary of State Tre Hargett



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

WESTERN HEIGHTS 2 GP CORPORATION
901 N BROADWAY
KNOXVILLE, TN 37917

February 2, 2024

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	001507907	Formation Locale:	TENNESSEE
Filing Type:	Nonprofit Corporation - Domestic	Date Formed:	02/01/2024
Filing Date:	02/01/2024 11:42 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2025
Duration Term:	Perpetual	Image # :	B1496-1223
Public/Mutual Benefit:	Public		
Business County:	KNOX COUNTY		

Document Receipt

Receipt # :	008639793	Filing Fee:	\$100.00
Payment-Check/MO -	CFS-2, NASHVILLE, TN		\$220.00
Deposit-Account -	CFS-2, NASHVILLE, TN		\$120.00

Registered Agent Address:
BENJAMIN M. BENTLEY
901 N BROADWAY
KNOXVILLE, TN 37917

Principal Address:
901 N BROADWAY
KNOXVILLE, TN 37917

Congratulations on the successful filing of your **Charter** for **WESTERN HEIGHTS 2 GP CORPORATION** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Tammy Morris

Tennessee Certification of Electronic Document

I, Adam Harrer, do hereby make oath that I am a licensed attorney and/or the custodian of the original version of the electronic document tendered for registration herewith and that this electronic document is a true and exact copy of the original document executed and authenticated according to law on Feb 1, 2024 (date of document).

[Signature]
Affiant Signature

02/06/2024

Date

State of Tennessee
County of Davidson

Sworn to and subscribed before me this 06 day of February, 2024.

[Signature]
Notary's Signature

MY COMMISSION EXPIRES: 09-07-2026

NOTARY'S SEAL



39.2K

FILED

**CERTIFICATE OF LIMITED PARTNERSHIP
WESTERN HEIGHTS 2 LP**

This Certificate of Limited Partnership (the "Certificate") of WESTERN HEIGHTS 2 LP, a Tennessee limited partnership (the "Partnership") is made on this 1st day of February, 2024, by Western Heights 2 GP Corporation, as the General Partner.

The General Partner hereby certifies as follows:

Nick McBride
Register of Deeds
Knox County

1. The name of the Partnership is Western Heights 2 LP.
2. The name of the initial registered agent and the address of the initial registered office of the Partnership is as follows:

Benjamin M. Bentley
901 N. Broadway
Knoxville, Knox County, Tennessee 37917
3. The address of the principal office of the Partnership is as follows:

901 N. Broadway
Knoxville, Knox County, Tennessee 37917

The business email address of the Partnership is bbentley@kcdc.org.
4. The name and the business mailing address of the General Partner is as follows:

Western Heights 2 GP Corporation
901 N. Broadway
Knoxville, Knox County, Tennessee 37917
5. The term of the Partnership shall continue in perpetuity, unless the Partnership is sooner dissolved in accordance with the provisions of the partnership agreement of the Partnership.
6. This Certificate of Limited Partnership shall be effective upon its filing with the Secretary of State of Tennessee.

IN WITNESS WHEREOF, the undersigned has executed and sworn to this Certificate of Limited Partnership as of the day and year first above written.

Knox County, TN Page: 1 of 3
REC'D FOR REC 2/6/2024 11:36 AM
RECORD FEE: \$9.00 T20240004074
M. TAX: \$0.00 T. TAX: \$0.00

202402060037741

**WESTERN HEIGHTS 2 GP
CORPORATION,
General Partner**

By: *Benjamin M. Bentley*
Benjamin M. Bentley,
President



Tre Hargett
Secretary of State

Division of Business Services
Department of State

State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Western Heights 2 LP
901 N. BROADWAY
KNOXVILLE, TN 37917

February 2, 2024

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	001507916	Formation Locale:	TENNESSEE
Filing Type:	Limited Partnership - Domestic	Date Formed:	02/01/2024
Filing Date:	02/01/2024 11:42 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2025
Duration Term:	Perpetual	Image # :	B1496-1228
Business County:	KNOX COUNTY		

Document Receipt

Receipt # : 008639948	Filing Fee:	\$100.00
Payment-Account - #026501 CFS-2, NASHVILLE, TN		\$120.00
Refund pending (6-8 weeks) - Reference #		\$20.00

Registered Agent Address:

BENJAMIN M. BENTLEY
901 N BROADWAY
KNOXVILLE, TN 37917

Principal Address:

901 N. BROADWAY
KNOXVILLE, TN 37917

Congratulations on the successful filing of your **Certificate of Limited Partnership** for **Western Heights 2 LP** in the State of Tennessee which is effective on the date shown above. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Tammy Morris

Tennessee Certification of Electronic Document

I, Adam Harrer, do hereby make oath that I am a licensed attorney and/or the custodian of the original version of the electronic document tendered for registration herewith and that this electronic document is a true and exact copy of the original document executed and authenticated according to law on Feb 1, 2024 (date of document).

[Signature]
Affiant Signature

02/06/2024

Date

State of Tennessee
County of Davidson

Sworn to and subscribed before me this 06 day of February, 2024.

[Signature]
Notary's Signature

MY COMMISSION EXPIRES: 09-07-2026

NOTARY'S SEAL



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 12

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing the formation of Western Heights 3 GP Corporation and Western Heights 3 LP in connection with potential development of Phase 3 of Western Heights CNI redevelopment project.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Approval of the formation of entities and related filings necessary to facilitate the development of Phase 3 at Western Heights.</p> <p>2. Why is the action needed now? In order to apply and pursue 2024 4% tax credits and MTEB, these entities and agreements need to be in place.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? Brinshore Development and/or its subsidiaries will serve as developer and co-owner with KCDC on the project. Western Heights 3 GP Corporation will be an instrumentality of KCDC and will serve as the general partner of the ownership entity.</p> <p>4. What are the long-term and short-term exposures? None.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	KCDC was previously awarded a HUD CNI grant to facilitate the redevelopment of Western Heights.
ATTACHMENTS	Resolution, charter and Cert of LP

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
AUTHORIZING THE FORMATION OF WESTERN HEIGHTS 3 GP
CORPORATION AND WESTERN HEIGHTS 3 LP RELATING TO THE
CONSTRUCTION OF WESTERN HEIGHTS PHASE 3**

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

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

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

WHEREAS, for the purpose of facilitating the financing, rehabilitation, construction and development of a proposed redevelopment project, KCDC desires to form a corporation known as Western Heights 3 GP Corporation (the "Corporation") in connection with the development of an approximately 126-unit housing facility for very-low, low and/or moderate-income citizens to be on certain property located at or near 1331 W. Oldham Avenue in Knoxville, Tennessee (the "Project"); and

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

WHEREAS, KCDC desires to appoint its Chairman, Vice-Chairman and Treasurer as the initial Board of Directors of the Corporation; and

WHEREAS, for the purpose of facilitating the financing, rehabilitation, construction and development of the Project, KCDC and the Corporation desire to form a limited partnership known as Western Heights 3 LP (the "Limited Partnership"); and

WHEREAS, the Board desires to approve, authorize and ratify the execution of such documentation as is necessary for KCDC to form the Limited Partnership (the "Partnership Documents"), including, but not limited to, a limited partnership agreement (the "Limited Partnership Agreement") and a certificate of limited partnership (the "Certificate of Limited Partnership"), drafts of which have been submitted to KCDC and shall be filed with the records of KCDC.

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

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

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

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

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

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

Adopted this 27th day of February, 2024.

**KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION**

By: _____
Secretary

37244987.1

39.1K

FILED

Nick McBride
Register of Deeds
Knox County **WESTERN HEIGHTS 3 GP CORPORATION**

CHARTER**OF**

The undersigned, acting as the incorporator of a nonprofit corporation under the Tennessee Nonprofit Corporation Act, does hereby adopt the following Charter for such corporation:

ARTICLE I**NAME**

The name of the corporation shall be WESTERN HEIGHTS 3 GP CORPORATION.

ARTICLE II**PUBLIC BENEFIT CORPORATION**

The corporation is a public benefit corporation.

ARTICLE III**NOT FOR PROFIT**

The corporation is not-for-profit.

Knox County, TN Page: 1 of 7
REC'D FOR REC 2/6/2024 11:35 AM
RECORD FEE: \$10.00 T20240004073
M. TAX: \$0.00 T. TAX: \$0.00

ARTICLE IV**202402060037739****PURPOSES**

The corporation is an instrumentality of Knoxville's Community Development Corporation ("KCDC"), a housing authority organized under Tennessee Code Annotated §§ 13-20-101 *et seq.* (the "Housing Authorities Law"), formed pursuant to §13-20-104(b) of the Housing Authorities Law for the purpose of exercising certain powers conferred upon KCDC by the Housing Authorities Law as delegated to the corporation by KCDC from time to time.

ARTICLE V**POWERS**

In furtherance and not in limitation of the general powers conferred by the laws of the State of Tennessee, and the purposes set forth herein, it is expressly provided that the corporation shall have the following powers:

(a) To enter into, make and perform contracts of every sort and kind with any person, firm, association, corporation, municipality, body politic, housing authority, county, state, or

with the Federal Government or any agency or instrumentality thereof in connection with the ownership and financing of certain real property commonly known as Western Heights, or a portion thereof (the "Western Heights Property");

(b) To issue bonds or other obligations of the corporation, and to contract Indebtedness without limit as to amount for any of the purposes of the corporation and to secure the same to the extent necessary by mortgage, deed or deeds of trust, or pledge or lien or any or all of the real or personal property, or both, or right, title and interest therein of the corporation in connection with the ownership and financing of the Western Heights Property;

(c) To form a limited partnership for the purpose of facilitating the acquisition of the Western Heights Property and the financing, design, construction and/or operations of low-income housing on the Western Heights Property;

(d) To acquire the Western Heights Property and finance, design, construct and/or operate low-income housing on the Western Heights Property;

(e) To do everything necessary, proper, convenient or incident to effect any or all of the purposes for which the corporation is organized and to undertake any other actions conferred upon KCDC by the Housing Authorities Law and delegated to the corporation by KCDC; and

(f) Without limiting the generality of the foregoing, this corporation shall have all the powers, privileges, rights, and immunities necessary or convenient for carrying out the purposes for which this corporation is formed, and the directors hereby claim for this corporation all the benefits, privileges, rights and powers created, given, extended or conferred, now or hereafter, by the provisions of all applicable laws of the State of Tennessee, pertaining to not-for-profit corporations and any additions or amendments thereto.

ARTICLE VI

PERIOD OF EXISTENCE

The duration of the corporation shall be perpetual.

ARTICLE VII

INITIAL REGISTERED OFFICE; INITIAL REGISTERED AGENT; INITIAL PRINCIPAL OFFICE

The address of the initial registered office of the corporation in the State of Tennessee is 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The name of its initial registered agent at that office is Benjamin M. Bentley. The place in Tennessee where the principal office of the corporation is to be located is 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The business email address is bbentley@kcdc.org.

ARTICLE VIII**MEMBERS**

The corporation shall not have members.

ARTICLE IX**DIRECTORS**

SECTION 1. Number of Directors. The Board of Directors shall consist of three (3) members.

SECTION 2. Election and Term. The directors of the corporation shall be the same persons who are elected to hold the offices of Chairman, Vice Chairman, and Treasurer of KCDC. The Board of Commissioners of KCDC shall have the power to appoint and remove all directors of the corporation. The election of any person to any such office in KCDC shall be deemed to be an election of such person to the Board of Directors of the corporation. Each director shall hold office until the expiration of the term for which he/she is elected, and thereafter until his successor has been elected and qualified.

ARTICLE X**INCORPORATOR**

The name and address of the Incorporator is as follows:

NAME**ADDRESS**

Russell E. Stair

1700 Riverview Tower
900 S. Gay Street
Knoxville, TN 37902

ARTICLE XI**AMENDMENTS**

The business and conduct of affairs of the corporation shall be regulated by Bylaws adopted by the board of directors, which shall not be inconsistent with this Charter and which so long as the corporation acts and functions as an instrumentality of KCDC, shall only be amended with the prior approval of KCDC, or its successors or designee.

ARTICLE XII**PROVISIONS FOR REGULATION AND CONDUCT
OF THE AFFAIRS OF THE CORPORATION**

Other provisions, consistent with the laws of the State of Tennessee, for the regulation and conduct of the affairs of this corporation, and creating, defining, limiting or regulating the powers of this corporation or of the directors are as follows:

(a) The corporation is a not-for-profit, non-stock corporation and no part of the income, profits or assets of the corporation shall ever be distributed to, or inure to the benefit of, any member, director or officer, but shall be used only for charitable or low-income housing purposes as provided herein.

(b) All of the assets of the corporation shall be held in trust for the purposes herein mentioned, including payment of the corporation's liabilities. Upon dissolution of the corporation, title to or other interest in any real or personal property and any other assets owned by the corporation at such time, after the payment of all its liabilities, shall vest in and be transferred to KCDC, or, in the event that KCDC shall cease to exist or fail to be a political subdivision of the State of Tennessee, to the State of Tennessee or a political subdivision thereof for a public purpose.

ARTICLE XIII**SPECIAL PROVISION**

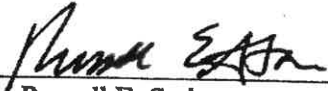
The acts and functions of the corporation shall constitute only acts of this corporation and shall never constitute an act, debt or a pledge of the faith and credit of the taxing power of the State of Tennessee or any political subdivision, taxing district or body, corporate and politic thereof and shall not constitute an act, debt or pledge of KCDC, HUD or any staff members or employees of any such public body.

ARTICLE XIV**INDEMNIFICATION OF AND INSURANCE ON
DIRECTORS AND OFFICERS**

The directors and officers of the corporation shall be indemnified in connection with any actual or threatened, civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the name of the corporation or otherwise) arising out of their service to the corporation or to another organization at the request of the corporation to the full extent permitted by the laws of the State of Tennessee and to the extent that such indemnification is limited to liability insurance coverage or distribution approved by HUD from residual receipts or surplus cash; provided, however, the directors and officers of the corporation may not be indemnified for liability: (i) for any breach of the director's duty of loyalty to the corporation; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; and (iii) under § 48-58-304 of the Act, as the same exists or hereafter may

be amended. Any repeal or modification of this Article XIV shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

Dated: February 1, 2024



Russell E. Stair

37244989.1

B1460-6013 02/01/2024 11:24 AM Received by Tennessee Secretary of State Tre Hargett



Tre Hargett
Secretary of State

Division of Business Services
Department of State

State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

WESTERN HEIGHTS 3 GP CORPORATION
901 N. BROADWAY
KNOXVILLE, TN 37917

February 2, 2024

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	001507917	Formation Locale:	TENNESSEE
Filing Type:	Nonprofit Corporation - Domestic	Date Formed:	02/01/2024
Filing Date:	02/01/2024 11:24 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2025
Duration Term:	Perpetual	Image # :	B1460-6009
Public/Mutual Benefit:	Public		
Business County:	KNOX COUNTY		

Document Receipt

Receipt # :	008640004	Filing Fee:	\$100.00
Payment-Check/MO -	CFS-2, NASHVILLE, TN		\$220.00
Deposit-Account -	CFS-2, NASHVILLE, TN		\$120.00

Registered Agent Address:
BENJAMIN M. BENTLEY
901 N BROADWAY
KNOXVILLE, TN 37917

Principal Address:
901 N. BROADWAY
KNOXVILLE, TN 37917

Congratulations on the successful filing of your **Charter** for **WESTERN HEIGHTS 3 GP CORPORATION** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Tammy Morris

Tennessee Certification of Electronic Document

I, Adam Harrer, do hereby make oath that I am a licensed attorney and/or the
custodian of the original version of the electronic document tendered for registration herewith
and that this electronic document is a true and exact copy of the original document executed and
authenticated according to law on Feb 1, 2024 (date of document).

[Signature]
Affiant Signature

02/06/2024

Date

State of Tennessee
County of Davidson

Sworn to and subscribed before me this 06 day of February, 2024.

[Signature]
Notary's Signature

MY COMMISSION EXPIRES: 09-07-2026

NOTARY'S SEAL



39.2K

FILED**CERTIFICATE OF LIMITED PARTNERSHIP
WESTERN HEIGHTS 3 LP**

This Certificate of Limited Partnership (the "Certificate") of WESTERN HEIGHTS 3 LP, a Tennessee limited partnership (the "Partnership") is made on this 1st day of February, 2024, by Western Heights 3 GP Corporation, as the General Partner.

The General Partner hereby certifies as follows:

Nick McBride
Register of Deeds
Knox County

1. The name of the Partnership is Western Heights 3 LP.
2. The name of the initial registered agent and the address of the initial registered office of the Partnership is as follows:

Benjamin M. Bentley
901 N. Broadway
Knoxville, Knox County, Tennessee 37917

3. The address of the principal office of the Partnership is as follows:

901 N. Broadway
Knoxville, Knox County, Tennessee 37917

The business email address of the Partnership is bbentley@kcdc.org.

4. The name and the business mailing address of the General Partner is as follows:

Western Heights 3 GP Corporation
901 N. Broadway
Knoxville, Knox County, Tennessee 37917

5. The term of the Partnership shall continue in perpetuity, unless the Partnership is sooner dissolved in accordance with the provisions of the partnership agreement of the Partnership.
6. This Certificate of Limited Partnership shall be effective upon its filing with the Secretary of State of Tennessee.

IN WITNESS WHEREOF, the undersigned has executed and sworn to this Certificate of Limited Partnership as of the day and year first above written.

Knox County, TN Page: 1 of 3
REC'D FOR REC 2/6/2024 11:35 AM
RECORD FEE: \$9.00 T20240004073
M. TAX: \$0.00 T. TAX: \$0.00

202402060037740

**WESTERN HEIGHTS 3 GP
CORPORATION,
General Partner**

By: *Benjamin M. Bentley*
Benjamin M. Bentley,
President



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Western Heights 3 LP
901 N. BROADWAY
KNOXVILLE, TN 37917

February 2, 2024

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	001507922	Formation Locale:	TENNESSEE
Filing Type:	Limited Partnership - Domestic	Date Formed:	02/01/2024
Filing Date:	02/01/2024 11:24 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2025
Duration Term:	Perpetual	Image # :	B1460-6015
Business County:	KNOX COUNTY		

Document Receipt

Receipt # :	008640015	Filing Fee:	\$100.00
Payment-Account -	#026501 CFS-2, NASHVILLE, TN		\$120.00
Refund pending (6-8 weeks) - Reference #			\$20.00

Registered Agent Address:
BENJAMIN M. BENTLEY
901 N BROADWAY
KNOXVILLE, TN 37917

Principal Address:
901 N. BROADWAY
KNOXVILLE, TN 37917

Congratulations on the successful filing of your **Certificate of Limited Partnership** for **Western Heights 3 LP** in the State of Tennessee which is effective on the date shown above. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Tammy Morris

Tennessee Certification of Electronic Document

I, Adam Harrer, do hereby make oath that I am a licensed attorney and/or the custodian of the original version of the electronic document tendered for registration herewith and that this electronic document is a true and exact copy of the original document executed and authenticated according to law on Feb 1, 2024 (date of document).

[Signature]
Affiant Signature

02/06/2024

Date

State of Tennessee
County of Davidson

Sworn to and subscribed before me this 06 day of February, 2024.

[Signature]
Notary's Signature

MY COMMISSION EXPIRES: 09-07-2026

NOTARY'S SEAL



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 13

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	A preliminary bond resolution authorizing KCDC to issue up to \$50M of revenue bonds to support the financing of a new affordable housing development project located at 1331 W. Oldham Avenue in connection with Western Heights Phase 3.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds: No funds committed with bond issuance.
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS Other – Name/Title: _____
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? This resolution authorizes KCDC to issue bonds and enter into a letter intent with the project owner/applicant Western Heights 3 LP. The total amount of bonds to be issued will not exceed \$50M. These bonds will be used in connection with 4% LIHTCs to help finance and capitalize the development of this new construction, affordable housing project.</p> <p>2. Why is the action needed now? THDA's application period for 4% LIHTCs will be open next month and the KCDC bond inducement resolution is required for the application.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? Brinshore Development as KCDC's ownership partner and project developer. KCDC as issuer of the bonds. Western Heights 3 LP as the project owner and borrower under the bond agreements.</p> <p>4. What are the long-term and short-term exposures? Bonds being issued are not general obligation of KCDC.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	None.
ATTACHMENTS	Resolution

RESOLUTION NO. _____

PRELIMINARY BOND RESOLUTION
OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
REGARDING WESTERN HEIGHTS 3 LP

WHEREAS, Western Heights 3 LP, a Tennessee limited partnership (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and/or moderate-income citizens to be located at and around 1331 W. Oldham Avenue in Knoxville, Tennessee (Tax Parcel ID 094BC004), which property is bounded to the northwest by Bonnyman Drive, to the northeast by Reed Street, to the southeast by W. Oldham Avenue, to the south by Better Tomorrow Drive and to the west by Fort Promise Drive, and wishes to have Knoxville's Community Development Corporation ("KCDC") indicate its willingness to issue revenue bonds to provide financing for such purposes; and

WHEREAS, the acquisition, construction and equipping of such facilities will constitute a "project" within the meaning of T.C.A. § 13-20-101; and

WHEREAS, a letter of intent has been presented to KCDC under the terms of which KCDC agrees, subject to the provisions of such letter, to issue its revenue bonds in an amount not exceeding \$50,000,000 to provide financing for such project.

NOW, THEREFORE, BE IT RESOLVED BY KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION as follows:

1. KCDC hereby finds that the financing of such above-described project will improve the quality and availability of housing in the City of Knoxville and Knox County, Tennessee, and will contribute to the general welfare of the citizens thereof.

2. The Chair or the Executive Director of KCDC is hereby authorized to execute a letter of intent with the Applicant in substantially the form thereof as presented at this meeting or with such changes therein as shall be approved by the Chair or the Executive Director. The officers of KCDC are hereby authorized to take such further action as is necessary to carry out the intent and purposes of the letter of intent as executed.

