

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

AGENDA

Board Meeting of the Board of Commissioners

Thursday, April 30, 2026, 5 p.m.

901 N. Broadway Street

Knoxville, TN 37917

1. Call to Order.
2. Motion to add, delete or postpone agenda items.
3. Officer report and/or special presentations.
4. Approval is requested to execute the minutes for the *regular* meeting held on March 26, 2026. [\(Item 4 Attachment\)](#)

NEW BUSINESS

DEVELOPMENT (Jim Hatfield)

5. Resolution regarding a payment in lieu of tax transaction with ECG N Peters, LP. [\(Item 5 Attachment\)](#)
6. Approval is requested to award a contract for the build out of a medical clinic space at Western Heights and enter into a lease with University Health Systems to operate the clinic space. [\(Item 6 Attachment\)](#)

Unfinished Business

Public Forum

Adjournment

Next month's agenda review meeting will be held

Thursday, May 21, 2026 @ 5 p.m.

Next month's board meeting will be held

Thursday, May 28, 2026 @ 5 p.m.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD MEETING MINUTES

The Board of Commissioners of Knoxville's Community Development Corporation met on **March 26, 2026** at 901 N. Broadway, Knoxville, Tennessee.

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

| | | | |
|-----------------|-----------------------------|----------------|--------------------------|
| Present: | Chair Becky Wade | Absent: | Commissioner Martha Tate |
| | Vice Chair Felix Harris | | |
| | Treasurer Nadim Jubran | | |
| | Commissioner Robert Whetsel | | |
| | Commissioner Kimberly Henry | | |
| | Commissioner Kelly Johnson | | |

Approval to execute the minutes for the *regular* meeting held on February 26, 2026. **Commissioner Henr made the motion to approve the minutes. Commissioner Haris seconded the motion and all other Commissioners present voted "Aye."**

NEW BUSINESS

REDEVELOPMENT (Jim Hatfield)

Resolution authorizing a PILOT agreement between KCDC and Beaman Lake II, LP to effectuate a PILOT to support the construction of a 90-unit affordable housing complex at 1213 Beaman Lake Road, Knoxville. **Commissioner Harris made a motion to approve. Commissioner Henry seconded the motion and all other Commissioners present voted "Aye."** Resolution No. 2026-03 is attached.

Resolution authorizing the negotiations and execution of all documents to effectuate the closing of Western Heights CNI Phase 4, a 47-unit mixed income housing project for families, including the execution of all loan and tax credit documents, soft loans (CNI pass through), as well as the ground and PILOT lease. **Commissioner Henry made a motion to approve. Commissioner Harris seconded the motion and all other Commissioners present voted "Aye."** Resolution No. 2026-04 is attached.

Approval to enter into a Real Property Purchase and Sale Agreement with Battlefield Farms, or an affiliate thereof, to sell real property and improvements located at 2265 McCalla Avenue. **Commissioner Harris made a motion to approve. Commissioner Jubran seconded the motion and all other Commissioners present voted "Aye."**

Approval to award a bid for exterior stair tower replacement at Valley Oaks to Baine & Company LLC. Commissioner Jubran made a motion to approve. Commissioner Harris seconded the motion and all other Commissioners present voted "Aye."

Approval award a bid for roofing services at North Ridge Crossing to Jeff Woods Construction LLC. Commissioner Henry made a motion to approve. Commissioner Harris seconded the motion and all other Commissioners present voted "Aye."

Resolution approving the submission of the 2026 Public Housing Agency Plan which includes the estimated 2026 Capital Fund Program Gant(s) Grievance Procedure, PBRA Lease and House rules, PBRA VAWA Lease Addendum, PBRA Tenant Selection and Assignment Plan, Section 8 Administrative Plan, Section 8 Family Self-Sufficiency Action Plan, the Section 8 Homeownership Program and The Moving to Work Supplemental Plan. Commissioner Whetsel made a motion to approve. Commissioner Henry seconded the motion and all other Commissioners present voted "Aye." Resolution No. 2026-05 is attached.

PUBLIC FORUM

None

With no further business to come before the Board, the meeting adjourned by consent at 5:15 p.m.

Becky Wade, Chair

Approved:

ATTEST:

Benjamin M. Bentley, Secretary

Approved:

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM #5

| | |
|---|---|
| MEETING DATE | April 30, 2026 |
| AGENDA ITEM DESCRIPTION | Resolution authorizing KCDC to enter into a PILOT agreement with ECG N Peters, LP to effectuate the closing for the development of 202 new affordable housing units located at the intersection of N Peters Rd and N Cedar Bluff Rd. |
| SUBMITTED BY | Name, Title / Department: James Hatfield, CDO |
| 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? A PILOT agreement is needed to provide economic support for this new affordable housing development. The project is expected to start construction May/June of this year and will be complete by late-2027.</p> | |
| <p>2. Why is the action needed now? Closing for this project is scheduled for mid-May 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 ground lessor under the PILOT. ECG N Peters, LP as the lessee under the PILOT. Elmington Capital Group as project sponsor and developer. Truist Bank as project tax credit equity and construction lender and Grandbridge as perm lender originator.</p> | |
| <p>4. What are the long-term and short-term exposures? There is minimal exposure to KCDC under the development agreement terms with Elmington Capital Group for this project.</p> | |
| HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where) | KCDC board approved the entity formation and development agreement for this project in December 2024 and the final bond closing in September 2025. Elmington and KCDC have partnered on previous deals together including Moss Grove. Flats at Pond Gap and Lumen Flats. + |
| ATTACHMENTS | Resolution, site map, lease form |