3. The Chair or the Executive Director of KCDC is hereby authorized to conduct such public hearings on behalf of KCDC as the Applicant may request with respect to the project.

Approved this 27th day of February, 2024.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By: _____
Secretary

February 27, 2024

Western Heights 3 LP
Knoxville, Tennessee

Ladies and Gentlemen:

Knoxville's Community Development Corporation ("KCDC") has been informed that Western Heights 3 LP, a Tennessee limited partnership (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and/or moderate-income citizens to be located at and around 1331 W. Oldham Avenue in Knoxville, Tennessee (Tax Parcel ID 094BC004), which property is bounded to the northwest by Bonnyman Drive, to the northeast by Reed Street, to the southeast by W. Oldham Avenue, to the south by Better Tomorrow Drive and to the west by Fort Promise Drive. The above-described acquisition, construction and equipping with regard to such facility constitutes a "project" within the meaning of T.C.A. § 13-20-101.

After investigation of the nature of the proposed project, KCDC has determined that the financing of the project will improve the quality and availability of housing in the City of Knoxville and Knox County, Tennessee, and will contribute to the general welfare of the citizens thereof. Therefore, it is the belief of KCDC that in assisting the financing of the project, KCDC will be acting in furtherance of the public purposes for which it was created.

Accordingly, in order to assist the Applicant in the financing of the project and in order to carry out the purposes for which KCDC was created, KCDC hereby makes the following proposals:

1. KCDC will issue, and sell to a purchaser to be designated by the Applicant prior to issuance, revenue bonds (the "Bonds") in the principal amount not to exceed \$50,000,000 to provide financing for the project. The Bonds shall be limited obligations of KCDC payable solely out of the revenues and receipts derived from the project including loan payments from the Applicant obtained in connection with the financing of the project. In no event shall the Bonds be general obligations of KCDC, its directors, or the City of Knoxville, Tennessee.

2. The terms of the Bonds (maturity schedule, interest rate, denominations, redemption provisions, etc.) will be determined by agreement among KCDC and the Applicant, subject to compliance with all applicable state and federal requirements, and all bylaws and policies of KCDC.

3. Prior to delivery of the Bonds, KCDC and the Applicant will enter into a loan agreement pursuant to which the proceeds from the sale of the Bonds will be used for the purposes hereinabove indicated and the Applicant will be obligated to make payments sufficient to cover all debt service requirements on the Bonds.

4. KCDC will enter into a trust indenture with a trustee to be nominated by the Applicant and subject to the approval of KCDC and/or a purchase contract with the purchaser of the Bonds. Such indenture and/or purchase contract will assign the loan agreement and all collateral therefor and all revenues received thereunder for the benefit of the bondholders. The terms and provisions of such indenture and/or purchase contract shall be agreed upon by KCDC, the Applicant and the purchaser of the Bonds.

5. KCDC hereby authorizes the Applicant to commence the acquisition, construction and equipping of the project as soon as practicable so that the inhabitants of the State of Tennessee might benefit from the project without delay. The Applicant may advance any interim funds required and be reimbursed from the proceeds of the Bonds, to the extent allowed by applicable law.

6. Upon the issuance, sale and delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Applicant shall have no further effect and, in the event of any inconsistencies between the terms of this proposal and the terms of any loan agreement and/or indenture or purchase contract the provisions of such latter documents shall control.

7. KCDC agrees to cooperate with the Applicant in executing, along with the Applicant, a Multi-Family Tax-Exempt Bond Authority Application (the "Application") to be prepared by the Applicant and submitted to the Tennessee Housing Development Agency ("THDA") with respect to the Project. The Applicant acknowledges that all information provided in the Application, other than the name and address of KCDC, is to be provided by the Applicant and not by KCDC and that KCDC has no responsibility as to the accuracy of such information other than as to the name and address of KCDC. The Applicant shall be responsible for any claims, liabilities, costs or expenses of KCDC

that may arise as a result of the inaccuracy of any information contained in the Application (other than the name and address of KCDC) or the submission of the Application.

If the foregoing proposal is satisfactory to you, you may indicate by signing the following acceptance and returning a copy to KCDC. This proposal and your acceptance will then constitute an agreement in principal with respect to the matters herein contained.

Yours very truly,

KNOXVILLE'S COMMUNITY DEVELOPMENT
CORPORATION

By: _____

Title: _____

ACCEPTANCE OF PROPOSAL
OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
BY
WESTERN HEIGHTS 3 LP

The terms and conditions contained in the foregoing proposal by Knoxville's Community Development Corporation are hereby accepted by Western Heights 3 LP as of the date first written above.

WESTERN HEIGHTS 3 LP

By: Western Heights 3 GP Corporation,
its general partner

By: _____
Title: _____

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 14

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	A resolution authorizing the acquisition of four parcels all located in Knoxville's south waterfront area as well as entering into an assignment and assumption agreement with the Greater Tennessee Housing Assistance Corporation in connection with said parcels.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ 7,050,000 Expenditure: \$ 7,050,000 Source of Funds: South Waterfront TIF Proceeds and/or KCDC Unrestricted Funds
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS Other – Name/Title:

BACKGROUND

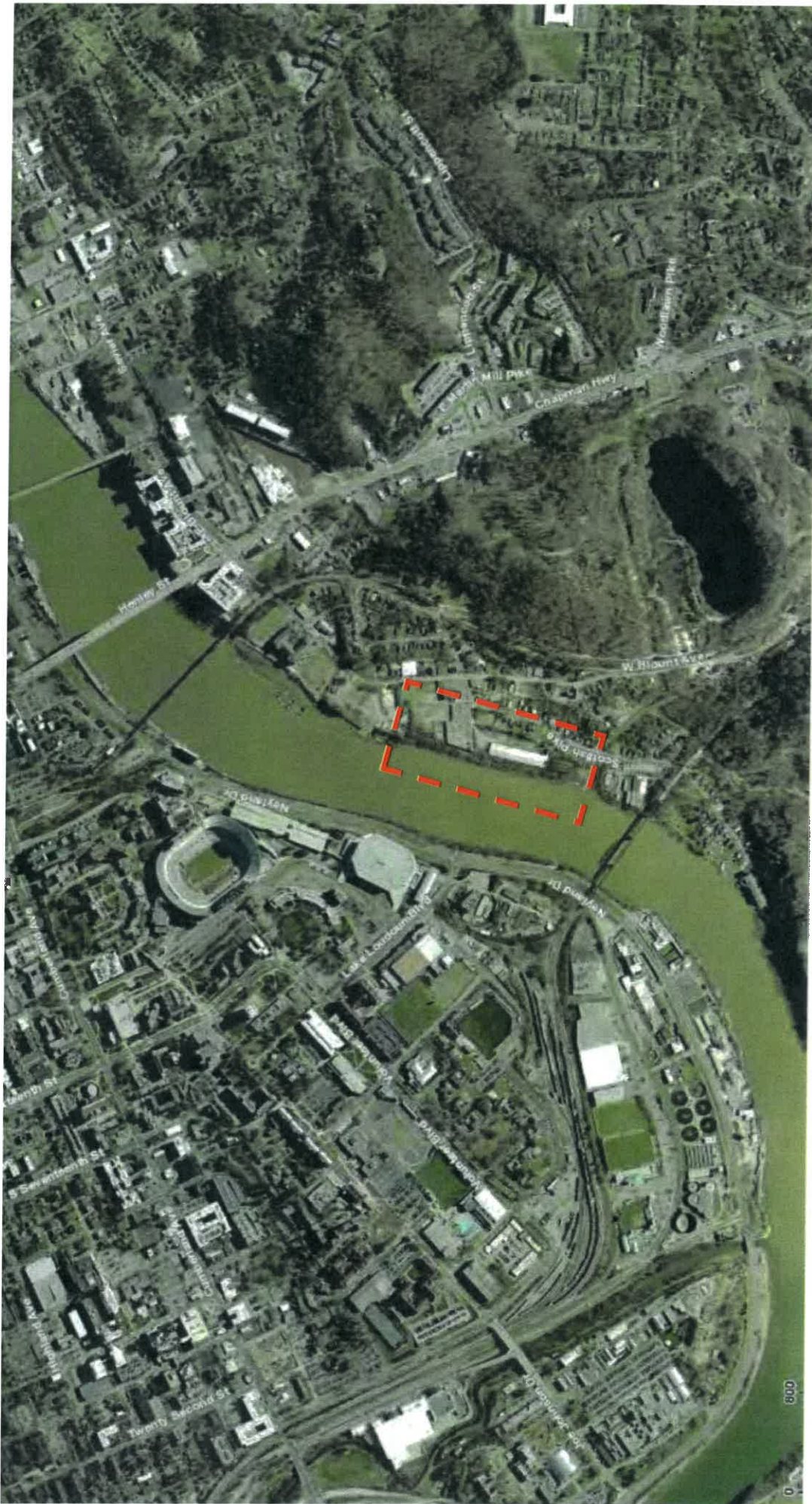
1. What is the objective of this action?
 This resolution authorizes the acquisition of four parcels within the south waterfront that are anticipated to be incorporated into the master plan for the new pedestrian bridge. The "Cemex" site consists of three parcels, one at ~3.5 acres and two smaller, contiguous parcels at 0.25 acres and are being acquired under a single transaction for \$800,000. The "Specialty Metals" site is approximately 3.1 acres and is being acquired for \$6,250,000. KCDC may enter into an assignment and assumption agreement with GTHAC to assign the rights under the respective purchase agreements to GTHAC.

2. Why is the action needed now?
 The closing date for Specialty Metals is anticipated to be in late March 2024 and authorization is needed in advance of closing. The closing date for Cemex is anticipated in early June 2024.

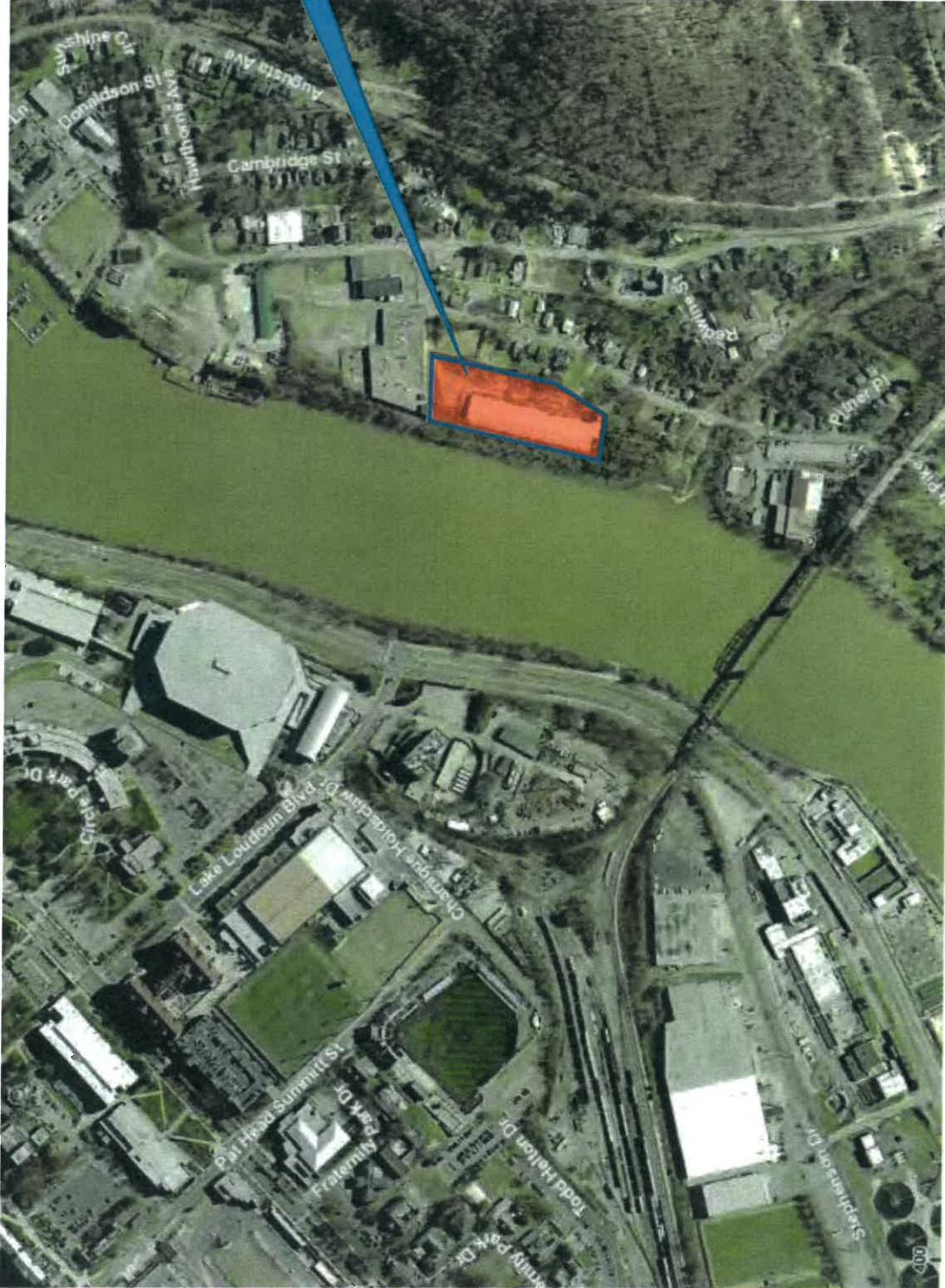
3. Who are the parties involved and what are their roles (if appropriate)?
 KCDC, as the public housing authority and manager of the south waterfront redevelopment plan, and the Greater Tennessee Housing Assistance Corporation as the possible assignee under an assignment agreement between KCDC and GTHAC.

4. What are the long-term and short-term exposures?
 The acquisition of these parcels will be funded by either TIF loan proceeds and/or unrestricted KCDC funds that will be reimbursed to KCDC from TIF proceeds post-closing.

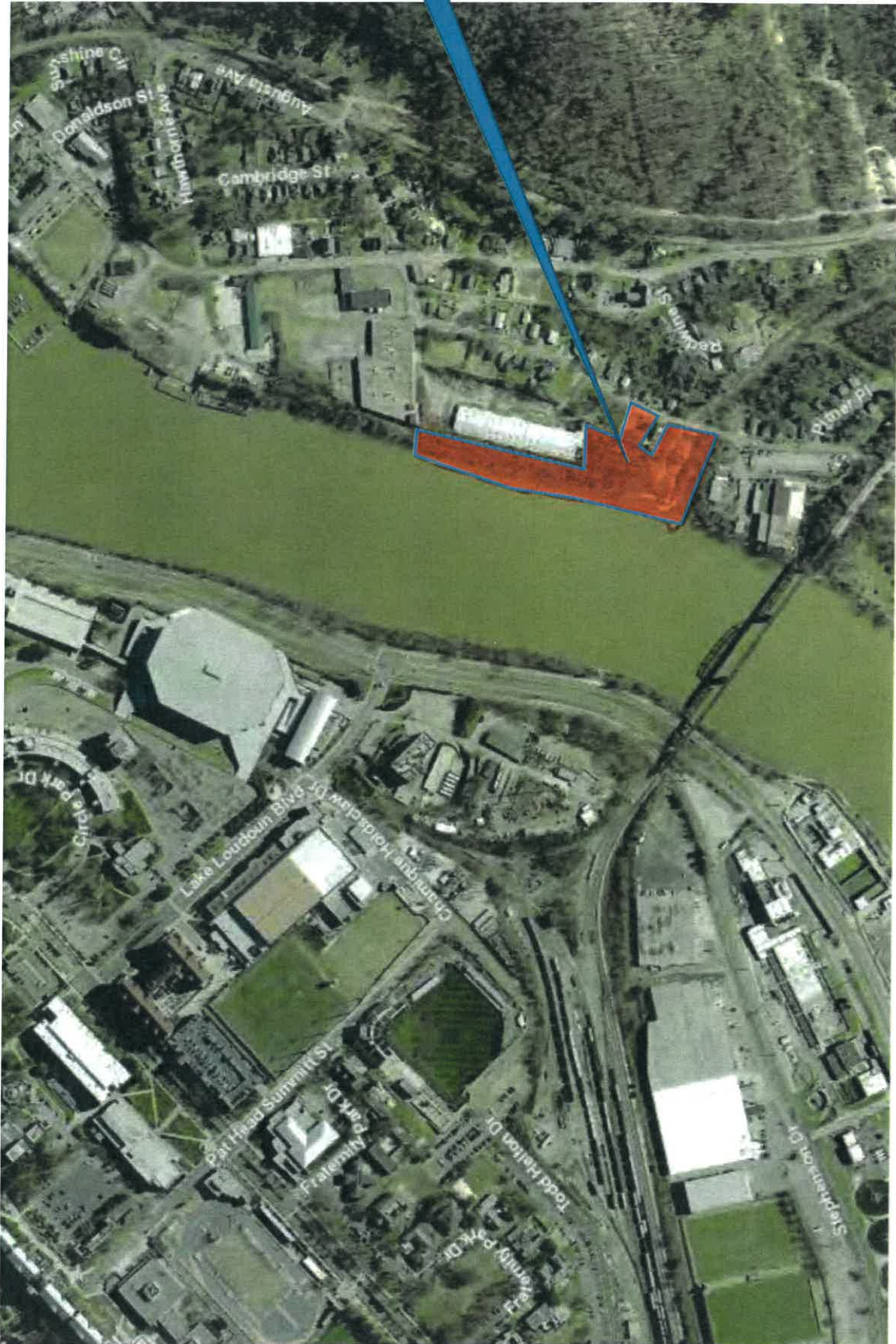
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	Over the last 24+/- months, the City of Knoxville and University of Tennessee have been collaborating to secure funding for the development of a pedestrian bridge across the Tennessee River.
ATTACHMENTS	Resolution, Map



"Specialty
Metals Site"



"Cemex"
Site"



A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING
TO THE PURCHASE AND FINANCING OF CERTAIN REAL
PROPERTY IN THE SOUTH WATERFRONT REDEVELOPMENT
AREA

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

WHEREAS, pursuant to the Knoxville South Waterfront Redevelopment & Urban Renewal Plan, as it may be amended from time to time (the "Plan"), KCDC is authorized to facilitate redevelopment projects in the area subject to the Plan (the "Redevelopment Area"); and

WHEREAS, pursuant to the Plan, KCDC is authorized to acquire real property for purposes of redevelopment; and

WHEREAS, on or around March 29, 2023, KCDC entered into a Real Property Purchase Agreement between Barbara Gail Taylor and KCDC (the "Specialty Metals Purchase Agreement"), pursuant to which KCDC agreed to acquire certain real property within the Redevelopment Area located at 2547 Scottish Pike (the "Specialty Metals Property") upon the terms set forth therein; and

WHEREAS, on or around February 12, 2024, KCDC entered into a Real Property Purchase Agreement between KCDC, Cemex, Inc. and Cemex Construction Materials Atlantic, LLC (the "Cemex Purchase Agreement" and, together with the Specialty Metals Purchase Agreement, the "Purchase Agreements"), pursuant to which KCDC agreed to acquire certain real property within the Redevelopment Area located at 0 Scottish Pike, 2615 Scottish Pike and 2617 Scottish Pike (collectively, the "Cemex Property") upon the terms set forth therein; and

WHEREAS, KCDC now desires to assign the Purchase Agreements to Greater Tennessee Housing Assistance Corporation, an instrumentality of KCDC ("GTHAC") pursuant to an Assignment and Assumption Agreement between KCDC and GTHAC, the form of which has been presented to the Board (the "Assignment"); and

WHEREAS, on September 21, 2023, KCDC issued its \$30,000,000 Tax Increment Revenue Note, Series 2023 (Federally Tax-Exempt Note) (Knoxville South Waterfront Redevelopment Project) (the "TIF Note"), which TIF Note was purchased by Regions Capital Advantage, Inc. ("Regions"); and

WHEREAS, pursuant to the TIF Note and related loan documents entered into between Regions and KCDC (collectively, the "TIF Loan Documents"), KCDC may draw upon the TIF Note to pay for eligible redevelopment costs, including land acquisition, in accordance with the terms of the TIF Loan Documents; and

WHEREAS, to facilitate GTHAC's acquisition of the Specialty Metals Property and the Cemex Property in accordance with the terms of the respective Purchase Agreements, KCDC desires to authorize one or more draws draw on the TIF Note and/or the use of unrestricted funds, as determined in the discretion of KCDC's Authorized Officers (as defined below); and

WHEREAS, the acquisition of the Specialty Metals Property and the Cemex Property will further the public purposes of KCDC by promoting future redevelopment in the Redevelopment Area.

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

RESOLVED, that it is in the best interest of KCDC to enter into the Purchase Agreements and the Assignment; and, further,

RESOLVED, that the Purchase Agreements and the Assignment shall be similar to the forms submitted to the Board, which are hereby approved, with such completions, omissions, insertions, changes and amendments as may be approved by counsel to the Board and the officers executing it, their execution to constitute conclusive evidence of their approval of any such completions, omissions, insertions, changes and amendments; and, further

RESOLVED, that it is in the best interest of KCDC to facilitate and finance GTHAC's purchase of the Specialty Metals Property and the Cemex Property for purposes of future redevelopment; and, further

RESOLVED, that the Chairman, Vice Chairman or Secretary 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 each of the Purchase Agreements to the respective counterparties thereto; (ii) execute and deliver any and all instruments, documents and agreements deemed necessary or desirable by the Authorized Officers in connection with GTHAC's purchase of the Specialty Metals Property and the Cemex Property, including without limitation the Assignment, together with any certificates, affidavits, and any other instruments of any kind or nature whatsoever, all in the form approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and, further

RESOLVED, that the Authorized Officers are hereby authorized and directed to (i) fund GTHAC's acquisition of the Specialty Metals Property and the Cemex Property by making a contribution to GTHAC of KCDC's unrestricted funds and/or by making one or more draws against the TIF Note, in each case in an amount to be determined in the discretion of the Authorized Officers; and (ii) execute and deliver such instruments, agreements, certificates, affidavits, and other documents as may be required in connection with any such contribution and/or draw(s) against the TIF Note; and, further

RESOLVED, that the Authorized Officers are hereby authorized and directed to take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described herein; 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 27th day of February, 2024.

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

By: _____
Secretary

37357528.3

BELL STREET 2 CORPORATION

Date: February 22, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **AGENDA**
Special Meeting of the Board of Directors
Tuesday, February 27, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested to execute the *annual* minutes for the meeting held on May 25, 2023. [\(Item 2 Attachment\)](#)

REDEVELOPMENT (Jim Hatfield)

3. Resolution authorizing Bell Street 2 Corporation, on behalf of Bell Street 2 LP, to negotiate and execute all documents required to effectuate the closing of Austin Homes Phase 3, a 161-unit affordable housing project for families and seniors earning between 30% and 80% AMI. [\(Item 3 Attachment\)](#)
4. Adjourn.

BELL STREET 2 CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Bell Street 2 Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:36 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the *annual* meeting held on May 26, 2022. Director Harris made a motion to approve. Director Broyles seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Broyles made a motion to elect the following slate of officers. Director Harris seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:37 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

BELL STREET 2 CORPORATION BOARD ACTION FORM - ITEM 3

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing Bell Street 2 Corporation, on behalf of Bell Street 2 LP, to negotiate and execute all documents required to effectuate the closing of Austin Homes Phase 3, a 161-unit affordable housing project for families and seniors earning between 30% and 80% AMI.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input type="checkbox"/> Regular <input checked="" type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ _____ Expenditure: \$ _____ Source of Funds: _____
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS Other – Name/Title: _____
<u>BACKGROUND</u>	
<p>1. What is the objective of this action?</p> <p>The Project's owner entity and the Project's Class B Limited Partner will need to enter into various customary agreements that are all required in order for the Project to close. Such documents include but are not limited to an amended partnership agreement, loan documents, construction contract, bond documents, management agreement, assignments, AHAP, capital advance and regulatory agreements, RAD use agreements, ground lease and PILOT, construction contract documents, and other related agreements.</p> <p>2. Why is the action needed now?</p> <p>Board approval is needed before closing which is expected to be in late March 2024.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)?</p> <p>Bell Street 2 LP is the owner entity of the Project. Bell Street 2 Corporation is the Class B limited partner. The general partner is Bell Street 2 GP LLC, a wholly owned subsidiary of Southeastern Housing Foundation, our partner on this project. JP Morgan Chase is providing the debt financing. Regions Bank is providing the tax credit equity. Jenkins & Stiles will serve as the general contractor.</p> <p>4. What are the long-term and short-term exposures?</p> <p>There are certain customary requirements associated with the various closing documents and agreements obligating the Class B Limited Partner and KCDC to develop the Project successfully and stabilize the Project post-construction.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	KCDC was previously awarded 4% tax credits from THDA for this project and \$7.5M capital advance from HUD under the Section 202 program.
ATTACHMENTS	Resolution

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF BELL STREET 2 CORPORATION REGARDING THE DEVELOPMENT AND FINANCING OF AUSTIN HOMES PHASE 3 AND THE EXECUTION OF DOCUMENTS RELATING THERETO

WHEREAS, the Board of Directors of Bell Street 2 Corporation (the "Corporation") has met pursuant to proper notice; and

WHEREAS, the Corporation has been organized pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated, as an instrumentality of Knoxville's Community Development Corporation ("KCDC"); and

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

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

WHEREAS, to further the development of a 161-unit low-income housing development known as Austin Homes Phase 3 on real property located at approximately 245 S. Bell Street in the City (the "Project"), the Corporation formed Bell Street 2 LP, a Tennessee limited partnership (the "Partnership"); and

WHEREAS, the Corporation serves as the Class B Limited Partner of the Partnership, with KCDC serving as limited partner and Bell Street 2 GP, LLC (the "General Partner"), whose sole member is Southeastern Housing Foundation II, Inc. ("SHF"), serving as the general partner; and

WHEREAS, the Corporation has also agreed to serve as the developer for the Project; and

WHEREAS, the Amended and Restated Limited Partnership Agreement of the Partnership provides that the General Partner shall obtain the advance written consent of the Class B Limited Partner prior to exercising any rights and powers on behalf of the Partnership; and

WHEREAS, KCDC, as issuer, proposes to assist with the financing of the Project by the issuance and sale of its \$35,000,000 Tax-Exempt Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project) Series 2024A (the "Series 2024A Bonds") and its \$6,000,000 Taxable Multifamily Housing Revenue Bonds (Austin Homes Phase 3 Project)

Series 2024B (the "Series 2024B Bonds") and, together with the Series 2024A Bonds, the "Bonds"; and

WHEREAS, JP Morgan Chase Bank, N.A. (the "Bank") has agreed to purchase the Bonds for a purchase price not to exceed \$41,000,000, the proceeds of which will be loaned by KCDC to the Partnership at a rate of interest equal to the Wall Street Journal Prime Rate minus 4%, pursuant to a Bond Purchase and Loan Agreement between the Partnership, KCDC and the Bank (together with such other documents, agreements, and security instruments referred to therein and/or required to be executed in connection therewith and any amendments thereto, the "Bond Loan Documents"); and

WHEREAS, to proceed with the rehabilitation of the Project and to utilize low-income housing tax credits available pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, for said rehabilitation, the Corporation desires to:

- (i) authorize the transactions contemplated in the Bond Loan Documents, and authorize and consent to the execution and delivery by the General Partner, on behalf of the Partnership, and by the Corporation, as applicable, of the Bond Loan Documents;
- (ii) authorize the transactions contemplated by that certain Amended and Restated Agreement of Limited Partnership Agreement of the Partnership (the "Partnership Agreement") among the General Partner, the Corporation, as Class B Limited Partner, RAH Investor 407 LLC, as the Investor Limited Partner, Sterling Corporate Services LLC, as the Special Limited Partner, and KCDC, as the Withdrawing Limited Partner;
- (iii) authorize and consent to the execution and delivery by the General Partner, on behalf of the Partnership, and by the Corporation, as applicable, of the Partnership Agreement and the documents and agreements ancillary thereto, including but not limited to an Incentive Management Fee Agreement, Reporting Services Agreement, Guaranty Agreement, Developer's Pledge and Security Agreement, Class B Limited Partner's Pledge and Security Agreement, Right of First Refusal and Purchase Option Agreement, Indemnity Spreader Agreement and Development Agreement (collectively, and together with the Partnership Agreement, the "Equity Documents");

- (iv) authorize the transactions contemplated by a Ground Lease from KCDC to the Partnership (the "Ground Lease"), including but not limited to KCDC's lease of the Property to the Partnership and the Partnership's agreement to a payment in lieu of taxes arrangement with KCDC, and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the Lease and the documents related thereto (the "Ground Lease Documents");
- (v) authorize a permanent loan to the Partnership from the Bank or an affiliate or assignee thereof in an amount not to exceed \$13,000,000, to be evidenced upon completion of construction of the Project by a promissory note and secured by a leasehold deed of trust (together with such other documents, agreements, and security instruments referred to therein and/or required to be executed in connection therewith, the "Permanent Loan Documents"), and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the Permanent Loan Documents; and
- (vi) authorize a loan to the Partnership from Knoxville's Community Development Corporation or an affiliate thereof to finance costs related to the development of the Project (the "KCDC Loan"), which loan shall not exceed the maximum principal amount of \$12,000,000, shall bear interest at a rate per annum no greater than the maximum rate of interest permitted by law and shall mature no later than December 31, 2082, and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the documents related to the KCDC Loan (the "KCDC Loan Documents"); and
- (vii) authorize a loan to the Partnership from the City of Knoxville to finance costs related to the development of the Project (the "City of Knoxville Loan"), which loan shall not exceed the maximum principal amount of \$1,500,000, shall bear interest at a rate per annum no greater than the maximum rate of interest permitted by law and shall mature no later than December 31, 2082, and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the documents related to the City of Knoxville Loan (the "City of Knoxville Loan Documents"); and

- (viii) authorize a loan to the Partnership from Southeastern Housing Foundation II, Inc. or an affiliate thereof ("SHF") to finance costs related to the development of the Project (the "Capital Advance Loan"), which loan shall not exceed the maximum principal amount of \$7,500,000, shall be funded from the proceeds of a Section 202 capital advance loan to SHF from the U.S. Department of Housing and Urban Development, shall bear interest at a rate per annum no greater than the maximum rate of interest permitted by law and shall mature no later than December 31, 2082, and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the documents related to the KCDC Loan (the "Capital Advance Loan Documents"); and
- (ix) authorize a loan to the Partnership from SHF to finance costs related to the development of the Project (the "NHTF Loan"), which loan shall not exceed the maximum principal amount of \$900,000, shall be funded from the proceeds of a National Housing Trust Fund loan to SHF from the Tennessee Housing Development Agency, shall bear interest at a rate no greater than the maximum rate of interest permitted by law and shall mature no later than December 31, 2082, and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the documents related to the NHTF Loan (the "NHTF Loan Documents"); and
- (x) authorize the RAD Use Agreement and a Housing Assistance Payment Contract related to 43 residential units in the Project, together with the other documents related to the Rental Assistance Demonstration Program offered by the U.S. Department of Housing and Urban Development ("HUD") for the Project (collectively, the "RAD Documents"), and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the RAD Documents; and
- (xi) authorize the Section 202 Project Rental Assistance Contract related to 50 residential units in the Project, together with a Capital Advance Program Mortgage Note, a Capital Advance Program Deed of Trust, a Collateral Assignment of Mortgage Note and Deed of Trust, a Security Agreement, a Capital Advance Mixed-Finance Program Use Agreement, a Regulatory Agreement for Capital Advance Mixed Finance Program, a PRAC Conversion

Agreement, an Elderly Housing RAD Use Agreement, and the other documents related to HUD's Section 202 program and applicable to a capital advance upon completion and conversion from PRAC to RAD (collectively, the "RAD for PRAC Documents"), and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the RAD for PRAC Documents; and

- (xii) authorize a construction contract between the Partnership and Jenkins & Stiles, LLC and the documents related thereto for the construction of the Project (collectively, the "Construction Documents"), and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the Construction Documents;

Copies of the Bond Loan Documents, the Equity Documents, the Ground Lease Documents, the Permanent Loan Documents, the KCDC Loan Documents, the City of Knoxville Loan Documents, the Capital Advance Loan Documents, the NHTF Loan Documents, the RAD Documents, the RAD for PRAC Documents and the Construction Documents shall be filed with the records of the Corporation; and

WHEREAS, the Board of Directors of the Corporation desires to authorize the officers of the Corporation, for and on behalf of the Corporation, to execute such documents as they, individually or collectively, determine is necessary, desirable or appropriate to carry out the transactions contemplated in and to ratify such officers' prior actions related to the Bond Loan Documents, the Equity Documents, the Ground Lease Documents, the Permanent Loan Documents, the KCDC Loan Documents, the City of Knoxville Loan Documents, the Capital Advance Loan Documents, the NHTF Loan Documents, the RAD Documents, the RAD for PRAC Documents and the Construction Documents.

NOW, THEREFORE, BE, AND IT IS HEREBY, RESOLVED, that the Corporation hereby authorizes and consents to those certain transactions contemplated in the Bond Loan Documents, the Equity Documents, the Ground Lease Documents, the Permanent Loan Documents, the KCDC Loan Documents, the City of Knoxville Loan Documents, the Capital Advance Loan Documents, the NHTF Loan Documents, the RAD Documents, the RAD for PRAC Documents and the Construction Documents, and to the execution and delivery of the same by the General Partner on behalf of the Partnership; and, further

RESOLVED, that each of the President, the Vice President and any other officer of the Corporation (each, an "Authorized Officer"), or any one of them acting alone, be and hereby is authorized and directed, on behalf of the Corporation, without the necessity of the joinder by any other officer of the Corporation, to (i) execute and deliver (a) any and all instruments, documents and agreements deemed necessary or desirable by the

Authorized Officer in connection with the transactions contemplated herein and in the Bond Loan Documents, the Equity Documents, the Ground Lease Documents, the Permanent Loan Documents, the KCDC Loan Documents, the City of Knoxville Loan Documents, the Capital Advance Loan Documents, the NHTF Loan Documents, the RAD Documents, the RAD for PRAC Documents and the Construction Documents, and (b) any and all other instruments, documents and agreements deemed necessary or advisable by an Authorized Officer to carry out the transactions described herein; all in the form approved by the Authorized Officer executing same, the execution of same by such Authorized Officer to constitute conclusive evidence of the approval of same; and further (ii) take all such further action as they may consider necessary or desirable in connection with the transactions described herein and to take from time to time any actions deemed necessary or desirable by such officer to effectuate and comply with the terms of such agreements as are executed on behalf of the Corporation pursuant to the authorization contained herein; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of the Corporation (on its own behalf and on behalf of the Partnership, in its capacity as the Class B Limited Partner of the Partnership) by the officers of the Corporation 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 officers of the Corporation that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved at a meeting of the Board of Directors held this 27th day of February, 2024.

BELL STREET 2 CORPORATION

By: _____
President

BLUEGRASS GP CORPORATION

Date: February 22, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **AGENDA**
Special Meeting of the Board of Directors
Tuesday, February 27, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested to execute the *special* minutes for the meeting held on January 25, 2024. [\(Item 2 Attachment\)](#)

REDEVELOPMENT (Jim Hatfield)

3. Resolution authorizing Bluegrass GP Corporation to negotiate and execute all documents required to effectuate the closing of the acquisition and development of Bluegrass Apartments, consisting of approximately 47 units of new affordable housing located at 1645 Ebenezer Road. [\(Item 3 Attachment\)](#)
4. Adjourn.

BLUEGRASS GP CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of the Bluegrass GP Corporation met on **January 25, 2024** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:38 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the *annual* meeting held on May 25, 2023. **Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."**

REDEVELOPMENT (Jim Hatfield)

Resolution authorizing revisions to the Choto Landing project documents and agreement to reflect the new name and location. **Director Harris made a motion to approve. Director Broyles seconded the motion. All Directors present voted "Aye." Resolution No. 2023-01 is attached.**

With no further business to come before the Board, the meeting adjourned by consent at 5:40 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

BLUEGRASS GP CORPORATION

BOARD ACTION FORM - ITEM 3

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing Bluegrass GP Corporation to negotiate and execute all documents required to effectuate the closing of the acquisition and development of Bluegrass Apartments, consisting of approximately 47 units of new affordable housing located at 1645 Ebenezer Road.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, VP of Redevelopment
MEETING TYPE	<input type="checkbox"/> Regular <input checked="" type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ n/a Expenditure: \$ n/a Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS - Russell Stair Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Bluegrass GP Corporation, as general partner of the project's owner entity, DGA Bluegrass, LP, needs to enter into various customary agreements required in order for the project to close on its financing and begin construction. Such documents include but are not limited to an amended partnership agreement, loan documents, bond documents management agreement, assignments, and other related agreements.</p> <p>2. Why is the action needed now? Closing for this project is scheduled next month and board approval is needed in advance of closing.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? KCDC as owner of Bluegrass GP Corporation, the general partner of the project. DGA Residential as project sponsor and developer.</p> <p>4. What are the long-term and short-term exposures? There is minimal exposure to KCDC under the development agreement terms with DGA Residential for this project.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	In January 2024, KCDC approved new entity names and changes to the project documents to reflect the updated project address.
ATTACHMENTS	Resolution

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF BLUEGRASS GP CORPORATION REGARDING THE DEVELOPMENT AND FINANCING OF THE BLUEGRASS APARTMENTS AND THE EXECUTION OF DOCUMENTS RELATING THERETO

WHEREAS, the Board of Directors of Bluegrass GP Corporation (the "Corporation") has met pursuant to proper notice; and

WHEREAS, the Corporation has been organized pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated, as an instrumentality of Knoxville's Community Development Corporation ("KCDC"); and

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

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

WHEREAS, to further the development of a low-income housing development known as Bluegrass Apartments on real property located on certain property located at 1645 Ebenezer Road in Knoxville, Tennessee (the "Property"), KCDC and DGA Residential, LLC ("DGA") entered into that certain Development Agreement for Holston Apartments Project dated as of February 1, 2024 (the "Development Agreement"); and

WHEREAS, pursuant to the Development Agreement, the Corporation is the sole general partner of DGA Bluegrass LP, a Tennessee limited partnership (the "Partnership"); and

WHEREAS, pursuant to the Development Agreement, the Corporation and DGA have formed Bluegrass Developer, LLC, a Tennessee limited liability company (the "Developer") for the purpose of developing the Property; and

WHEREAS, KCDC, as issuer (the "Issuer"), proposes to assist the Partnership in the financing of the development of the Property by issuing its Multifamily Housing Revenue Bonds (Bluegrass Apartment Project) Series 2024 in the aggregate principal amount of \$16,150,000 (the "Bonds"), and loaning the proceeds to the Partnership; and

WHEREAS, to proceed with the development and financing of the Property, the Corporation, on its own behalf and as sole general partner acting on behalf of the Partnership, desires to authorize the documents required in connection with the Bonds, including but not limited to the following (collectively, the "Bond Documents"):

1. Loan Agreement by and among the Issuer and the Partnership relative to the Bonds;
2. Bond Purchase Agreement among the Issuer, the Partnership and Stifel, Nicolaus & Company, Incorporated, relating to the Bonds;
3. Land Use Restriction Agreement among the Issuer, the Partnership and U.S. Bank Trust Company, National Association, as Trustee; and
4. Preliminary Official Statement and Official Statement and/or Private Placement Memorandum describing the Bonds, as well as any Remarketing Circular or similar offering document which describes the Bonds and the financing documents relating to the Bonds and which will be used in connection with any remarketing of the Bonds;

Copies of the Bond Documents shall be filed with the records of the Corporation; and

WHEREAS, the Board of Directors of the Corporation desires to authorize the officers of the Corporation, for and on behalf of the Corporation on its own behalf and, as the sole general partner, on behalf of the Partnership, as applicable, to execute such documents as they, individually or collectively, determine is necessary, desirable or appropriate to carry out the transactions contemplated in and to ratify such officers' prior actions related to the Bond Documents.

NOW, THEREFORE, BE, AND IT IS HEREBY, RESOLVED, that the Corporation, acting on its own behalf or as the sole general partner of the Partnership, as applicable, be and hereby is authorized to approve and to close those certain transactions contemplated in the Bond Documents; and, further

RESOLVED, that each of the President, the Vice President and any other officer of the Corporation (each, an "Authorized Officer"), or any one of them acting alone, be and hereby is authorized and directed, on behalf of the Corporation, acting on its own behalf or as sole general partner of the Partnership, as applicable, without the necessity of the joinder by any other officer of the Corporation, to (i) execute and deliver (a) any and all instruments, documents and agreements deemed necessary or desirable by the Authorized Officer to evidence and secure the Bonds, including, but not limited to the Bond Documents, and (b) any and all other instruments, documents and agreements deemed necessary or desirable by an Authorized Officer to carry out the transactions described herein; all in the form approved by the Authorized Officer executing same, the execution of same by such Authorized Officer to constitute conclusive evidence of the approval of same; and further (ii) take all such further action as they may consider necessary or desirable in connection with the transactions described herein and to take from time to time any actions deemed necessary or desirable by such officer to effectuate and comply with the terms of such agreements as are executed on behalf of the

Corporation (on its own behalf and/or in its capacity as the sole general partner of the Partnership, as applicable) pursuant to the authorization contained herein; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of the Corporation (on its own behalf and on behalf of the Partnership, in its capacity as the sole general partner of the Partnership) by the officers of the Corporation 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 officers of the Corporation that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved at a meeting of the Board of Directors held this 27th day of February, 2024.

BLUEGRASS GP CORPORATION

By: _____
President

EVERETT GP CORPORATION

Date: February 22, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **INITIAL AGENDA**
Meeting of the Board of Directors
Tuesday, February 27, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.

REDEVELOPMENT (Jim Hatfield)

2. Resolution regarding the formation and organizational matters. [\(Item 2 Attachment\)](#)
3. Adjourn.

EVERETT GP CORPORATION

BOARD ACTION FORM - ITEM 2

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	Execute a resolution regarding formation and organizational matters of Everett GP Corporation.
SUBMITTED BY	Name, Title / Department:
MEETING TYPE	<input type="checkbox"/> Regular <input checked="" type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>N/A</u> Expenditure: \$ <u>N/A</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action?</p> <p>This resolution allows for organizational matters and certain actions of Everett GP Corporation to be conducted including but not limited to filing of the corporate charter, electing officers, enabling the Corporation to serve as the general partner of DGA Everett LP and file for low income housing tax credits and MTEB.</p>	
<p>2. Why is the action needed now?</p> <p>The 2024 application cycle for 4% tax credits and MTEB starts next month and this resolution provides for the approval to apply for tax credits and MTEB allocation.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)?</p> <p>Everett GP Corporation is a wholly owned instrumentality of KCDC. DGA Everett LP will be the owner entity for the development project. Everett GP Corporation will serve as the general partner for the owner entity. DGA Residential is the project's sponsor and developer.</p>	
<p>4. What are the long-term and short-term exposures?</p> <p>None</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	KCDC has successfully partnered with DGA Residential on past projects including Grosvenor, Willow Place and Ebenezer.
ATTACHMENTS	Resolution, bylaws, initial LPA, consent

RESOLUTION NO. 2024-1

**RESOLUTION OF THE BOARD OF DIRECTORS OF
EVERETT GP CORPORATION REGARDING
FORMATION AND ORGANIZATIONAL MATTERS**

February 27, 2024

The board of directors of Everett GP Corporation, a Tennessee nonprofit corporation (the "Corporation"), has met pursuant to proper notice and does hereby resolve:

Action of Incorporator

RESOLVED, that the Action of the Incorporator of the Corporation taken by written consent dated as of February 27, 2024, and all actions reflected therein, be, and the same hereby are, ratified, approved, and adopted by the undersigned for the benefit of the Corporation; and

FURTHER RESOLVED, that the Incorporator be, and the same hereby is, discharged of any further obligations, duties or liability to the Corporation.