RESOLUTION NO. 2026-_____

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

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

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

WHEREAS, to induce ECG N Peters, LP, a Tennessee limited partnership (the "Applicant"), to acquire, construct and equip a multifamily housing rental development consisting of approximately 202 apartment units known as The Hudson Apartments (the "Project"), KCDC will acquire certain real and personal property related to the Project, and KCDC will lease said property to the Applicant on the terms and conditions set forth in the Lease referenced herein; and

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

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

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

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

2. The Chairman, Vice Chairman or Secretary of KCDC is hereby authorized and directed to execute the Lease, and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively the "Authorized Officers"), is (are) hereby authorized and empowered to execute the Lease and deliver the Lease to the Applicant.

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

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

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

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

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

Approved this 30th day of April, 2026.

**KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION**

By: _____
Secretary

303 N. PETERS ROAD.



LEASE

FROM

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

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

TO

ECG N PETERS, LP

(a Tennessee limited partnership)

DATED AS OF _____, 2026

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

LEASE

This Lease is made and entered into as of the ___ day of _____, 2026 by and between KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq. ("Lessor"), and ECG N PETERS, LP, a Tennessee limited partnership ("Lessee").

WITNESSETH:

WHEREAS, Lessor is a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq., as amended (the "Act"), and is authorized under the Act to acquire, whether by purchase, exchange, gift, lease, or otherwise, and to own, lease and dispose of properties for the purpose of providing safe and sanitary dwelling accommodations for persons of low income;

WHEREAS, in order to encourage Lessee to cause the acquisition, construction and equipping of an approximately 202-unit apartment development providing affordable housing to be known as [The Hudson Apartments] located at 303 North Peters Road in the City of Knoxville, Tennessee (the "Project"), thereby furthering the purposes of the Act, Lessor desires to lease to Lessee and Lessee desires to rent from Lessor certain real property hereinafter more particularly described, on the terms and conditions set forth herein; and;

WHEREAS, pursuant to Tenn. Code Ann. § 48-101-312(b)(4)(C), the Mayor of the City of Knoxville, Tennessee submitted a letter dated December 10, 2024 to the Lessor supporting the Project and approving the Lessor to negotiate and accept from Lessee payments in lieu of ad-valorem taxes; and

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

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

UNDER AND SUBJECT to the following terms and conditions:

ARTICLE I

DEFINITIONS

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

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

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

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

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

"Class B Limited Partner" shall mean ECG N Peters SLP, LLC, a Tennessee limited liability company.

"County" shall mean Knox County, Tennessee.

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

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

"Improvements" shall mean the approximately 202-unit multifamily affordable housing development to be constructed on the Leased Land.

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

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

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

"Lender" shall mean Truist Bank, a North Carolina banking corporation ("Truist Bank"), and any other lender of the Lessee with a loan secured by an interest in the Leased Premises.

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

"Lessor" shall mean Knoxville's Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq.

"Limited Partner" shall mean, collectively, Lessee's investor limited partner and special limited partner, their respective affiliates, successors, and/or assigns. As of the date hereof, TCC The Peter LLC, a Georgia limited liability company, is the limited partner and CDC Special Limited Partner, L.L.C., a Georgia limited liability company is the special limited partner.

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

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

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

"Project" shall have the meaning set forth in the recitals hereto.

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

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

ARTICLE II

REPRESENTATIONS OF LESSOR AND LESSEE

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

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

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

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

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

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

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

(b) Neither the execution and delivery of this Lease, nor the consummation of the transactions contemplated herein by Lessee, nor the fulfillment of or compliance with the terms and conditions of this Lease, does or will conflict with or result in a breach of the terms, conditions or provisions of any restriction or internal governing document of Lessee or any agreement or instrument to

which Lessee is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree to which it is subject, or constitutes a default under any of the foregoing or, except as contemplated hereby, results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Lessee under the terms of any instrument or agreement.

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

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

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

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

ARTICLE III

LEASE TERM

Subject to the provisions contained in this Lease, this Lease shall be in full force and effect for a "Term" commencing on the date hereof and ending on the twentieth (20th) anniversary hereof, unless terminated earlier, in accordance with the terms hereof.

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

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

ARTICLE IV

RENT

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

Section 4.02. Additional Rent.