Charter

RESOLVED, that the Charter of the Corporation, filed in the office of the Secretary of State of Tennessee and recorded in the Knox County Register of Deeds, is hereby ratified and approved.

Bylaws

RESOLVED, that the Bylaws attached hereto as Exhibit A are hereby approved and adopted.

Officers

RESOLVED, that the following named persons are hereby declared elected to the offices of the Corporation set forth opposite their respective names to serve as such officers pursuant to the Bylaws:

President – Benjamin M. Bentley

Vice President – Jim Hatfield

Secretary and Treasurer – Nancy White

Bank Accounts

RESOLVED, that the officers of the Corporation are hereby authorized and directed for and on behalf of the Corporation to designate from time to time one or more banks, trust companies or other banking institutions to act as depository or depositories for the funds of the Corporation for and during such period as such officer may from time to time deem necessary or desirable in the interests on the Corporation and to open or close out from time to time accounts in any such depository so selected;

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, in the name of and on behalf of the Corporation, to take any and all actions that such officer may deem necessary or advisable in order to establish bank accounts from time to time for the efficient conduct of the Corporation's business;

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and empowered to sign checks drawn on such account(s); and

FURTHER RESOLVED, that any resolutions required by said banking institutions shall be attached to these resolutions and are hereby adopted in their entirety as if such resolutions were a part hereof as of the date of adoption of these resolutions.

Payment of Organizational Expenses

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to pay all fees and expenses incident to or required in the organization of the Corporation.

Formation of DGA Everett LP

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take all actions deemed by such officers to be necessary and convenient to form DGA Everett LP (the "Limited Partnership") and to have the Corporation serve as the general partner thereof.

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, on behalf and in the name of the Corporation, to prepare or cause to be prepared and to execute, deliver, verify, acknowledge, file or record any documents (including, without limitation, certificate of limited partnership and a limited partnership agreement), instruments, certificates, statements, papers, or any amendments thereto, as may be deemed necessary or advisable in order to form the Limited Partnership.

**Submission of Application for Low Income Housing Tax Credits and
Multifamily Tax-Exempt Bond Authority**

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take all actions deemed by such officers to be necessary and convenient to facilitate the submission of an application to the Tennessee Housing Development Agency for an allocation of low income housing tax credits and/or Multifamily Tax-Exempt Bond Authority for the purpose of development of real property located approximately at 1215 Everett Road in Knoxville, Tennessee.

General Authority and Ratification

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, on behalf and in the name of the Corporation, to prepare or cause to be prepared and to execute, deliver, verify, acknowledge, file or record any documents, instruments, certificates, statements, papers, or any amendments thereto, as may be deemed necessary or advisable in order to effectuate the actions approved herein, and to take such further steps and do all such further acts or things as are necessary or desirable to carry out the transactions contemplated by the foregoing resolutions; and

FURTHER RESOLVED, that the authority and power given hereunder be deemed retroactive and any and all acts authorized hereunder performed prior to the passage of these resolutions, are hereby ratified and approved.

Adopted this 27th day of February, 2024.

EVERETT GP CORPORATION

By: _____
Secretary

EXHIBIT A
BY-LAWS
OF
EVERETT GP CORPORATION

37332445.1

**BY-LAWS
OF
EVERETT GP CORPORATION**

These Bylaws shall regulate the business and affairs of Everett GP Corporation (the "Corporation"), subject to the provisions of the Charter of the Corporation (as amended or restated from time to time, the "Charter") and any applicable provisions of the Tennessee Nonprofit Corporation Act (as amended, the "Act").

ARTICLE I. OFFICES

Section 1.1 Principal Office. The principal office of the Corporation shall be located at 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The Corporation may have such other offices, either within or without the State of Tennessee, as its Board of Directors may designate or as the business of the Corporation may require from time to time.

Section 1.2 Registered Office. The registered office of the Corporation required by the Act to be maintained in the State of Tennessee may, but need not, be identical to the principal office in the State of Tennessee; and the address of the registered office may be changed from time to time by its Board of Directors.

ARTICLE II. MEMBERS

The Corporation shall not have members.

ARTICLE III. DIRECTORS

Section 3.1 General Powers. The business and affairs of the Corporation shall be supervised by its Board of Directors (the "Board"), which shall exercise in the name of and on behalf of the Corporation all of the rights and privileges legally exercisable by the Corporation as a corporate entity, except as may otherwise be provided by law, the Charter, or these Bylaws. In addition, without limiting the foregoing, the Board shall be authorized and empowered:

- (a) To employ such persons as in its opinion are needed for the administration of the Corporation and to pay reasonable compensation for services and expenses thereof;
- (b) To receive, accept, administer, invest and distribute on behalf of the Corporation property contributed, gifted or bequeathed to the Corporation; and
- (c) To make distributions of income and principal in furtherance of the Corporation's purposes in such amounts and proportions as the Board, in its discretion, shall determine from time to time.

Section 3.2 Number and Tenure. The directors of the Corporation shall be the same persons who are elected to hold the offices of Chairman, Vice Chairman, and Treasurer of Knoxville's Community Development Corporation ("KCDC"). The election of any person to any such office in KCDC shall be deemed to be an election of such person to the Board of Directors of the Corporation. Each director shall hold office until the expiration of the term for which he/she is elected, and thereafter

until his successor has been elected and qualified. The Board of Commissioners of KCDC shall have the power to appoint and remove all directors of the corporation.

Section 3.3 Limited Personal Liability. No person who is or was a Director of the Corporation, nor such person's heirs, executors or administrators (hereinafter collectively referred to for purposes of this Section as a "Director"), shall be personally liable to the Company for monetary damages for breach of fiduciary duty as a Director. However, this provision shall not eliminate or limit the liability of a Director:

- (a) for any breach of a Director's duty of loyalty to the Corporation;
- (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or
- (c) under § 48-58-304 of the Act.

If the Act hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a Director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the full extent permitted by the amended Act. No repeal or modification of the provisions of this Section, either directly or by the adoption of a provision inconsistent with the provisions of this Section, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Section 3.4 Annual Meeting. The regular annual meeting of the Board shall be held without other notice than this Section of the Bylaws immediately following the annual meeting of Knoxville's Community Development Corporation in May of each year and at the same place as the annual meeting of Knoxville's Community Development Corporation.

Section 3.5 Special Meetings. Special meetings of the Board may be called by the President or by any Director, and it shall thereupon be the duty of the Secretary-Treasurer to cause notice of such meeting to be given as hereinafter provided. The President or the Director calling the meeting shall fix the time and place (which may or may be anywhere within or without the State of Tennessee) for the holding of the meeting.

Section 3.6 Notices. Notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Director not less than three (3) days previous thereto either personally, by mail or by electronic mail, by or at the direction of the Secretary-Treasurer, the President or the Director calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Corporation with postage thereon prepaid. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 3.7 Quorum and Participation. A majority of the total number of Directors in office shall constitute a quorum for the transaction of business at any meeting of the Board, provided that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further that the Secretary-Treasurer shall notify any absent Directors of the time and place of such adjourned meeting.

Section 3.8 Manner of Acting. Each Director shall be entitled to one (1) vote upon any matter properly submitted for a vote to the Board. The act of a majority of the Directors present at a

meeting at which a quorum is present shall be the act of the Board, except as may otherwise be specifically provided by law, by the Charter, or by these Bylaws. Members of the Board absent from any meeting shall not be permitted to vote at such meeting by written proxies.

Section 3.9 Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board at which action on any Corporation matter is taken shall be presumed to have assented to the action taken, unless such Director's dissent shall be entered in the minutes of the meeting, or unless he or she shall forward such dissent by certified mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.10 Compensation. Neither Directors nor officers shall receive any salary for their services. Any director or officer of the Corporation may also perform legal services for the Corporation; otherwise, no director or officer shall receive compensation for service to the Corporation in any other capacity, nor shall any close relative or a Director or officer receive compensation for serving the Corporation. The term "close relative" as used herein shall mean any brother or sister of any Director or officer, the forebears and descendants of a Director or officer or any such brother or sister and any spouse of a Director or officer or any aforesaid person.

ARTICLE IV. OFFICERS

Section 4.1 Number. The officers of the Corporation shall be a President, Vice President, Secretary-Treasurer and such other officers as may be determined by the Board from time to time to perform such duties as may be designated by the Board. In no event shall a member of the Board serve as an officer of the corporation.

Section 4.2 Election and Term of Office. The officers of the Corporation shall be elected annually by the Board at the regular annual meeting of the Board. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until the next regular annual meeting of the Board or until his successor shall have been elected. A vacancy in any office held by an officer, because of death, resignation, removal, disqualification or otherwise, may be filled by the Board. A retiring officer may succeed himself or herself.

Section 4.3 Removal of Officers and Agents by Directors. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Corporation will be served thereby.

Section 4.4 President. The President:

(a) Shall be the principal executive officer of the Corporation, shall in general, supervise and control all of the business and affairs of the Corporation, and unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;

(b) May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board, or by these Bylaws, to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and

(c) Shall in general perform all duties incident to the office of the present and such other duties as may be prescribed by the Board from time to time.

Section 4.5 Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

Section 4.6 Secretary-Treasurer. The Secretary-Treasurer shall:

(a) Keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;

(b) See that all notices are duly given in accordance with these Bylaws or as required by law;

(c) Be custodian of the corporate records and of the seal of the Corporation and affix the seal of the Corporation to documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws;

(d) Keep a register of the names and post office addresses of all Directors;

(e) Have a general charge of the books of the Corporation;

(f) Keep on file at all times a complete copy of the Charter and Bylaws of the Corporation containing all amendments thereto (which copy shall always be open to the inspection of any Director), and at the expense of the Corporation, forward a copy of the Bylaws and of all amendments thereto to each Director;

(g) In general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him/her by the Board; and

(h) Have charge and custody of and be responsible for all funds and securities of the Corporation;

(i) Be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Corporation and for the deposit of all such monies in the name of the Corporation in such bank or banks, trust companies or other depositories, as shall be selected in accordance with the provisions of these regulations; and

(j) In general, perform all the duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to him/her by the Board.

Section 4.7 Resignation. An officer may resign such officer's position at any time by tendering such resignation in writing to the President or, in the case of the resignation of the President, to the Secretary. A resignation shall become effective upon the date specified in such notice, or, if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

Section 4.8 Compensation. The powers, duties and compensation, if any, of officers, agents and employees shall be fixed by the Board, subject to the provisions of these regulations with respect to compensation for Directors and officers and close relatives of Directors and officers.

ARTICLE V. NON-PROFIT OPERATION

The Corporation shall at all times be operated on a non-profit basis, and no interest or dividends shall be paid or payable by the Corporation to any Director as such, and shall be operated for the charitable purposes for which the Corporation was created.

ARTICLE VI. CONTRACTS, LOANS, CHECKS, DEPOSITS, INVESTMENTS

Section 6.1 Contracts and Employment of Agents. The Board may authorize any officer or agent to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the Corporation. The Board shall be specifically authorized, in its sole discretion, to employ and to pay the compensation of such agents, accountants, custodians, experts, consultants and other counsel, legal, investment or otherwise, as the Board shall deem advisable, and to delegate discretionary powers to, and rely upon information furnished by, such individuals or entities. Such authority may be general or confined to specific instances.

Section 6.2 Loans. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name, unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 6.3 Checks. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Secretary-Treasurer and countersigned by the President or Vice President of the Corporation.

Section 6.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation with such banks, trust companies, brokerage accounts, investment managers, or other depositories as the Board may from time to time select.

Section 6.5 Fiscal Year. The fiscal year of the Corporation shall mean a twelve (12) month period commencing the first day of July of each and every year and shall end on the following last day of June.

Section 6.6 Gifts. The Board of Directors may accept, on behalf of the Corporation, any contribution, gift bequest or devise for the general purposes or any special purpose of the Corporation.

ARTICLE VII. BOOKS, RECORDS AND AUDITS

Section 7.1 Books and Records. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board, and shall keep at the registered or principal office a record giving the names and addresses of the Directors. So long as the Corporation acts and functions as an instrumentality of KCDC, then all books and records of the Corporation may be inspected by KCDC, its agents or attorneys at any time.

Section 7.2 Audits. The Corporation shall cause audits of all its books and records to be performed by a firm of independent certified public accountants as necessary. Copies of the audits shall be provided to KCDC for its review.

ARTICLE VIII. MISCELLANEOUS

KCDC shall have power to make and adopt such rules and regulations not inconsistent with law, the Charter, or these regulations, as it may deem advisable for the management of the business and affairs of the Corporation.

ARTICLE IX. WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the laws of the State of Tennessee relating to non-profit corporations or under the provisions of the Charter or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X. AMENDMENTS TO BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the affirmative vote of two-thirds of the Directors present at any regular or special meeting, provided a quorum, as provided in these Bylaws, be present and provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or such requirement shall have been duly waived by all Directors.

Adopted this 27th day of February, 2024.

35140863.1

LIMITED PARTNERSHIP AGREEMENT

This Limited Partnership Agreement (the “Partnership Agreement”) is made and entered into effective February 27, 2024, by and between Everett GP Corporation, a Tennessee nonprofit corporation (the “General Partner”), DGA Everett SLP, LLC, a Tennessee limited liability company (the “Special Limited Partner”), and Knoxville’s Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq. (the “Limited Partner”; the Special Limited Partner and the Limited Partner may be sometimes hereinafter referred to collectively as the “Limited Partners” or individually as the “Limited Partner”; the General Partner, the Special Limited Partner, the Limited Partner and any other partners who execute this Partnership Agreement from time to time being referred to hereafter collectively as the “Partners”).

FOR AND IN CONSIDERATION of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the Partners do hereby agree as follows:

1. Formation.

- (a) Adoption of Partnership Agreement; Certificate is Controlling. The Partners hereby adopt this Partnership Agreement and agree to govern the business of the Partnership among themselves according to the terms of the Act and this Agreement. By executing this Partnership Agreement, the Partners hereby adopt, approve and ratify the Certificate of Limited Partnership dated as of February 13, 2024 and filed with the Tennessee Secretary of State on February 14, 2024 (the “Certificate”). If there is any conflict between the terms of this Partnership Agreement and the Certificate, the Certificate shall control.
- (b) Name of Partnership. The name of the Partnership shall be “DGA Everett LP”, and the business and activities of the Partnership shall be conducted under either that name or any other name chosen by the General Partner.
- (c) Registered Office and Address. The Partnership shall maintain a registered office in Tennessee at c/o Craig Cobb, 6305 Kingston Pike, Knoxville, Knox County, Tennessee 37919. The initial registered agent of the Partnership shall be Craig Cobb.
- (d) Principal Place of Business. The principal place of business of the Partnership shall be 6305 Kingston Pike, Knoxville, Knox County, Tennessee 37919. The Partnership may maintain such other offices and places of business as the General Partner may deem advisable for the benefit of the Partnership. The business email address of the Partnership is Entities@DominionDG.com.
- (e) Names and Addresses of Partners. Any Partner who changes his or her address shall give written notice thereof to the Partnership.

- (f) Purposes. The purposes and business of the Partnership are as follows:
- (1) Certain Specific Business Purposes. To facilitate the development of a low-income housing facility for residents of Knoxville and Knox County, Tennessee; and
 - (2) Broad Business Purpose. To engage in any lawful business or activity permitted under the Act.
- (g) Powers of the Partnership. The Partnership is authorized:
- (1) Acquire Assets. To construct, purchase, lease, receive or otherwise acquire any real or personal property;
 - (2) Manage, Operate, Convey and Encumber Assets. To operate, maintain, improve, sell, option, convey, assign, pledge, mortgage, lease or otherwise manage, transfer or encumber any assets owned by the Partnership;
 - (3) Borrow Funds. To borrow money and issue evidences of indebtedness in furtherance of the Partnership business, whether secured or unsecured;
 - (4) Refinancings. To prepay, in whole or in part, refinance, recast, increase, modify and extend any Partnership indebtedness;
 - (5) Enter into Contracts. To execute, deliver and perform such agreements, documents and instruments as may be advisable in connection with the conduct of the Partnership business; and
 - (6) Broad Power to Act. To do any and all other acts of any kind whatsoever in connection with the accomplishment of the purposes of the Partnership.
- (h) Term. The term of the Partnership shall commence upon the filing of the Certificate in the office of the Tennessee Secretary of State and shall continue until the dissolution and liquidation of the Partnership have been completed as hereinafter provided.

2. Capital.

- (a) Capital Contributions.
- (1) Initial Capital Contributions. The Partners agree to contribute assets to the capital of the Partnership as shown on Exhibit A.
 - (2) No Additional Capital Contributions Required. No additional capital contributions shall be required of any Partner.

- (3) Additional Capital Contributions with Consent of General Partner. No partner may contribute additional capital to the Partnership without the prior written consent of the General Partner.
- (b) Capital Accounts. A capital account shall be established on the books of the Partnership for each Partner (the “Capital Accounts”). The General Partnership interest of a General Partner will be maintained separately from any limited partnership interest owned by a General Partner. Such capital accounts will be maintained in accordance with § 704(b) of the Internal Revenue Code of 1986, as amended (the “Code”) and the Treasury Regulations promulgated thereunder.
- (c) Transfers of Partnership Interests. Upon the transfer by any Partner of any part or all of his or her Partnership Interest as hereinafter provided, the proportionate amount of his or her respective Capital Account shall be transferred to the transferee.
- (d) Limitation on Withdrawals of Capital by Partners Prior to the liquidation of the Partnership:
 - (1) Withdrawals Limited. No Partner shall have the right to withdraw or reduce such Partner’s contribution to the capital of the Partnership or to require the Partnership to make any distribution to the Partners (other than distributions required by the specific terms of this Agreement). No Partner shall be entitled to any interest on his or her contributions to the capital of the Partnership.
 - (2) No Priority among Partners. No Partner shall have the right to demand to have distributed, or to receive, any specific class or item of property, and no Partner shall have any priority over any other Partner, either as to contributions of capital or otherwise.

3. Allocation of Profits and Losses.

- (a) Partners’ Partnership Interests in Profits and Losses. All Partnership net profits and net losses from whatever source derived (except profits and losses incurred with respect to property contributed to the Partnership by a Partner, which shall be allocated pursuant to § 704(c) of the Code and regulations thereunder), shall be allocated to the Partners pro rata based upon their respective Partnership Interests. The term “Partnership Interest”, with respect to any Partner, shall mean the interest of such Partner in the profits and losses of the Partnership. The initial Partnership Interests of the Partners are set forth on Exhibit A attached hereto. The General Partner shall keep accurate records to reflect any and all changes which may occur in the Partnership Interests.
- (b) Transfers of Partnership Interests. If a Partner transfers all or part of such Partner’s Partnership Interest, or in the event of any increase or decrease in the Interest of any Partner, whether arising out of the entry of a new Partner, the liquidation (partial or whole) of any Partner’s Interest, or otherwise, the share of the profits and

losses of the respective Partners, and each item of income and expense related thereto, shall be determined by reference to the income and expense reflected on the books and records of the Partnership as of the day on which any such event occurs, as if such books and records were closed on such day.

4. Distributions to Partners.

(a) Non-liquidating Distributions.

(1) In General. Distributions (in cash or in kind) may be made from the Partnership to the Partners in such amounts and at such times as the General Partner shall determine.

(2) Intention of Partners with Respect to Operating Distributions. In setting a distribution policy for the Partnership from time to time, the General Partner is directed to take into consideration the fact that the Partners intend that they will always each possess a substantial present economic and financial benefit from their ownership of interests in the Partnership. Accordingly, while it is not required that the Partnership will elect to distribute its net income for any given period, it is anticipated that the General Partner will choose to authorize distributions from the Partnership from time to time, after setting aside such reserves to meet the Partnership's investment, reinvestment and operating needs and goals as the General Partner deems proper under all of the circumstances.

(3) Allocation of Distributions Among Partners. All distributions shall be made in accordance with the Partnership Interests of the Partners, except for distributions upon the liquidation of the Partnership which shall be made in the manner provided in subparagraph 4(b) below.

(b) Liquidation Distributions. Distributions made upon liquidation of the Partnership shall be apportioned among the Partners in accordance with the provisions of subparagraph 12 hereof.

5. Management of Partnership Business.

(a) Partnership Managed by General Partner.

(1) In General. The management of the Partnership's business shall be vested solely in the General Partner who shall devote such time and attention to the business of the Partnership as may be appropriate; provided, however, the General Partner shall obtain the advance written consent of the Special Limited Partner prior to exercising any rights and powers on behalf of the Partnership. Using available assets of the Partnership, the General Partner shall manage the affairs of the Partnership to the best of the General Partner's ability and shall use the General Partner's best efforts to carry out the General Partner's responsibilities as set forth herein and as provided in the Act. Upon obtaining the prior written consent of the Special Limited

Partner, the General Partner shall have full power to carry out the purposes and objectives of the Partnership through the exercise of the authority conferred upon the Partnership under the terms of this Agreement, including without limitation the power to incur debt or other obligations, and the General Partner shall possess and may enjoy and exercise all of the rights and powers of general partners as more particularly provided by the Act, except to the extent any of such rights may be limited or restricted by the express provisions of this Agreement.

- (2) Fiduciary Obligation to Partners. In all matters pertaining to the Partnership, the General Partner shall owe a fiduciary obligation to the Partners.
 - (b) Compensation of General Partner. The Partnership may compensate the General Partner for any services that such General Partner renders to the Partnership in an amount commensurate with the value of the services rendered, provided that such compensation must be approved by the holders of a majority of the Partnership Interests, excluding for this purpose any Limited or General Partnership Interest held by the General Partner receiving the compensation.
 - (c) Reimbursement for Expenses. The General Partner shall be entitled to be reimbursed for all reasonable costs and expenses incurred by the General Partner in carrying out the General Partner's duties hereunder or in carrying on the business and activities of the Partnership.
 - (d) Partnership Representative. The Partnership shall designate a Partnership Representative pursuant to § 6223 of the Code. The initial Partnership Representative shall be the Special Limited Partner.
6. Rights of Limited Partners.
- (a) No Liability for Partnership Obligations.
 - (1) In General. No Limited Partner shall be subject to assessment nor shall any Limited Partner be personally liable for any of the debts or obligations of the Partnership or for any of the losses of the Partnership beyond such Limited Partner's obligation to contribute to the capital of the Partnership as specified in this Agreement unless an election described in subparagraph 6(a)(2) herein is in force with respect to said Limited Partner.
 - (2) Election to Waive Limited Liability. Any Limited Partner may elect at any time to waive the liability protection offered in subparagraph 6(a)(1) of this Agreement. All Limited Partners making such election will be jointly and severally liable for the debts, obligations, and liabilities of the Partnership however arising (contract, tort, or otherwise) and for the actions of the General Partner acting in furtherance of the Partnership's business or other activity. A Limited Partner may revoke at any time such Limited Partner's election to have joint and several unlimited liability and remain a Limited Partner subject to the liability protection of subparagraph 6(a)(1). The

certificate of limited partnership shall be amended to reflect such election or revocation by a Limited Partner.

- (b) No Right to Participate in Management. Except the Special Limited Partner, no Limited Partner, as such, shall take part in the management of the Partnership's business, or have any power, right or authority to enter into any agreement, execute or sign documents for, make representations on behalf of, or to otherwise act so as to bind the Partnership in any manner.
 - (c) Right to Information and Accountings. Each Limited Partner shall have the right to true and full information of all things affecting the Partnership and to a formal accounting of Partnership affairs whenever circumstances render it just and reasonable.
- 7. Restrictions on Transfers of Partnership Interests. Any transfer or encumbrance by a Partner of all or any portion of such Partner's interest in the Partnership which is not in compliance with this paragraph 7 shall be void and of no effect.
 - (a) Transfers by General Partner. The General Partner may not sell, assign, pledge or otherwise transfer or encumber all or any portion of such General Partner's general partnership interest without the prior written consent of the Special Limited Partner and the Limited Partner.
 - (b) Transfers by Special Limited Partner. The Special Limited Partner may not sell, assign, pledge or otherwise transfer or encumber all or any portion of such Special Limited Partner's special limited partnership interest without the prior written consent of the General Partner and the Limited Partner.
 - (b) Transfers by Limited Partner. The Limited Partner may not sell, assign, pledge or otherwise transfer or encumber all or any portion of such Limited Partner's limited partnership interest without the prior written consent of the General Partner and the Special Limited Partner.
- 8. Conditions on Transferee's Admission to Partnership as a Limited Partner. No person to whom an interest in the Partnership has been transferred shall become a Limited Partner unless:
 - (a) Execution of Partnership Agreement. The transferee signs this Partnership Agreement and agrees to be bound by the terms hereof (unless such transferee is already a Limited Partner); and
 - (b) Payment of Expenses. Such transferee pays all reasonable expenses connected with such admission.
- 9. Books, Records, Accounts, and Reports.
 - (a) Maintenance of Accurate Records. At all times during the existence of the Partnership, the General Partner shall keep, or cause to be kept, full and true books

of account, in which all transactions of the Partnership shall be entered fully and accurately. Such books of account, together with a copy of this Agreement and all amendments hereto, shall at all times be maintained at the principal office of the Partnership and shall be open to reasonable inspection and examination by the Partners or their duly authorized representatives.

- (b) Tax Returns. The General Partner shall have income tax returns prepared for the Partnership; and a report indicating the respective Partners' shares of the net income or losses, capital gains or losses, and other items required under the Code to be separately allocated to each Partner, shall be distributed to the Partners within a reasonable time after the close of the taxable year or the period of the Partnership for which such return was prepared.
 - (c) Partnership Accounts. All funds of the Partnership shall be deposited in a separate account or accounts, and only the Special Limited Partner, and such persons as may be designated by the Special Limited Partner, may sign checks and draw upon such account or accounts.
- 10. Withdrawal or Dissolution of General Partner. The General Partner covenants that it will not voluntarily withdraw from the Partnership prior to the Partnership's dissolution.
- 11. Dissolution. The Partnership shall be dissolved upon the earlier of:
 - (a) Election to Terminate. The election to terminate the Partnership made in writing by the General Partner; or
 - (b) Lack of General Partners. At any time there shall be no General Partner.
- 12. Liquidation. Following the dissolution of the Partnership for any reason, the General Partner, or the person required by law to wind up its affairs, shall liquidate the Partnership and shall apply the proceeds of such liquidation and distribute the remaining assets of the Partnership in the following order:
 - (a) Payment of Creditors other than Partners. To the repayment of creditors of the Partnership other than Partners;
 - (b) Payment of Partner-Creditors. To the repayment of Partners to the extent of loans made to the Partnership;
 - (c) Reserves. To the setting up of any reserves deemed reasonably necessary by the person liquidating the Partnership for any contingent or unforeseen liabilities or obligations of the Partnership arising out of or in connection with the conduct of the business and affairs of the Partnership; and
 - (d) Remainder to Partners. The remainder to the Partners in the following manner:
 - (1) Cash Liquidation. In the event of a complete liquidation in cash, then to the Partners in accordance with their capital accounts.

- (2) Liquidation Wholly or Partially in Kind. In the event of a liquidation in kind (in whole or in part), the net fair market values of the properties to be distributed in kind shall be determined by the General Partner (or the person required by law to wind up the affairs of the Partnership), in such manner as the General Partner (or such other person) deems best in their reasonable discretion. Each Partner shall then receive an undivided interest in the asset or assets of the Partnership equal in value to the proceeds to which such Partner would have been entitled if such asset or assets had been sold or otherwise converted to cash at such fair market values and the liquidation of the Partnership had been made solely in cash.
 - (e) Reasonable Period to Complete Liquidation. A reasonable time (not to exceed eighteen (18) months) shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of all liabilities to its creditors so as to enable any losses attendant upon liquidation to be minimized. Each of the Partners shall be furnished by the General Partner (or the person required by law to wind up the affairs of the Partnership) with a statement setting forth the assets and liabilities of the Partnership as of the date of complete liquidation and the manner in which the assets of the Partnership are to be or have been distributed.
 - (f) Termination of Legal Status of Partnership. Upon complying with the foregoing distribution plan, the liquidating Partner shall execute, acknowledge, and cause to be filed a certificate of cancellation of the Partnership as provided by the Act, and all the Partners agree to join in executing such document if such joinder is requested by the General Partner (or the person required by law to wind up the affairs of the Partnership). Upon the filing of a certificate of cancellation of the Partnership in the appropriate public office as required under the Act, the Partnership shall be terminated.
- 13. Amendments to Partnership Agreement. This Agreement may only be amended upon the unanimous written consent of all of the Partners.
- 14. Miscellaneous.
 - (a) Notices. Each Partner's address for all purposes shall be the address set forth in Exhibit A to this Agreement or such other address of which the General Partner has received written notice. Any notice, demand, or request required or permitted to be given or made hereunder shall be in writing and shall be deemed given or made when delivered or when deposited in the U.S. Mails, postage prepaid, certified or registered, return receipt requested, to such Partner at such address.
 - (b) Paragraph Titles for Convenience Only. All titles and captions in this Agreement are for convenience only and shall not be deemed or construed to define, limit, extend, or describe the scope of interest of this Agreement or any part hereof.

- (c) Tennessee Law Controls. The construction and validity of this Agreement shall be determined in all respects in accordance with and shall be governed by the laws of the State of Tennessee.
- (d) Binding Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns.
- (e) Severability. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect the validity of the remainder or any other provision of this Agreement in any respect whatsoever.
- (f) Execution in Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement and all of which shall constitute but one Agreement, by each of the parties hereto on the dates respectively indicated. In the event the General Partner deems it desirable, a counterpart of this Agreement or a copy hereof may, when attached to a sworn verification and certificate of the General Partner, be filed for record and serve as a Certificate of Limited Partnership or for any other lawful purpose.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first appearing above.

GENERAL PARTNER:

EVERETT GP CORPORATION

By: _____
Benjamin M. Bentley, President

LIMITED PARTNER:

Craig Cobb

SPECIAL LIMITED PARTNER:

DGA EVERETT SLP, LLC

By: _____
Craig Cobb, Vice President

EXHIBIT A

<u>Partner's Name and Address</u>	<u>General Partnership Interest</u>	<u>Limited Partnership Interest</u>	<u>Capital Contribution</u>
Everett GP Corporation 901 N. Broadway Knoxville, Tennessee 37917	0.001%		\$0.001
DGA Everett SLP, LLC 6305 Kingston Pike Knoxville, Tennessee 37919	0%	0.009%	\$0.009
Craig Cobb 6305 Kingston Pike Knoxville, Tennessee 37919	0%	99.99%	\$99.99
Totals	0.001%	99.999%	\$100

37332442.1

**ACTION TAKEN ON WRITTEN CONSENT
OF INCORPORATOR OF
EVERETT GP CORPORATION**

Pursuant to § 48-52-105(b) of the Tennessee Nonprofit Corporation Act, I, Russell E. Stair, Incorporator of Everett GP Corporation (the "Corporation"), on this 27th day of February, 2024, do hereby take the following actions and adopt the following resolutions:

RESOLVED, that the Charter of the Corporation, which was previously filed in the office of the Secretary of State of Tennessee, is hereby accepted and approved for the Corporation; and

RESOLVED, that the number of directors of the Corporation be, and the same hereby is, set at three (3) unless and until changed in accordance with the Charter and Bylaws; and

RESOLVED, that the following persons shall serve as directors of the Corporation:

Kimberly K. Henry

Scott Broyles

Felix Harris

RESOLVED, that the powers and duties of the sole Incorporator be terminated upon the due execution of this instrument.

The Secretary of the Corporation is hereby directed to place this Action Taken on Written Consent of Incorporator in appropriate order in the Minute Book of the Corporation.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has executed this action taken by written consent on the date set forth above for the purpose of evidencing (i) his consent to the taking of the foregoing action without a meeting, and (ii) his affirmative vote in favor of taking the foregoing action.

A handwritten signature in blue ink, appearing to be 'R. Stair', written over a horizontal line.

Russell E. Stair, Incorporator

37332453.1

GREATER TENNESSEE HOUSING ASSISTANCE CORPORATION

Date: February 22, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **AGENDA**
Special Meeting of the Board of Directors
Tuesday, February 27, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested to execute the minutes for the *annual* meeting held on May 25, 2023. [\(Item 2 Attachment\)](#)

REDEVELOPMENT (Jim Hatfield)

3. Resolution authorizing the assumption and assignment of a purchase agreement with KCDC in connection with the acquisition of four parcels located within Knoxville's south waterfront area. [\(Item 3 Attachment\)](#)
4. Adjourn.

GREATER TENNESSEE HOUSING ASSISTANCE CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Greater Tennessee Housing Assistance Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:44 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the *annual* meeting held on May 26, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin M. Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:45 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

GREATER TENNESSEE HOUSING ASSISTANCE CORPORATION

BOARD ACTION FORM - ITEM 3

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing the assumption and assignment of a purchase agreement with KCDC in connection with the acquisition of four parcels located within Knoxville's south waterfront area.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input type="checkbox"/> Regular <input checked="" type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ 7,050,000 Expenditure: \$ 7,050,000 Source of Funds: South Waterfront TIF Proceeds and/or KCDC Unrestricted Funds
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action?</p> <p>This resolution authorizes GTHAC to assume the purchase and sale agreements from KCDC for the acquisition of four parcels within the south waterfront that are anticipated to be incorporated into the master plan for the new pedestrian bridge. The "Cemex" site consists of three parcels, one at ~3.5 acres and two smaller, contiguous parcels at 0.25 acres and are being acquired under a single transaction for \$800,000. The "Specialty Metals" site is approximately 3.1 acres and is being acquired for \$6,250,000.</p> <p>2. Why is the action needed now?</p> <p>The closing date for Specialty Metals is anticipated to be in late March 2024 and authorization is needed in advance of closing. The closing date for Cemex is anticipated in early June 2024. KCDC may wish to assign the purchase agreements to GTHAC.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)?</p> <p>KCDC, as the public housing authority and manager of the south waterfront redevelopment plan, and the Greater Tennessee Housing Assistance Corporation as the possible assignee under an assignment agreement between KCDC and GTHAC.</p> <p>4. What are the long-term and short-term exposures?</p> <p>The acquisition of these parcels will be funded by either TIF loan proceeds and/or unrestricted KCDC funds that will be reimbursed to KCDC from TIF proceeds post-closing.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	Over the last 24+/- months, the City of Knoxville and University of Tennessee have been collaborating to secure funding for the development of a pedestrian bridge across the Tennessee River.
ATTACHMENTS	Resolution

A RESOLUTION OF THE BOARD OF DIRECTORS OF GREATER
TENNESSEE HOUSING ASSISTANCE CORPORATION AUTHORIZING
THE ASSUMPTION AND ASSIGNMENT OF REAL PROPERTY
PURCHASE AGREEMENTS FROM KCDC AND THE ACQUISITION OF
CERTAIN REAL PROPERTY IN THE SOUTH WATERFRONT
REDEVELOPMENT AREA

WHEREAS, the Board of Directors of Greater Tennessee Housing Assistance Corporation (the "Corporation") has met pursuant to proper notice; and

WHEREAS, the Corporation has been organized pursuant to Sections 13-20-101 *et seq.*, Tennessee Code Annotated, as an instrumentality of Knoxville's Community Development Corporation ("KCDC"); and

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

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

WHEREAS, pursuant to the Knoxville South Waterfront Redevelopment & Urban Renewal Plan, as it may be amended from time to time (the "Plan"), KCDC is authorized to facilitate redevelopment projects in the area subject to the Plan (the "Redevelopment Area"); and

WHEREAS, pursuant to the Plan, KCDC is authorized to acquire real property for purposes of redevelopment; and

WHEREAS, on or around March 29, 2023, KCDC entered into a Real Property Purchase Agreement between Barbara Gail Taylor and KCDC (the "Specialty Metals Purchase Agreement"), pursuant to which KCDC agreed to acquire certain real property within the Redevelopment Area located at 2547 Scottish Pike (the "Specialty Metals Property") upon the terms set forth therein; and

WHEREAS, on or around February 12, 2024, KCDC entered into a Real Property Purchase Agreement between KCDC, Cemex, Inc. and Cemex Construction Materials Atlantic, LLC (the "Cemex Purchase Agreement" and, together with the Specialty Metals Purchase Agreement, the "Purchase Agreements"), pursuant to which KCDC agreed to acquire certain real property within the Redevelopment Area located at 0 Scottish Pike, 2615 Scottish Pike and 2617 Scottish Pike (collectively, the "Cemex Property") upon the terms set forth therein; and

WHEREAS, KCDC now desires to assign the Purchase Agreements to the Corporation, and the Corporation desires to accept the assignment of the Purchase Agreements from KCDC, pursuant to an Assignment and Assumption Agreement, the form of which has been presented to the Board (the "Assignment"); and

WHEREAS, the acquisition of the Specialty Metals Property and the Cemex Property will further the public purposes of KCDC and the Corporation by promoting future redevelopment in the Redevelopment Area.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Greater Tennessee Housing Assistance Corporation, as follows:

RESOLVED, that it is in the best interest of the Corporation to enter into the Assignment; and, further,

RESOLVED, that the Assignment shall be similar to the form submitted, which is hereby approved, with such completions, omissions, insertions, changes and amendments as may be approved by counsel to the Board and the officers executing it, their execution to constitute conclusive evidence of their approval of any such completions, omissions, insertions, changes and amendments; and, further

RESOLVED, that it is in the best interest of the Corporation to complete the acquisition of the Specialty Metals Property and the Cemex Property for purposes of future redevelopment; and, further

RESOLVED, that the President, Vice-President or Secretary of the Corporation 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 the Corporation, acting alone or in combination with one another (individually and collectively the "Authorized Officers"), is (are) hereby authorized and directed to (i) execute and deliver the Assignment to KCDC; (ii) complete the Corporation's acquisitions of the Specialty Metals Property and the Cemex Property upon the terms set forth in the Purchase Agreements; (iii) execute and deliver any and all instruments, documents and agreements deemed necessary or desirable by the Authorized Officers in connection with the Corporation's acquisition of the Specialty Metals Property and the Cemex Property, including without limitation, any certificates, affidavits, and any other instruments of any kind or nature whatsoever, all in the form approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same, and, further

RESOLVED, that the Authorized Officers are hereby authorized and directed to take from time to time any other actions deemed necessary or desirable by the Authorized Officers to effect the transactions described herein; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of the Corporation 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 27th day of February, 2024.

GREATER TENNESSEE HOUSING
ASSISTANCE CORPORATION

By: _____
President

WESTERN HEIGHTS 2 GP CORPORATION

Date: February 22, 2024

To: Board of Commissioners

From: Nancy White, Secretary

Subject: **INITIAL AGENDA**
Board Meeting of the Board of Directors
Tuesday, February 27, 2024, 5 p.m.
901 N. Broadway Street
Knoxville, TN 37917

1. Call to Order.

REDEVELOPMENT (Jim Hatfield)

2. Resolution regarding the formation and organizational matters. **(Item 2 Attachment)**

3. Adjourn.

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.*

WESTERN HEIGHTS 2 GP CORPORATION BOARD ACTION FORM - ITEM 2

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	Resolution regarding the formation and organizational matters of Western Heights 2 GP Corporation.
SUBMITTED BY	Name, Title / Department:
MEETING TYPE	<input type="checkbox"/> Regular <input checked="" type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>N/A</u> Expenditure: \$ <u>N/A</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? This resolution allows for organizational matters and certain actions of Western Heights 2 GP Corporation to be conducted including but not limited to filing of the corporate charter, electing officers, enabling the Corporation to serve as the general partner of Western Heights 2 LP and file for low income housing tax credits.</p>	
<p>2. Why is the action needed now? The 2024 application cycle for 9% tax credits starts next month and this resolution provides for the approval to apply for tax credits.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? Western Heights 2 GP Corporation is a wholly owned instrumentality of KCDC and will serve as general partner of the owner entity. Western Heights 2 LP will be the owner entity for the development project. Brinshore Development is KCDC partner and co-owner and will serve as the developer.</p>	
<p>4. What are the long-term and short-term exposures? None</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	None
ATTACHMENTS	Resolution, bylaws, initial LPA, consent

RESOLUTION NO. 2024-1

**RESOLUTION OF THE BOARD OF DIRECTORS OF
WESTERN HEIGHTS 2 GP CORPORATION REGARDING
FORMATION AND ORGANIZATIONAL MATTERS**

February 27, 2024

The board of directors of Western Heights 2 GP Corporation, a Tennessee nonprofit corporation (the "Corporation"), has met pursuant to proper notice and does hereby resolve:

Action of Incorporator

RESOLVED, that the Action of the Incorporator of the Corporation taken by written consent dated as of February 27, 2023, and all actions reflected therein, be, and the same hereby are, ratified, approved, and adopted by the undersigned for the benefit of the Corporation; and

FURTHER RESOLVED, that the Incorporator be, and the same hereby is, discharged of any further obligations, duties or liability to the Corporation.

Charter

RESOLVED, that the Charter of the Corporation, filed in the office of the Secretary of State of Tennessee and recorded in the Knox County Register of Deeds, is hereby ratified and approved.

Bylaws

RESOLVED, that the Bylaws attached hereto as Exhibit A are hereby approved and adopted.

Officers

RESOLVED, that the following named persons are hereby declared elected to the offices of the Corporation set forth opposite their respective names to serve as such officers pursuant to the Bylaws:

President – Benjamin M. Bentley

Vice President – Jim Hatfield

Secretary and Treasurer – Nancy White

Bank Accounts

RESOLVED, that the officers of the Corporation are hereby authorized and directed for and on behalf of the Corporation to designate from time to time one or more banks, trust companies or other banking institutions to act as depository or depositories for the funds of the Corporation for and during such period as such officer may from time to time deem necessary or desirable in the interests on the Corporation and to open or close out from time to time accounts in any such depository so selected;

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, in the name of and on behalf of the Corporation, to take any and all actions that such officer may deem necessary or advisable in order to establish bank accounts from time to time for the efficient conduct of the Corporation's business;

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and empowered to sign checks drawn on such account(s); and

FURTHER RESOLVED, that any resolutions required by said banking institutions shall be attached to these resolutions and are hereby adopted in their entirety as if such resolutions were a part hereof as of the date of adoption of these resolutions.

Payment of Organizational Expenses

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to pay all fees and expenses incident to or required in the organization of the Corporation.

Formation of Western Heights 2 LP

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take all actions deemed by such officers to be necessary and convenient to form Western Heights 2 LP (the "Limited Partnership") and have the Corporation serve as the general partner thereof.

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, on behalf and in the name of the Corporation, to prepare or cause to be prepared and to execute, deliver, verify, acknowledge, file or record any documents (including, without limitation, a certificate of limited partnership and a limited partnership agreement), instruments, certificates, statements, papers, or any amendments thereto, as may be deemed necessary or advisable in order to form the Limited Partnership.

**Submission of Application for Low Income Housing Tax Credits and/or
Multifamily Tax-Exempt Bond Authority**

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take all actions deemed by such officers to be necessary and convenient to facilitate the submission of an application to the Tennessee Housing Development Agency for an allocation of low income housing tax credits and/or Multifamily Tax-Exempt Bond Authority for the purpose of redevelopment of certain real property commonly known as Western Heights and located at or near 1331 W. Oldham Avenue in Knoxville, Tennessee.

General Authority and Ratification

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, on behalf and in the name of the Corporation, to prepare or cause to be prepared and to execute, deliver, verify, acknowledge, file or record any documents, instruments, certificates, statements, papers, or any amendments thereto, as may be deemed necessary or advisable in order to effectuate the actions approved herein, and to take such further steps and do all such further acts or things as are necessary or desirable to carry out the transactions contemplated by the foregoing resolutions; and

FURTHER RESOLVED, that the authority and power given hereunder be deemed retroactive and any and all acts authorized hereunder performed prior to the passage of these resolutions, are hereby ratified and approved.

Adopted this 27th day of February, 2024.

WESTERN HEIGHTS 2 GP CORPORATION

By: _____
Secretary

EXHIBIT A
BY-LAWS
OF
WESTERN HEIGHTS 2 GP CORPORATION

37209336.1

**BY-LAWS
OF
WESTERN HEIGHTS 2 GP CORPORATION**

These Bylaws shall regulate the business and affairs of Western Heights 2 GP Corporation (the "Corporation"), subject to the provisions of the Charter of the Corporation (as amended or restated from time to time, the "Charter") and any applicable provisions of the Tennessee Nonprofit Corporation Act (as amended, the "Act").

ARTICLE I. OFFICES

Section 1.1 Principal Office. The principal office of the Corporation shall be located at 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The Corporation may have such other offices, either within or without the State of Tennessee, as its Board of Directors may designate or as the business of the Corporation may require from time to time.

Section 1.2 Registered Office. The registered office of the Corporation required by the Act to be maintained in the State of Tennessee may, but need not, be identical to the principal office in the State of Tennessee; and the address of the registered office may be changed from time to time by its Board of Directors.

ARTICLE II. MEMBERS

The Corporation shall not have members.

ARTICLE III. DIRECTORS

Section 3.1 General Powers. The business and affairs of the Corporation shall be supervised by its Board of Directors (the "Board"), which shall exercise in the name of and on behalf of the Corporation all of the rights and privileges legally exercisable by the Corporation as a corporate entity, except as may otherwise be provided by law, the Charter, or these Bylaws. In addition, without limiting the foregoing, the Board shall be authorized and empowered:

- (a) To employ such persons as in its opinion are needed for the administration of the Corporation and to pay reasonable compensation for services and expenses thereof;
- (b) To receive, accept, administer, invest and distribute on behalf of the Corporation property contributed, gifted or bequeathed to the Corporation; and
- (c) To make distributions of income and principal in furtherance of the Corporation's purposes in such amounts and proportions as the Board, in its discretion, shall determine from time to time.

Section 3.2 Number and Tenure. The directors of the Corporation shall be the same persons who are elected to hold the offices of Chairman, Vice Chairman, and Treasurer of Knoxville's Community Development Corporation ("KCDC"). The election of any person to any such office in KCDC shall be deemed to be an election of such person to the Board of Directors of the Corporation. Each director shall hold office until the expiration of the term for which he/she is elected, and thereafter

until his successor has been elected and qualified. The Board of Commissioners of KCDC shall have the power to appoint and remove all directors of the corporation.

Section 3.3 Limited Personal Liability. No person who is or was a Director of the Corporation, nor such person's heirs, executors or administrators (hereinafter collectively referred to for purposes of this Section as a "Director"), shall be personally liable to the Company for monetary damages for breach of fiduciary duty as a Director. However, this provision shall not eliminate or limit the liability of a Director:

- (a) for any breach of a Director's duty of loyalty to the Corporation;
- (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or
- (c) under § 48-58-304 of the Act.

If the Act hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a Director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the full extent permitted by the amended Act. No repeal or modification of the provisions of this Section, either directly or by the adoption of a provision inconsistent with the provisions of this Section, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Section 3.4 Annual Meeting. The regular annual meeting of the Board shall be held without other notice than this Section of the Bylaws immediately following the annual meeting of Knoxville's Community Development Corporation in May of each year and at the same place as the annual meeting of Knoxville's Community Development Corporation.

Section 3.5 Special Meetings. Special meetings of the Board may be called by the President or by any Director, and it shall thereupon be the duty of the Secretary-Treasurer to cause notice of such meeting to be given as hereinafter provided. The President or the Director calling the meeting shall fix the time and place (which may or may be anywhere within or without the State of Tennessee) for the holding of the meeting.

Section 3.6 Notices. Notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Director not less than three (3) days previous thereto either personally, by mail or by electronic mail, by or at the direction of the Secretary-Treasurer, the President or the Director calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Corporation with postage thereon prepaid. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 3.7 Quorum and Participation. A majority of the total number of Directors in office shall constitute a quorum for the transaction of business at any meeting of the Board, provided that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further that the Secretary-Treasurer shall notify any absent Directors of the time and place of such adjourned meeting.

Section 3.8 Manner of Acting. Each Director shall be entitled to one (1) vote upon any matter properly submitted for a vote to the Board. The act of a majority of the Directors present at a

meeting at which a quorum is present shall be the act of the Board, except as may otherwise be specifically provided by law, by the Charter, or by these Bylaws. Members of the Board absent from any meeting shall not be permitted to vote at such meeting by written proxies.

Section 3.9 Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board at which action on any Corporation matter is taken shall be presumed to have assented to the action taken, unless such Director's dissent shall be entered in the minutes of the meeting, or unless he or she shall forward such dissent by certified mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.10 Compensation. Neither Directors nor officers shall receive any salary for their services. Any director or officer of the Corporation may also perform legal services for the Corporation; otherwise, no director or officer shall receive compensation for service to the Corporation in any other capacity, nor shall any close relative or a Director or officer receive compensation for serving the Corporation. The term "close relative" as used herein shall mean any brother or sister of any Director or officer, the forebears and descendants of a Director or officer or any such brother or sister and any spouse of a Director or officer or any aforesaid person.

ARTICLE IV. OFFICERS

Section 4.1 Number. The officers of the Corporation shall be a President, Vice President, Secretary-Treasurer and such other officers as may be determined by the Board from time to time to perform such duties as may be designated by the Board. In no event shall a member of the Board serve as an officer of the corporation.

Section 4.2 Election and Term of Office. The officers of the Corporation shall be elected annually by the Board at the regular annual meeting of the Board. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until the next regular annual meeting of the Board or until his successor shall have been elected. A vacancy in any office held by an officer, because of death, resignation, removal, disqualification or otherwise, may be filled by the Board. A retiring officer may succeed himself or herself.

Section 4.3 Removal of Officers and Agents by Directors. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Corporation will be served thereby.

Section 4.4 President. The President:

(a) Shall be the principal executive officer of the Corporation, shall in general, supervise and control all of the business and affairs of the Corporation, and unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;

(b) May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board, or by these Bylaws, to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and

(c) Shall in general perform all duties incident to the office of the present and such other duties as may be prescribed by the Board from time to time.

Section 4.5 Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

Section 4.6 Secretary-Treasurer. The Secretary-Treasurer shall:

(a) Keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;

(b) See that all notices are duly given in accordance with these Bylaws or as required by law;

(c) Be custodian of the corporate records and of the seal of the Corporation and affix the seal of the Corporation to documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws;

(d) Keep a register of the names and post office addresses of all Directors;

(e) Have a general charge of the books of the Corporation;

(f) Keep on file at all times a complete copy of the Charter and Bylaws of the Corporation containing all amendments thereto (which copy shall always be open to the inspection of any Director), and at the expense of the Corporation, forward a copy of the Bylaws and of all amendments thereto to each Director;

(g) In general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him/her by the Board; and

(h) Have charge and custody of and be responsible for all funds and securities of the Corporation;

(i) Be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Corporation and for the deposit of all such monies in the name of the Corporation in such bank or banks, trust companies or other depositories, as shall be selected in accordance with the provisions of these regulations; and

(j) In general, perform all the duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to him/her by the Board.

Section 4.7 Resignation. An officer may resign such officer's position at any time by tendering such resignation in writing to the President or, in the case of the resignation of the President, to the Secretary. A resignation shall become effective upon the date specified in such notice, or, if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

Section 4.8 Compensation. The powers, duties and compensation, if any, of officers, agents and employees shall be fixed by the Board, subject to the provisions of these regulations with respect to compensation for Directors and officers and close relatives of Directors and officers.

ARTICLE V. NON-PROFIT OPERATION

The Corporation shall at all times be operated on a non-profit basis, and no interest or dividends shall be paid or payable by the Corporation to any Director as such, and shall be operated for the charitable purposes for which the Corporation was created.

ARTICLE VI. CONTRACTS, LOANS, CHECKS, DEPOSITS, INVESTMENTS

Section 6.1 Contracts and Employment of Agents. The Board may authorize any officer or agent to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the Corporation. The Board shall be specifically authorized, in its sole discretion, to employ and to pay the compensation of such agents, accountants, custodians, experts, consultants and other counsel, legal, investment or otherwise, as the Board shall deem advisable, and to delegate discretionary powers to, and rely upon information furnished by, such individuals or entities. Such authority may be general or confined to specific instances.

Section 6.2 Loans. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name, unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 6.3 Checks. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Secretary-Treasurer and countersigned by the President or Vice President of the Corporation.

Section 6.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation with such banks, trust companies, brokerage accounts, investment managers, or other depositories as the Board may from time to time select.

Section 6.5 Fiscal Year. The fiscal year of the Corporation shall mean a twelve (12) month period commencing the first day of July of each and every year and shall end on the following last day of June.

Section 6.6 Gifts. The Board of Directors may accept, on behalf of the Corporation, any contribution, gift bequest or devise for the general purposes or any special purpose of the Corporation.

ARTICLE VII. BOOKS, RECORDS AND AUDITS

Section 7.1 Books and Records. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board, and shall keep at the registered or principal office a record giving the names and addresses of the Directors. So long as the Corporation acts and functions as an instrumentality of KCDC, then all books and records of the Corporation may be inspected by KCDC, its agents or attorneys at any time.

Section 7.2 Audits. The Corporation shall cause audits of all its books and records to be performed by a firm of independent certified public accountants as necessary. Copies of the audits shall be provided to KCDC for its review.

ARTICLE VIII. MISCELLANEOUS

KCDC shall have power to make and adopt such rules and regulations not inconsistent with law, the Charter, or these regulations, as it may deem advisable for the management of the business and affairs of the Corporation.

ARTICLE IX. WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the laws of the State of Tennessee relating to non-profit corporations or under the provisions of the Charter or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X. AMENDMENTS TO BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the affirmative vote of two-thirds of the Directors present at any regular or special meeting, provided a quorum, as provided in these Bylaws, be present and provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or such requirement shall have been duly waived by all Directors.

Adopted this 27th day of February, 2024.

37209331.1

LIMITED PARTNERSHIP AGREEMENT

This Limited Partnership Agreement (the “Partnership Agreement”) is made and entered into effective February 27, 2024, by and between Western Heights 2 GP Corporation, a Tennessee nonprofit corporation (the “General Partner”), KTW Phase 2, LLC, a Tennessee limited liability company (the “Special Limited Partner”), and Knoxville’s Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq. (the “Limited Partner”; the Special Limited Partner and the Limited Partner may be sometimes hereinafter referred to collectively as the “Limited Partners” or individually as the “Limited Partner”; the General Partner, the Special Limited Partner, the Limited Partner and any other partners who execute this Partnership Agreement from time to time being referred to hereafter collectively as the “Partners”).

FOR AND IN CONSIDERATION of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the Partners do hereby agree as follows:

1. Formation.

- (a) Adoption of Partnership Agreement; Certificate is Controlling. The Partners hereby adopt this Partnership Agreement and agree to govern the business of the Partnership among themselves according to the terms of the Act and this Agreement. By executing this Partnership Agreement, the Partners hereby adopt, approve and ratify the Certificate of Limited Partnership dated as of February 1, 2024 and filed with the Tennessee Secretary of State on February 1, 2024 (the “Certificate”). If there is any conflict between the terms of this Partnership Agreement and the Certificate, the Certificate shall control.
- (b) Name of Partnership. The name of the Partnership shall be “Western Heights 2 LP”, and the business and activities of the Partnership shall be conducted under either that name or any other name chosen by the General Partner.
- (c) Registered Office and Address. The Partnership shall maintain a registered office in Tennessee at c/o Benjamin M. Bentley, 901 North Broadway, Knoxville, Knox County, Tennessee 37917. The initial registered agent of the Partnership shall be Benjamin M. Bentley.
- (d) Principal Place of Business. The principal place of business of the Partnership shall be 901 North Broadway, Knoxville, Knox County, Tennessee 37917. The Partnership may maintain such other offices and places of business as the General Partner may deem advisable for the benefit of the Partnership. The business email address of the Partnership is bbentley@kcdc.org.
- (e) Names and Addresses of Partners. Any Partner who changes his or her address shall give written notice thereof to the Partnership.

- (f) Purposes. The purposes and business of the Partnership are as follows:
- (1) Certain Specific Business Purposes. To facilitate the development of a low-income housing facility for residents of the City of Knoxville, Tennessee; and
 - (2) Broad Business Purpose. To engage in any lawful business or activity permitted under the Act.
- (g) Powers of the Partnership. The Partnership is authorized:
- (1) Acquire Assets. To construct, purchase, lease, receive or otherwise acquire any real or personal property;
 - (2) Manage, Operate, Convey and Encumber Assets. To operate, maintain, improve, sell, option, convey, assign, pledge, mortgage, lease or otherwise manage, transfer or encumber any assets owned by the Partnership;
 - (3) Borrow Funds. To borrow money and issue evidences of indebtedness in furtherance of the Partnership business, whether secured or unsecured;
 - (4) Refinancings. To prepay, in whole or in part, refinance, recast, increase, modify and extend any Partnership indebtedness;
 - (5) Enter into Contracts. To execute, deliver and perform such agreements, documents and instruments as may be advisable in connection with the conduct of the Partnership business; and
 - (6) Broad Power to Act. To do any and all other acts of any kind whatsoever in connection with the accomplishment of the purposes of the Partnership.
- (h) Term. The term of the Partnership shall commence upon the filing of the Certificate in the office of the Tennessee Secretary of State and shall continue until the dissolution and liquidation of the Partnership have been completed as hereinafter provided.

2. Capital.

- (a) Capital Contributions.
- (1) Initial Capital Contributions. The Partners agree to contribute assets to the capital of the Partnership as shown on Exhibit A.
 - (2) No Additional Capital Contributions Required. No additional capital contributions shall be required of any Partner.

- (3) Additional Capital Contributions with Consent of General Partner. No partner may contribute additional capital to the Partnership without the prior written consent of the General Partner.
- (b) Capital Accounts. A capital account shall be established on the books of the Partnership for each Partner (the "Capital Accounts"). The General Partnership interest of a General Partner will be maintained separately from any limited partnership interest owned by a General Partner. Such capital accounts will be maintained in accordance with § 704(b) of the Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations promulgated thereunder.
- (c) Transfers of Partnership Interests. Upon the transfer by any Partner of any part or all of his or her Partnership Interest as hereinafter provided, the proportionate amount of his or her respective Capital Account shall be transferred to the transferee.
- (d) Limitation on Withdrawals of Capital by Partners Prior to the liquidation of the Partnership:
 - (1) Withdrawals Limited. No Partner shall have the right to withdraw or reduce such Partner's contribution to the capital of the Partnership or to require the Partnership to make any distribution to the Partners (other than distributions required by the specific terms of this Agreement). No Partner shall be entitled to any interest on his or her contributions to the capital of the Partnership.
 - (2) No Priority among Partners. No Partner shall have the right to demand to have distributed, or to receive, any specific class or item of property, and no Partner shall have any priority over any other Partner, either as to contributions of capital or otherwise.

3. Allocation of Profits and Losses.

- (a) Partners' Partnership Interests in Profits and Losses. All Partnership net profits and net losses from whatever source derived (except profits and losses incurred with respect to property contributed to the Partnership by a Partner, which shall be allocated pursuant to § 704(c) of the Code and regulations thereunder), shall be allocated to the Partners pro rata based upon their respective Partnership Interests. The term "Partnership Interest", with respect to any Partner, shall mean the interest of such Partner in the profits and losses of the Partnership. The initial Partnership Interests of the Partners are set forth on Exhibit A attached hereto. The General Partner shall keep accurate records to reflect any and all changes which may occur in the Partnership Interests.
- (b) Transfers of Partnership Interests. If a Partner transfers all or part of such Partner's Partnership Interest, or in the event of any increase or decrease in the Interest of any Partner, whether arising out of the entry of a new Partner, the liquidation (partial or whole) of any Partner's Interest, or otherwise, the share of the profits and

losses of the respective Partners, and each item of income and expense related thereto, shall be determined by reference to the income and expense reflected on the books and records of the Partnership as of the day on which any such event occurs, as if such books and records were closed on such day.

4. Distributions to Partners.

(a) Non-liquidating Distributions.

- (1) In General. Distributions (in cash or in kind) may be made from the Partnership to the Partners in such amounts and at such times as the General Partner shall determine, provided that any Partner loans made to the Partnership shall be repaid in full prior to any Distributions.
- (2) Intention of Partners with Respect to Operating Distributions. In setting a distribution policy for the Partnership from time to time, the General Partner is directed to take into consideration the fact that the Partners intend that they will always each possess a substantial present economic and financial benefit from their ownership of interests in the Partnership. Accordingly, while it is not required that the Partnership will elect to distribute its net income for any given period, it is anticipated that the General Partner will choose to authorize distributions from the Partnership from time to time, after setting aside such reserves to meet the Partnership's investment, reinvestment and operating needs and goals as the General Partner deems proper under all of the circumstances.
- (3) Allocation of Distributions Among Partners. All distributions shall be made in accordance with the Partnership Interests of the Partners, except for distributions upon the liquidation of the Partnership which shall be made in the manner provided in subparagraph 4(b) below.

- (b) Liquidation Distributions. Distributions made upon liquidation of the Partnership shall be apportioned among the Partners in accordance with the provisions of subparagraph 12 hereof.

5. Management of Partnership Business.

(a) Partnership Managed by General Partner.

- (1) In General. The management of the Partnership's business shall be vested solely in the General Partner who shall devote such time and attention to the business of the Partnership as may be appropriate; provided, however, the General Partner shall obtain the advance written consent of the Special Limited Partner prior to exercising any rights and powers on behalf of the Partnership. Using available assets of the Partnership, the General Partner shall manage the affairs of the Partnership to the best of the General Partner's ability and shall use the General Partner's best efforts to carry out the General Partner's responsibilities as set forth herein and as provided in

the Act. Upon obtaining the prior written consent of the Special Limited Partner, the General Partner shall have full power to carry out the purposes and objectives of the Partnership through the exercise of the authority conferred upon the Partnership under the terms of this Agreement, including without limitation the power to incur debt or other obligations, and the General Partner shall possess and may enjoy and exercise all of the rights and powers of general partners as more particularly provided by the Act, except to the extent any of such rights may be limited or restricted by the express provisions of this Agreement.

- (2) Fiduciary Obligation to Partners. In all matters pertaining to the Partnership, the General Partner shall owe a fiduciary obligation to the Partners.
 - (b) Compensation of General Partner. The Partnership may compensate the General Partner for any services that such General Partner renders to the Partnership in an amount commensurate with the value of the services rendered, provided that such compensation must be approved by the Special Limited Partner.
 - (c) Reimbursement for Expenses. The General Partner and the Special Limited Partner shall be entitled to be reimbursed for all reasonable costs and expenses incurred by the General Partner and the Special Limited Partner in carrying out their respective duties hereunder or in carrying on the business and activities of the Partnership, provided that such expenses have been approved by the other Partners, provided further that all reimbursable predevelopment costs and expenses incurred by the Partnership or any Partner shall be in accordance with the predevelopment budget that has been approved by Knoxville's Community Development Corporation ("KCDC") and Brinshore Development, L.L.C. for Western Heights Phase 2, as described in that certain Master Development Agreement between Brinshore Development L.L.C. and KCDC dated October 14, 2022.
 - (d) Partnership Representative. The Partnership shall designate a Partnership Representative pursuant to § 6223 of the Code. The initial Partnership Representative shall be the Special Limited Partner.
6. Rights of Limited Partners.
- (a) No Liability for Partnership Obligations.
 - (1) In General. No Limited Partner shall be subject to assessment nor shall any Limited Partner be personally liable for any of the debts or obligations of the Partnership or for any of the losses of the Partnership beyond such Limited Partner's obligation to contribute to the capital of the Partnership as specified in this Agreement unless an election described in subparagraph 6(a)(2) herein is in force with respect to said Limited Partner.
 - (2) Election to Waive Limited Liability. Any Limited Partner may elect at any time to waive the liability protection offered in subparagraph 6(a)(1) of this Agreement. All Limited Partners making such election will be jointly and

severally liable for the debts, obligations, and liabilities of the Partnership however arising (contract, tort, or otherwise) and for the actions of the General Partner acting in furtherance of the Partnership's business or other activity. A Limited Partner may revoke at any time such Limited Partner's election to have joint and several unlimited liability and remain a Limited Partner subject to the liability protection of subparagraph 6(a)(1). The certificate of limited partnership shall be amended to reflect such election or revocation by a Limited Partner.

- (b) No Right to Participate in Management. Except the Special Limited Partner, no Limited Partner, as such, shall take part in the management of the Partnership's business, or have any power, right or authority to enter into any agreement, execute or sign documents for, make representations on behalf of, or to otherwise act so as to bind the Partnership in any manner.
 - (c) Right to Information and Accountings. Each Limited Partner shall have the right to true and full information of all things affecting the Partnership and to a formal accounting of Partnership affairs whenever circumstances render it just and reasonable.
7. Restrictions on Transfers of Partnership Interests. Any transfer or encumbrance by a Partner of all or any portion of such Partner's interest in the Partnership which is not in compliance with this paragraph 7 shall be void and of no effect.
- (a) Transfers by General Partner. The General Partner may not sell, assign, pledge or otherwise transfer or encumber all or any portion of such General Partner's general partnership interest without the prior written consent of the Special Limited Partner and the Limited Partner.
 - (b) Transfers by Special Limited Partner. The Special Limited Partner may not sell, assign, pledge or otherwise transfer or encumber all or any portion of such Special Limited Partner's special limited partnership interest without the prior written consent of the General Partner and the Limited Partner.
 - (b) Transfers by Limited Partner. The Limited Partner may not sell, assign, pledge or otherwise transfer or encumber all or any portion of such Limited Partner's limited partnership interest without the prior written consent of the General Partner and the Special Limited Partner.
8. Conditions on Transferee's Admission to Partnership as a Limited Partner. No person to whom an interest in the Partnership has been transferred shall become a Limited Partner unless:
- (a) Execution of Partnership Agreement. The transferee signs this Partnership Agreement and agrees to be bound by the terms hereof (unless such transferee is already a Limited Partner); and

- (b) Payment of Expenses. Such transferee pays all reasonable expenses connected with such admission.
- 9. Books, Records, Accounts, and Reports.
 - (a) Maintenance of Accurate Records. At all times during the existence of the Partnership, the General Partner shall keep, or cause to be kept, full and true books of account, in which all transactions of the Partnership shall be entered fully and accurately. Such books of account, together with a copy of this Agreement and all amendments hereto, shall at all times be maintained at the principal office of the Partnership and shall be open to reasonable inspection and examination by the Partners or their duly authorized representatives.
 - (b) Tax Returns. The General Partner shall have income tax returns prepared for the Partnership; and a report indicating the respective Partners' shares of the net income or losses, capital gains or losses, and other items required under the Code to be separately allocated to each Partner, shall be distributed to the Partners within a reasonable time after the close of the taxable year or the period of the Partnership for which such return was prepared.
 - (c) Partnership Accounts. All funds of the Partnership shall be deposited in a separate account or accounts, and only the Special Limited Partner, and such persons as may be designated by the Special Limited Partner, may sign checks and draw upon such account or accounts.
- 10. Withdrawal or Dissolution of General Partner. The General Partner covenants that it will not voluntarily withdraw from the Partnership prior to the Partnership's dissolution.
- 11. Dissolution. The Partnership shall be dissolved upon the earlier of:
 - (a) Election to Terminate. The election to terminate the Partnership made in writing by the General Partner; or
 - (b) Lack of General Partners. At any time there shall be no General Partner.
- 12. Liquidation. Following the dissolution of the Partnership for any reason, the General Partner, or the person required by law to wind up its affairs, shall liquidate the Partnership and shall apply the proceeds of such liquidation and distribute the remaining assets of the Partnership in the following order:
 - (a) Payment of Creditors other than Partners. To the repayment of creditors of the Partnership other than Partners;
 - (b) Payment of Partner-Creditors. To the repayment of Partners to the extent of loans made to the Partnership;
 - (c) Reserves. To the setting up of any reserves deemed reasonably necessary by the person liquidating the Partnership for any contingent or unforeseen liabilities or

obligations of the Partnership arising out of or in connection with the conduct of the business and affairs of the Partnership; and

- (d) Remainder to Partners. The remainder to the Partners in the following manner:
 - (1) Cash Liquidation. In the event of a complete liquidation in cash, then to the Partners in accordance with their capital accounts.
 - (2) Liquidation Wholly or Partially in Kind. In the event of a liquidation in kind (in whole or in part), the net fair market values of the properties to be distributed in kind shall be determined by the General Partner (or the person required by law to wind up the affairs of the Partnership), in such manner as the General Partner (or such other person) deems best in their reasonable discretion. Each Partner shall then receive an undivided interest in the asset or assets of the Partnership equal in value to the proceeds to which such Partner would have been entitled if such asset or assets had been sold or otherwise converted to cash at such fair market values and the liquidation of the Partnership had been made solely in cash.
 - (e) Reasonable Period to Complete Liquidation. A reasonable time (not to exceed eighteen (18) months) shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of all liabilities to its creditors so as to enable any losses attendant upon liquidation to be minimized. Each of the Partners shall be furnished by the General Partner (or the person required by law to wind up the affairs of the Partnership) with a statement setting forth the assets and liabilities of the Partnership as of the date of complete liquidation and the manner in which the assets of the Partnership are to be or have been distributed.
 - (f) Termination of Legal Status of Partnership. Upon complying with the foregoing distribution plan, the liquidating Partner shall execute, acknowledge, and cause to be filed a certificate of cancellation of the Partnership as provided by the Act, and all the Partners agree to join in executing such document if such joinder is requested by the General Partner (or the person required by law to wind up the affairs of the Partnership). Upon the filing of a certificate of cancellation of the Partnership in the appropriate public office as required under the Act, the Partnership shall be terminated.
13. Amendments to Partnership Agreement. This Agreement may only be amended upon the unanimous written consent of all of the Partners.
14. Miscellaneous.
- (a) Notices. Each Partner's address for all purposes shall be the address set forth in Exhibit A to this Agreement or such other address of which the General Partner has received written notice. Any notice, demand, or request required or permitted to be given or made hereunder shall be in writing and shall be deemed given or made when delivered or when deposited in the U.S. Mails, postage prepaid, certified or registered, return receipt requested, to such Partner at such address.

- (b) Paragraph Titles for Convenience Only. All titles and captions in this Agreement are for convenience only and shall not be deemed or construed to define, limit, extend, or describe the scope of interest of this Agreement or any part hereof.
- (c) Tennessee Law Controls. The construction and validity of this Agreement shall be determined in all respects in accordance with and shall be governed by the laws of the State of Tennessee.
- (d) Binding Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns.
- (e) Severability. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect the validity of the remainder or any other provision of this Agreement in any respect whatsoever.
- (f) Execution in Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement and all of which shall constitute but one Agreement, by each of the parties hereto on the dates respectively indicated. In the event the General Partner deems it desirable, a counterpart of this Agreement or a copy hereof may, when attached to a sworn verification and certificate of the General Partner, be filed for record and serve as a Certificate of Limited Partnership or for any other lawful purpose.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first appearing above.

GENERAL PARTNER:

WESTERN HEIGHTS 2 GP CORPORATION

By: _____
Benjamin M. Bentley, President

LIMITED PARTNER:

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

Kimberly K. Henry, Chairman

SPECIAL LIMITED PARTNER:

KTW PHASE 2, LLC, a Tennessee limited
liability company

By: Brinshore TL, LLC, an Illinois limited
liability company, its sole member

By: Brinshore Development, L.L.C., an
Illinois limited liability company, its
managing member

By: Brint Development, Inc., an
Illinois corporation

By: _____
David B. Brint, President

EXHIBIT A

<u>Partner's Name and Address</u>	<u>General Partnership Interest</u>	<u>Limited Partnership Interest</u>	<u>Capital Contribution</u>
Western Heights 2 GP Corporation 901 N. Broadway Knoxville, Tennessee 37917	0.01%		\$0.01
KTW Phase 2, LLC 1603 Orrington Ave., Suite 450 Evanston, IL 60201	0%	60.00%	\$60.00
Knoxville's Community Development Corporation 901 N. Broadway Knoxville, Tennessee 37917	0%	39.99%	\$39.99
Totals	0.01%	99.99%	\$100

37209333.1

**ACTION TAKEN ON WRITTEN CONSENT
OF INCORPORATOR OF
WESTERN HEIGHTS 2 GP CORPORATION**

Pursuant to § 48-52-105(b) of the Tennessee Nonprofit Corporation Act, I, Russell E. Stair, Incorporator of Western Heights 2 GP Corporation (the "Corporation"), on this 27th day of February, 2024, do hereby take the following actions and adopt the following resolutions:

RESOLVED, that the Charter of the Corporation, which was previously filed in the office of the Secretary of State of Tennessee, is hereby accepted and approved for the Corporation; and

RESOLVED, that the number of directors of the Corporation be, and the same hereby is, set at three (3) unless and until changed in accordance with the Charter and Bylaws; and

RESOLVED, that the following persons shall serve as directors of the Corporation:

Kimberly K. Henry

Scott Broyles

Felix Harris

RESOLVED, that the powers and duties of the sole Incorporator be terminated upon the due execution of this instrument.

The Secretary of the Corporation is hereby directed to place this Action Taken on Written Consent of Incorporator in appropriate order in the Minute Book of the Corporation.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has executed this action taken by written consent on the date set forth above for the purpose of evidencing (i) his consent to the taking of the foregoing action without a meeting, and (ii) his affirmative vote in favor of taking the foregoing action.

A handwritten signature in blue ink, appearing to read 'R. Stair', is written over a horizontal line.

Russell E. Stair, Incorporator

37209332.1

WESTERN HEIGHTS 3 GP CORPORATION

Date: February 22, 2024

To: Board of Commissioners

From: Nancy White, Secretary

Subject: **INITIAL AGENDA**
Board Meeting of the Board of Directors
Tuesday, February 27, 2024, 5 p.m.
901 N. Broadway Street
Knoxville, TN 37917

1. Call to Order.

REDEVELOPMENT (Jim Hatfield)

2. Resolution regarding the formation and organizational matters. **(Item 2 Attachment)**

3. Adjourn.

WESTERN HEIGHTS 3 GP CORPORATION BOARD ACTION FORM - ITEM 2

MEETING DATE	February 27, 2024
AGENDA ITEM DESCRIPTION	Execute a resolution regarding formation and organizational matters of Western Heights 3 GP Corporation.
SUBMITTED BY	Name, Title / Department:
MEETING TYPE	<input type="checkbox"/> Regular <input checked="" type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>N/A</u> Expenditure: \$ <u>N/A</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action?</p> <p>This resolution allows for organizational matters and certain actions of Western Heights 3 GP Corporation to be conducted including but not limited to filing of the corporate charter, electing officers, enabling the Corporation to serve as the general partner of Western Heights 3 LP and file for low income housing tax credits.</p>	
<p>2. Why is the action needed now?</p> <p>The 2024 application cycle for 4% tax credits and MTEB starts next month and this resolution provides for the approval to apply for tax credits and MTEB.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)?</p> <p>Western Heights 3 GP Corporation is a wholly owned instrumentality of KCDC and will serve as general partner of the owner entity. Western Heights 3 LP will be the owner entity for the development project. Brinshore Development is KCDC partner and co-owner and will serve as the developer.</p>	
<p>4. What are the long-term and short-term exposures?</p> <p>None</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	None
ATTACHMENTS	Resolution, bylaws, initial LPA, consent

RESOLUTION NO. 2024-1

**RESOLUTION OF THE BOARD OF DIRECTORS OF
WESTERN HEIGHTS 3 GP CORPORATION REGARDING
FORMATION AND ORGANIZATIONAL MATTERS**

February 27, 2024

The board of directors of Western Heights 3 GP Corporation, a Tennessee nonprofit corporation (the "Corporation"), has met pursuant to proper notice and does hereby resolve:

Action of Incorporator

RESOLVED, that the Action of the Incorporator of the Corporation taken by written consent dated as of February 27, 2023, and all actions reflected therein, be, and the same hereby are, ratified, approved, and adopted by the undersigned for the benefit of the Corporation; and

FURTHER RESOLVED, that the Incorporator be, and the same hereby is, discharged of any further obligations, duties or liability to the Corporation.

Charter

RESOLVED, that the Charter of the Corporation, filed in the office of the Secretary of State of Tennessee and recorded in the Knox County Register of Deeds, is hereby ratified and approved.

Bylaws

RESOLVED, that the Bylaws attached hereto as Exhibit A are hereby approved and adopted.

Officers

RESOLVED, that the following named persons are hereby declared elected to the offices of the Corporation set forth opposite their respective names to serve as such officers pursuant to the Bylaws:

President – Benjamin M. Bentley

Vice President – Jim Hatfield

Secretary and Treasurer – Nancy White

Bank Accounts

RESOLVED, that the officers of the Corporation are hereby authorized and directed for and on behalf of the Corporation to designate from time to time one or more banks, trust companies or other banking institutions to act as depository or depositories for the funds of the Corporation for and during such period as such officer may from time to time deem necessary or desirable in the interests on the Corporation and to open or close out from time to time accounts in any such depository so selected;

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, in the name of and on behalf of the Corporation, to take any and all actions that such officer may deem necessary or advisable in order to establish bank accounts from time to time for the efficient conduct of the Corporation's business;

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and empowered to sign checks drawn on such account(s); and

FURTHER RESOLVED, that any resolutions required by said banking institutions shall be attached to these resolutions and are hereby adopted in their entirety as if such resolutions were a part hereof as of the date of adoption of these resolutions.

Payment of Organizational Expenses

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to pay all fees and expenses incident to or required in the organization of the Corporation.

Formation of Western Heights 3 LP

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take all actions deemed by such officers to be necessary and convenient to form Western Heights 3 LP (the "Limited Partnership") and have the Corporation serve as the general partner thereof.

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, on behalf and in the name of the Corporation, to prepare or cause to be prepared and to execute, deliver, verify, acknowledge, file or record any documents (including, without limitation, a certificate of limited partnership and a limited partnership agreement), instruments, certificates, statements, papers, or any amendments thereto, as may be deemed necessary or advisable in order to form the Limited Partnership.

**Submission of Application for Low Income Housing Tax Credits and
Multifamily Tax-Exempt Bond Authority**

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take all actions deemed by such officers to be necessary and convenient to facilitate the submission of an application to the Tennessee Housing Development Agency for an allocation of low income housing tax credits and/or Multifamily Tax-Exempt Bond Authority for the purpose of redevelopment of certain real property commonly known as Western Heights and located at or near 1331 W. Oldham Avenue in Knoxville, Tennessee.

General Authority and Ratification

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, on behalf and in the name of the Corporation, to prepare or cause to be prepared and to execute, deliver, verify, acknowledge, file or record any documents, instruments, certificates, statements, papers, or any amendments thereto, as may be deemed necessary or advisable in order to effectuate the actions approved herein, and to take such further steps and do all such further acts or things as are necessary or desirable to carry out the transactions contemplated by the foregoing resolutions; and

FURTHER RESOLVED, that the authority and power given hereunder be deemed retroactive and any and all acts authorized hereunder performed prior to the passage of these resolutions, are hereby ratified and approved.

Adopted this 27th day of February, 2024.

WESTERN HEIGHTS 3 GP CORPORATION

By: _____
Secretary

EXHIBIT A

**BY-LAWS
OF
WESTERN HEIGHTS 3 GP CORPORATION**

37244988.1

**BY-LAWS
OF
WESTERN HEIGHTS 3 GP CORPORATION**

These Bylaws shall regulate the business and affairs of Western Heights 3 GP Corporation (the "Corporation"), subject to the provisions of the Charter of the Corporation (as amended or restated from time to time, the "Charter") and any applicable provisions of the Tennessee Nonprofit Corporation Act (as amended, the "Act").

ARTICLE I. OFFICES

Section 1.1 Principal Office. The principal office of the Corporation shall be located at 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The Corporation may have such other offices, either within or without the State of Tennessee, as its Board of Directors may designate or as the business of the Corporation may require from time to time.

Section 1.2 Registered Office. The registered office of the Corporation required by the Act to be maintained in the State of Tennessee may, but need not, be identical to the principal office in the State of Tennessee; and the address of the registered office may be changed from time to time by its Board of Directors.

ARTICLE II. MEMBERS

The Corporation shall not have members.

ARTICLE III. DIRECTORS

Section 3.1 General Powers. The business and affairs of the Corporation shall be supervised by its Board of Directors (the "Board"), which shall exercise in the name of and on behalf of the Corporation all of the rights and privileges legally exercisable by the Corporation as a corporate entity, except as may otherwise be provided by law, the Charter, or these Bylaws. In addition, without limiting the foregoing, the Board shall be authorized and empowered:

- (a) To employ such persons as in its opinion are needed for the administration of the Corporation and to pay reasonable compensation for services and expenses thereof;
- (b) To receive, accept, administer, invest and distribute on behalf of the Corporation property contributed, gifted or bequeathed to the Corporation; and
- (c) To make distributions of income and principal in furtherance of the Corporation's purposes in such amounts and proportions as the Board, in its discretion, shall determine from time to time.

Section 3.2 Number and Tenure. The directors of the Corporation shall be the same persons who are elected to hold the offices of Chairman, Vice Chairman, and Treasurer of Knoxville's Community Development Corporation ("KCDC"). The election of any person to any such office in KCDC shall be deemed to be an election of such person to the Board of Directors of the Corporation. Each director shall hold office until the expiration of the term for which he/she is elected, and thereafter

until his successor has been elected and qualified. The Board of Commissioners of KCDC shall have the power to appoint and remove all directors of the corporation.

Section 3.3 Limited Personal Liability. No person who is or was a Director of the Corporation, nor such person's heirs, executors or administrators (hereinafter collectively referred to for purposes of this Section as a "Director"), shall be personally liable to the Company for monetary damages for breach of fiduciary duty as a Director. However, this provision shall not eliminate or limit the liability of a Director:

- (a) for any breach of a Director's duty of loyalty to the Corporation;
- (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or
- (c) under § 48-58-304 of the Act.

If the Act hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a Director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the full extent permitted by the amended Act. No repeal or modification of the provisions of this Section, either directly or by the adoption of a provision inconsistent with the provisions of this Section, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Section 3.4 Annual Meeting. The regular annual meeting of the Board shall be held without other notice than this Section of the Bylaws immediately following the annual meeting of Knoxville's Community Development Corporation in May of each year and at the same place as the annual meeting of Knoxville's Community Development Corporation.

Section 3.5 Special Meetings. Special meetings of the Board may be called by the President or by any Director, and it shall thereupon be the duty of the Secretary-Treasurer to cause notice of such meeting to be given as hereinafter provided. The President or the Director calling the meeting shall fix the time and place (which may or may be anywhere within or without the State of Tennessee) for the holding of the meeting.

Section 3.6 Notices. Notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Director not less than three (3) days previous thereto either personally, by mail or by electronic mail, by or at the direction of the Secretary-Treasurer, the President or the Director calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Corporation with postage thereon prepaid. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 3.7 Quorum and Participation. A majority of the total number of Directors in office shall constitute a quorum for the transaction of business at any meeting of the Board, provided that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further that the Secretary-Treasurer shall notify any absent Directors of the time and place of such adjourned meeting.

Section 3.8 Manner of Acting. Each Director shall be entitled to one (1) vote upon any matter properly submitted for a vote to the Board. The act of a majority of the Directors present at a

meeting at which a quorum is present shall be the act of the Board, except as may otherwise be specifically provided by law, by the Charter, or by these Bylaws. Members of the Board absent from any meeting shall not be permitted to vote at such meeting by written proxies.

Section 3.9 Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board at which action on any Corporation matter is taken shall be presumed to have assented to the action taken, unless such Director's dissent shall be entered in the minutes of the meeting, or unless he or she shall forward such dissent by certified mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.10 Compensation. Neither Directors nor officers shall receive any salary for their services. Any director or officer of the Corporation may also perform legal services for the Corporation; otherwise, no director or officer shall receive compensation for service to the Corporation in any other capacity, nor shall any close relative or a Director or officer receive compensation for serving the Corporation. The term "close relative" as used herein shall mean any brother or sister of any Director or officer, the forebears and descendants of a Director or officer or any such brother or sister and any spouse of a Director or officer or any aforesaid person.

ARTICLE IV. OFFICERS

Section 4.1 Number. The officers of the Corporation shall be a President, Vice President, Secretary-Treasurer and such other officers as may be determined by the Board from time to time to perform such duties as may be designated by the Board. In no event shall a member of the Board serve as an officer of the corporation.

Section 4.2 Election and Term of Office. The officers of the Corporation shall be elected annually by the Board at the regular annual meeting of the Board. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until the next regular annual meeting of the Board or until his successor shall have been elected. A vacancy in any office held by an officer, because of death, resignation, removal, disqualification or otherwise, may be filled by the Board. A retiring officer may succeed himself or herself.

Section 4.3 Removal of Officers and Agents by Directors. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Corporation will be served thereby.

Section 4.4 President. The President:

(a) Shall be the principal executive officer of the Corporation, shall in general, supervise and control all of the business and affairs of the Corporation, and unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;

(b) May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board, or by these Bylaws, to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and

(c) Shall in general perform all duties incident to the office of the present and such other duties as may be prescribed by the Board from time to time.

Section 4.5 Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

Section 4.6 Secretary-Treasurer. The Secretary-Treasurer shall:

(a) Keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;

(b) See that all notices are duly given in accordance with these Bylaws or as required by law;

(c) Be custodian of the corporate records and of the seal of the Corporation and affix the seal of the Corporation to documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws;

(d) Keep a register of the names and post office addresses of all Directors;

(e) Have a general charge of the books of the Corporation;

(f) Keep on file at all times a complete copy of the Charter and Bylaws of the Corporation containing all amendments thereto (which copy shall always be open to the inspection of any Director), and at the expense of the Corporation, forward a copy of the Bylaws and of all amendments thereto to each Director;

(g) In general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him/her by the Board; and

(h) Have charge and custody of and be responsible for all funds and securities of the Corporation;

(i) Be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Corporation and for the deposit of all such monies in the name of the Corporation in such bank or banks, trust companies or other depositories, as shall be selected in accordance with the provisions of these regulations; and

(j) In general, perform all the duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to him/her by the Board.

Section 4.7 Resignation. An officer may resign such officer's position at any time by tendering such resignation in writing to the President or, in the case of the resignation of the President, to the Secretary. A resignation shall become effective upon the date specified in such notice, or, if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

Section 4.8 Compensation. The powers, duties and compensation, if any, of officers, agents and employees shall be fixed by the Board, subject to the provisions of these regulations with respect to compensation for Directors and officers and close relatives of Directors and officers.

ARTICLE V. NON-PROFIT OPERATION

The Corporation shall at all times be operated on a non-profit basis, and no interest or dividends shall be paid or payable by the Corporation to any Director as such, and shall be operated for the charitable purposes for which the Corporation was created.

ARTICLE VI. CONTRACTS, LOANS, CHECKS, DEPOSITS, INVESTMENTS

Section 6.1 Contracts and Employment of Agents. The Board may authorize any officer or agent to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the Corporation. The Board shall be specifically authorized, in its sole discretion, to employ and to pay the compensation of such agents, accountants, custodians, experts, consultants and other counsel, legal, investment or otherwise, as the Board shall deem advisable, and to delegate discretionary powers to, and rely upon information furnished by, such individuals or entities. Such authority may be general or confined to specific instances.

Section 6.2 Loans. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name, unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 6.3 Checks. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Secretary-Treasurer and countersigned by the President or Vice President of the Corporation.

Section 6.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation with such banks, trust companies, brokerage accounts, investment managers, or other depositories as the Board may from time to time select.

Section 6.5 Fiscal Year. The fiscal year of the Corporation shall mean a twelve (12) month period commencing the first day of July of each and every year and shall end on the following last day of June.

Section 6.6 Gifts. The Board of Directors may accept, on behalf of the Corporation, any contribution, gift bequest or devise for the general purposes or any special purpose of the Corporation.

ARTICLE VII. BOOKS, RECORDS AND AUDITS

Section 7.1 Books and Records. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board, and shall keep at the registered or principal office a record giving the names and addresses of the Directors. So long as the Corporation acts and functions as an instrumentality of KCDC, then all books and records of the Corporation may be inspected by KCDC, its agents or attorneys at any time.

Section 7.2 Audits. The Corporation shall cause audits of all its books and records to be performed by a firm of independent certified public accountants as necessary. Copies of the audits shall be provided to KCDC for its review.

ARTICLE VIII. MISCELLANEOUS

KCDC shall have power to make and adopt such rules and regulations not inconsistent with law, the Charter, or these regulations, as it may deem advisable for the management of the business and affairs of the Corporation.

ARTICLE IX. WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the laws of the State of Tennessee relating to non-profit corporations or under the provisions of the Charter or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X. AMENDMENTS TO BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the affirmative vote of two-thirds of the Directors present at any regular or special meeting, provided a quorum, as provided in these Bylaws, be present and provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or such requirement shall have been duly waived by all Directors.

Adopted this 27th day of February, 2024.

37244985.1

LIMITED PARTNERSHIP AGREEMENT

This Limited Partnership Agreement (the “Partnership Agreement”) is made and entered into effective February 27, 2024, by and between Western Heights 3 GP Corporation, a Tennessee nonprofit corporation (the “General Partner”), KTW Phase 3, LLC, a Tennessee limited liability company (the “Special Limited Partner”), and Knoxville’s Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq. (the “Limited Partner”; the Special Limited Partner and the Limited Partner may be sometimes hereinafter referred to collectively as the “Limited Partners” or individually as the “Limited Partner”; the General Partner, the Special Limited Partner, the Limited Partner and any other partners who execute this Partnership Agreement from time to time being referred to hereafter collectively as the “Partners”).

FOR AND IN CONSIDERATION of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the Partners do hereby agree as follows:

1. Formation.

- (a) Adoption of Partnership Agreement; Certificate is Controlling. The Partners hereby adopt this Partnership Agreement and agree to govern the business of the Partnership among themselves according to the terms of the Act and this Agreement. By executing this Partnership Agreement, the Partners hereby adopt, approve and ratify the Certificate of Limited Partnership dated as of February 1, 2024 and filed with the Tennessee Secretary of State on February 1, 2024 (the “Certificate”). If there is any conflict between the terms of this Partnership Agreement and the Certificate, the Certificate shall control.
- (b) Name of Partnership. The name of the Partnership shall be “Western Heights 3 LP”, and the business and activities of the Partnership shall be conducted under either that name or any other name chosen by the General Partner.
- (c) Registered Office and Address. The Partnership shall maintain a registered office in Tennessee at c/o Benjamin M. Bentley, 901 North Broadway, Knoxville, Knox County, Tennessee 37917. The initial registered agent of the Partnership shall be Benjamin M. Bentley.
- (d) Principal Place of Business. The principal place of business of the Partnership shall be 901 North Broadway, Knoxville, Knox County, Tennessee 37917. The Partnership may maintain such other offices and places of business as the General Partner may deem advisable for the benefit of the Partnership. The business email address of the Partnership is bbentley@kcdc.org.
- (e) Names and Addresses of Partners. Any Partner who changes his or her address shall give written notice thereof to the Partnership.

- (f) Purposes. The purposes and business of the Partnership are as follows:
- (1) Certain Specific Business Purposes. To facilitate the development of a low-income housing facility for residents of the City of Knoxville, Tennessee; and
 - (2) Broad Business Purpose. To engage in any lawful business or activity permitted under the Act.
- (g) Powers of the Partnership. The Partnership is authorized:
- (1) Acquire Assets. To construct, purchase, lease, receive or otherwise acquire any real or personal property;
 - (2) Manage, Operate, Convey and Encumber Assets. To operate, maintain, improve, sell, option, convey, assign, pledge, mortgage, lease or otherwise manage, transfer or encumber any assets owned by the Partnership;
 - (3) Borrow Funds. To borrow money and issue evidences of indebtedness in furtherance of the Partnership business, whether secured or unsecured;
 - (4) Refinancings. To prepay, in whole or in part, refinance, recast, increase, modify and extend any Partnership indebtedness;
 - (5) Enter into Contracts. To execute, deliver and perform such agreements, documents and instruments as may be advisable in connection with the conduct of the Partnership business; and
 - (6) Broad Power to Act. To do any and all other acts of any kind whatsoever in connection with the accomplishment of the purposes of the Partnership.
- (h) Term. The term of the Partnership shall commence upon the filing of the Certificate in the office of the Tennessee Secretary of State and shall continue until the dissolution and liquidation of the Partnership have been completed as hereinafter provided.

2. Capital.

- (a) Capital Contributions.
- (1) Initial Capital Contributions. The Partners agree to contribute assets to the capital of the Partnership as shown on Exhibit A.
 - (2) No Additional Capital Contributions Required. No additional capital contributions shall be required of any Partner.

- (3) Additional Capital Contributions with Consent of General Partner. No partner may contribute additional capital to the Partnership without the prior written consent of the General Partner.
 - (b) Capital Accounts. A capital account shall be established on the books of the Partnership for each Partner (the “Capital Accounts”). The General Partnership interest of a General Partner will be maintained separately from any limited partnership interest owned by a General Partner. Such capital accounts will be maintained in accordance with § 704(b) of the Internal Revenue Code of 1986, as amended (the “Code”) and the Treasury Regulations promulgated thereunder.
 - (c) Transfers of Partnership Interests. Upon the transfer by any Partner of any part or all of his or her Partnership Interest as hereinafter provided, the proportionate amount of his or her respective Capital Account shall be transferred to the transferee.
 - (d) Limitation on Withdrawals of Capital by Partners Prior to the liquidation of the Partnership:
 - (1) Withdrawals Limited. No Partner shall have the right to withdraw or reduce such Partner’s contribution to the capital of the Partnership or to require the Partnership to make any distribution to the Partners (other than distributions required by the specific terms of this Agreement). No Partner shall be entitled to any interest on his or her contributions to the capital of the Partnership.
 - (2) No Priority among Partners. No Partner shall have the right to demand to have distributed, or to receive, any specific class or item of property, and no Partner shall have any priority over any other Partner, either as to contributions of capital or otherwise.
3. Allocation of Profits and Losses.
- (a) Partners’ Partnership Interests in Profits and Losses. All Partnership net profits and net losses from whatever source derived (except profits and losses incurred with respect to property contributed to the Partnership by a Partner, which shall be allocated pursuant to § 704(c) of the Code and regulations thereunder), shall be allocated to the Partners pro rata based upon their respective Partnership Interests. The term “Partnership Interest”, with respect to any Partner, shall mean the interest of such Partner in the profits and losses of the Partnership. The initial Partnership Interests of the Partners are set forth on Exhibit A attached hereto. The General Partner shall keep accurate records to reflect any and all changes which may occur in the Partnership Interests.
 - (b) Transfers of Partnership Interests. If a Partner transfers all or part of such Partner’s Partnership Interest, or in the event of any increase or decrease in the Interest of any Partner, whether arising out of the entry of a new Partner, the liquidation (partial or whole) of any Partner’s Interest, or otherwise, the share of the profits and

losses of the respective Partners, and each item of income and expense related thereto, shall be determined by reference to the income and expense reflected on the books and records of the Partnership as of the day on which any such event occurs, as if such books and records were closed on such day.

4. Distributions to Partners.

(a) Non-liquidating Distributions.

- (1) In General. Distributions (in cash or in kind) may be made from the Partnership to the Partners in such amounts and at such times as the General Partner shall determine, provided that any Partner loans made to the Partnership shall be repaid in full prior to any Distributions.
- (2) Intention of Partners with Respect to Operating Distributions. In setting a distribution policy for the Partnership from time to time, the General Partner is directed to take into consideration the fact that the Partners intend that they will always each possess a substantial present economic and financial benefit from their ownership of interests in the Partnership. Accordingly, while it is not required that the Partnership will elect to distribute its net income for any given period, it is anticipated that the General Partner will choose to authorize distributions from the Partnership from time to time, after setting aside such reserves to meet the Partnership's investment, reinvestment and operating needs and goals as the General Partner deems proper under all of the circumstances.
- (3) Allocation of Distributions Among Partners. All distributions shall be made in accordance with the Partnership Interests of the Partners, except for distributions upon the liquidation of the Partnership which shall be made in the manner provided in subparagraph 4(b) below.

- (b) Liquidation Distributions. Distributions made upon liquidation of the Partnership shall be apportioned among the Partners in accordance with the provisions of subparagraph 12 hereof.

5. Management of Partnership Business.

(a) Partnership Managed by General Partner.

- (1) In General. The management of the Partnership's business shall be vested solely in the General Partner who shall devote such time and attention to the business of the Partnership as may be appropriate; provided, however, the General Partner shall obtain the advance written consent of the Special Limited Partner prior to exercising any rights and powers on behalf of the Partnership. Using available assets of the Partnership, the General Partner shall manage the affairs of the Partnership to the best of the General Partner's ability and shall use the General Partner's best efforts to carry out the General Partner's responsibilities as set forth herein and as provided in

the Act. Upon obtaining the prior written consent of the Special Limited Partner, the General Partner shall have full power to carry out the purposes and objectives of the Partnership through the exercise of the authority conferred upon the Partnership under the terms of this Agreement, including without limitation the power to incur debt or other obligations, and the General Partner shall possess and may enjoy and exercise all of the rights and powers of general partners as more particularly provided by the Act, except to the extent any of such rights may be limited or restricted by the express provisions of this Agreement.

- (2) Fiduciary Obligation to Partners. In all matters pertaining to the Partnership, the General Partner shall owe a fiduciary obligation to the Partners.
 - (b) Compensation of General Partner. The Partnership may compensate the General Partner for any services that such General Partner renders to the Partnership in an amount commensurate with the value of the services rendered, provided that such compensation must be approved by the Special Limited Partner.
 - (c) Reimbursement for Expenses. The General Partner and the Special Limited Partner shall be entitled to be reimbursed for all reasonable costs and expenses incurred by the General Partner and the Special Limited Partner in carrying out their respective duties hereunder or in carrying on the business and activities of the Partnership, provided that such expenses have been approved by the other Partners, provided further that all reimbursable predevelopment costs and expenses incurred by the Partnership or any Partner shall be in accordance with the predevelopment budget that has been approved by Knoxville's Community Development Corporation ("KCDC") and Brinshore Development, L.L.C. for Western Heights Phase 3, as described in that certain Master Development Agreement between Brinshore Development L.L.C. and KCDC dated October 14, 2022.
 - (d) Partnership Representative. The Partnership shall designate a Partnership Representative pursuant to § 6223 of the Code. The initial Partnership Representative shall be the Special Limited Partner.
6. Rights of Limited Partners.
- (a) No Liability for Partnership Obligations.
 - (1) In General. No Limited Partner shall be subject to assessment nor shall any Limited Partner be personally liable for any of the debts or obligations of the Partnership or for any of the losses of the Partnership beyond such Limited Partner's obligation to contribute to the capital of the Partnership as specified in this Agreement unless an election described in subparagraph 6(a)(2) herein is in force with respect to said Limited Partner.
 - (2) Election to Waive Limited Liability. Any Limited Partner may elect at any time to waive the liability protection offered in subparagraph 6(a)(1) of this Agreement. All Limited Partners making such election will be jointly and

severally liable for the debts, obligations, and liabilities of the Partnership however arising (contract, tort, or otherwise) and for the actions of the General Partner acting in furtherance of the Partnership's business or other activity. A Limited Partner may revoke at any time such Limited Partner's election to have joint and several unlimited liability and remain a Limited Partner subject to the liability protection of subparagraph 6(a)(1). The certificate of limited partnership shall be amended to reflect such election or revocation by a Limited Partner.

- (b) No Right to Participate in Management. Except the Special Limited Partner, no Limited Partner, as such, shall take part in the management of the Partnership's business, or have any power, right or authority to enter into any agreement, execute or sign documents for, make representations on behalf of, or to otherwise act so as to bind the Partnership in any manner.
 - (c) Right to Information and Accountings. Each Limited Partner shall have the right to true and full information of all things affecting the Partnership and to a formal accounting of Partnership affairs whenever circumstances render it just and reasonable.
7. Restrictions on Transfers of Partnership Interests. Any transfer or encumbrance by a Partner of all or any portion of such Partner's interest in the Partnership which is not in compliance with this paragraph 7 shall be void and of no effect.
- (a) Transfers by General Partner. The General Partner may not sell, assign, pledge or otherwise transfer or encumber all or any portion of such General Partner's general partnership interest without the prior written consent of the Special Limited Partner and the Limited Partner.
 - (b) Transfers by Special Limited Partner. The Special Limited Partner may not sell, assign, pledge or otherwise transfer or encumber all or any portion of such Special Limited Partner's special limited partnership interest without the prior written consent of the General Partner and the Limited Partner.
 - (b) Transfers by Limited Partner. The Limited Partner may not sell, assign, pledge or otherwise transfer or encumber all or any portion of such Limited Partner's limited partnership interest without the prior written consent of the General Partner and the Special Limited Partner.
8. Conditions on Transferee's Admission to Partnership as a Limited Partner. No person to whom an interest in the Partnership has been transferred shall become a Limited Partner unless:
- (a) Execution of Partnership Agreement. The transferee signs this Partnership Agreement and agrees to be bound by the terms hereof (unless such transferee is already a Limited Partner); and

- (b) Payment of Expenses. Such transferee pays all reasonable expenses connected with such admission.
- 9. Books, Records, Accounts, and Reports.
 - (a) Maintenance of Accurate Records. At all times during the existence of the Partnership, the General Partner shall keep, or cause to be kept, full and true books of account, in which all transactions of the Partnership shall be entered fully and accurately. Such books of account, together with a copy of this Agreement and all amendments hereto, shall at all times be maintained at the principal office of the Partnership and shall be open to reasonable inspection and examination by the Partners or their duly authorized representatives.
 - (b) Tax Returns. The General Partner shall have income tax returns prepared for the Partnership; and a report indicating the respective Partners' shares of the net income or losses, capital gains or losses, and other items required under the Code to be separately allocated to each Partner, shall be distributed to the Partners within a reasonable time after the close of the taxable year or the period of the Partnership for which such return was prepared.
 - (c) Partnership Accounts. All funds of the Partnership shall be deposited in a separate account or accounts, and only the Special Limited Partner, and such persons as may be designated by the Special Limited Partner, may sign checks and draw upon such account or accounts.
- 10. Withdrawal or Dissolution of General Partner. The General Partner covenants that it will not voluntarily withdraw from the Partnership prior to the Partnership's dissolution.
- 11. Dissolution. The Partnership shall be dissolved upon the earlier of:
 - (a) Election to Terminate. The election to terminate the Partnership made in writing by the General Partner; or
 - (b) Lack of General Partners. At any time there shall be no General Partner.
- 12. Liquidation. Following the dissolution of the Partnership for any reason, the General Partner, or the person required by law to wind up its affairs, shall liquidate the Partnership and shall apply the proceeds of such liquidation and distribute the remaining assets of the Partnership in the following order:
 - (a) Payment of Creditors other than Partners. To the repayment of creditors of the Partnership other than Partners;
 - (b) Payment of Partner-Creditors. To the repayment of Partners to the extent of loans made to the Partnership;
 - (c) Reserves. To the setting up of any reserves deemed reasonably necessary by the person liquidating the Partnership for any contingent or unforeseen liabilities or

obligations of the Partnership arising out of or in connection with the conduct of the business and affairs of the Partnership; and

(d) Remainder to Partners. The remainder to the Partners in the following manner:

(1) Cash Liquidation. In the event of a complete liquidation in cash, then to the Partners in accordance with their capital accounts.

(2) Liquidation Wholly or Partially in Kind. In the event of a liquidation in kind (in whole or in part), the net fair market values of the properties to be distributed in kind shall be determined by the General Partner (or the person required by law to wind up the affairs of the Partnership), in such manner as the General Partner (or such other person) deems best in their reasonable discretion. Each Partner shall then receive an undivided interest in the asset or assets of the Partnership equal in value to the proceeds to which such Partner would have been entitled if such asset or assets had been sold or otherwise converted to cash at such fair market values and the liquidation of the Partnership had been made solely in cash.

(e) Reasonable Period to Complete Liquidation. A reasonable time (not to exceed eighteen (18) months) shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of all liabilities to its creditors so as to enable any losses attendant upon liquidation to be minimized. Each of the Partners shall be furnished by the General Partner (or the person required by law to wind up the affairs of the Partnership) with a statement setting forth the assets and liabilities of the Partnership as of the date of complete liquidation and the manner in which the assets of the Partnership are to be or have been distributed.

(f) Termination of Legal Status of Partnership. Upon complying with the foregoing distribution plan, the liquidating Partner shall execute, acknowledge, and cause to be filed a certificate of cancellation of the Partnership as provided by the Act, and all the Partners agree to join in executing such document if such joinder is requested by the General Partner (or the person required by law to wind up the affairs of the Partnership). Upon the filing of a certificate of cancellation of the Partnership in the appropriate public office as required under the Act, the Partnership shall be terminated.

13. Amendments to Partnership Agreement. This Agreement may only be amended upon the unanimous written consent of all of the Partners.

14. Miscellaneous.

(a) Notices. Each Partner's address for all purposes shall be the address set forth in Exhibit A to this Agreement or such other address of which the General Partner has received written notice. Any notice, demand, or request required or permitted to be given or made hereunder shall be in writing and shall be deemed given or made when delivered or when deposited in the U.S. Mails, postage prepaid, certified or registered, return receipt requested, to such Partner at such address.

- (b) Paragraph Titles for Convenience Only. All titles and captions in this Agreement are for convenience only and shall not be deemed or construed to define, limit, extend, or describe the scope of interest of this Agreement or any part hereof.
- (c) Tennessee Law Controls. The construction and validity of this Agreement shall be determined in all respects in accordance with and shall be governed by the laws of the State of Tennessee.
- (d) Binding Agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and assigns.
- (e) Severability. In the event that any provision of this Agreement shall be held to be invalid, the same shall not affect the validity of the remainder or any other provision of this Agreement in any respect whatsoever.
- (f) Execution in Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original Agreement and all of which shall constitute but one Agreement, by each of the parties hereto on the dates respectively indicated. In the event the General Partner deems it desirable, a counterpart of this Agreement or a copy hereof may, when attached to a sworn verification and certificate of the General Partner, be filed for record and serve as a Certificate of Limited Partnership or for any other lawful purpose.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first appearing above.

GENERAL PARTNER:

WESTERN HEIGHTS 3 GP CORPORATION

By: _____
Benjamin M. Bentley, President

LIMITED PARTNER:

KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION

Kimberly K. Henry, Chairman

SPECIAL LIMITED PARTNER:

KTW PHASE 3, LLC, a Tennessee limited
liability company

By: Brinshore TL, LLC, an Illinois limited
liability company, its sole member

By: Brinshore Development, L.L.C., an
Illinois limited liability company, its
managing member

By: Brint Development, Inc., an
Illinois corporation

By: _____
David B. Brint, President

EXHIBIT A

<u>Partner's Name and Address</u>	<u>General Partnership Interest</u>	<u>Limited Partnership Interest</u>	<u>Capital Contribution</u>
Western Heights 3 GP Corporation 901 N. Broadway Knoxville, Tennessee 37917	0.01%		\$0.01
KTW Phase 3, LLC 1603 Orrington Ave., Suite 450 Evanston, IL 60201	0%	50.00%	\$50.00
Knoxville's Community Development Corporation 901 N. Broadway Knoxville, Tennessee 37917	0%	49.99%	\$49.99
Totals	0.01%	99.99%	\$100

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**ACTION TAKEN ON WRITTEN CONSENT
OF INCORPORATOR OF
WESTERN HEIGHTS 3 GP CORPORATION**

Pursuant to § 48-52-105(b) of the Tennessee Nonprofit Corporation Act, I, Russell E. Stair, Incorporator of Western Heights 3 GP Corporation (the "Corporation"), on this 27th day of February, 2024, do hereby take the following actions and adopt the following resolutions:

RESOLVED, that the Charter of the Corporation, which was previously filed in the office of the Secretary of State of Tennessee, is hereby accepted and approved for the Corporation; and

RESOLVED, that the number of directors of the Corporation be, and the same hereby is, set at three (3) unless and until changed in accordance with the Charter and Bylaws; and

RESOLVED, that the following persons shall serve as directors of the Corporation:

Kimberly K. Henry

Scott Broyles

Felix Harris

RESOLVED, that the powers and duties of the sole Incorporator be terminated upon the due execution of this instrument.

The Secretary of the Corporation is hereby directed to place this Action Taken on Written Consent of Incorporator in appropriate order in the Minute Book of the Corporation.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned has executed this action taken by written consent on the date set forth above for the purpose of evidencing (i) his consent to the taking of the foregoing action without a meeting, and (ii) his affirmative vote in favor of taking the foregoing action.



Russell E. Stair, Incorporator

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