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

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

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

ARTICLE V

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

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

Section 5.02. Permitted Contests. Lessee shall not be required to comply or cause compliance with the laws, ordinances, orders, rules, regulations or requirements referenced in Section 5.01, so long as Lessee shall, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such

contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses (including reasonable attorneys' fees) in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses.

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

ARTICLE VI

TAXES AND OTHER CHARGES

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

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

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

Section 6.04. Payments in Lieu of Taxes.

(a) PILOT Payments. Lessee recognizes that title to the Leased Premises is held by Lessor and that title to the Leased Premises is exempt from all taxation in the State of Tennessee. In addition to Basic Rent and any additional rent hereunder, Lessee and Lessor agree that Lessee shall pay directly to the City and the County for each Tax Year during the Term, an annual payment in lieu of taxes to the City equal to Twenty-Nine Thousand Three Hundred Sixteen and 16/100 Dollars (\$29,316.16) and an annual payment in lieu of taxes to the County equal to Twenty One Thousand One Hundred Thirty Four and 00/100 Dollars (\$21,134.00), subject to adjustment in accordance with the following paragraph and as otherwise provided herein (collectively, the "PILOT Payments"). Amounts payable with respect to any partial Tax Years included within the Term will be prorated based upon the actual number of days included within such Tax Year.

Notwithstanding anything to the contrary contained in this Section, in the event that Lessee fails to complete the construction of the Improvements in accordance with Article X hereof or the Leased Premises either in whole or in part no longer continues to be operated as an affordable housing residential rental project and becomes ineligible for federal low-income housing tax credits applicable to the Leased Premises as a result thereof, then Lessee shall make an annual payment in lieu of taxes with respect to

each Tax Year remaining in the Term on behalf of the Lessor to the City and the County in an amount equal to the ad valorem taxes that would otherwise be payable with respect to the Leased Premises for each such Tax Year if the Leased Premises were owned by Lessee.

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

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

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

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

(f) Cessation of Business or Foreclosure. In the event Lessee ceases the active operation of a low-income housing facility for eligible residents at the Leased Premises or any portion thereof, and notwithstanding any provision herein to the contrary, Lessee shall make payments in lieu of taxes beginning as of the date Lessee ceases such operation equal to the ad valorem taxes that Lessee otherwise would have been required to make with respect to the Leased Premises if the Leased Premises was owned by Lessee. Upon the foreclosure of Lessee's leasehold interest in this Lease, so long as such successor continues to operate a low income housing facility for eligible residents on the Leased Premises, such successor shall be permitted and become the successor lessee, to make the PILOT Payments, and shall not be required to pay ad valorem taxes unless a low income housing facility ceases to be operated on the Leased Premises; provided, however, that any such purchaser or successor which is not Truist Bank, Grandbridge Real Estate Capital LLC or Freddie Mac, or any of their permitted successors and/or assigns, shall be subject to Lessor's approval, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of request or shall be deemed approved.

Section 6.05. Permitted Contests. Lessee shall not be required to pay any tax or assessment against the Leased Premises or any part thereof, so long as Lessee shall, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings which shall operate to prevent the collection of the tax or assessment so contested or resulting from such contest and the sale of the Leased

Premises or any part thereof to satisfy the same. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses (including attorneys' fees) in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses.

ARTICLE VII

MAINTENANCE AND REPAIR

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

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

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

ARTICLE VIII

CONDEMNATION

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

ARTICLE IX

INSURANCE, INDEMNIFICATION AND LIMITATION OF LIABILITY

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

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

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

ARTICLE X

CONSTRUCTION OF IMPROVEMENTS; ALTERATIONS

Lessee shall have the right to construct buildings and other improvements on the Leased Land from time to time and to make additions to and alterations to the Improvements without Lessor's consent. All work done in connection with such additions, alterations, improvements or construction shall be done promptly, in good and workmanlike manner, and in compliance with all applicable laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and offices thereof. Lessee shall maintain or cause to be maintained, at all times when any work is in process on the Leased Premises, workmen's compensation insurance covering all persons employed in connection with such work and with respect to whom death or bodily injury claims could be asserted against Lessor, Lessee or the Leased Premises.

Lessee agrees during the Term of the Lease to use the Leased Premises for the Project and no other purpose unless permitted in writing by Lessor. Lessee covenants and agrees at its expense to construct the Improvements on the Leased Land in accordance with plans that have previously been presented by Lessee to the City. Lessee covenants and agrees it shall expend not less than \$ _____ for the Costs of the Project. The Costs of the Project shall be treated as additional rent payable by Lessee under this Lease. Lessee shall provide to Lessor, at Lessor's request, evidence of the completion of the Project, and spending of anticipated Costs of the Project, in a form reasonably required by Lessor.

ARTICLE XI

SUBLETTING, ASSIGNMENTS AND MORTGAGING

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

approved such person or entity, such approval not be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of the date of request or shall be deemed approved. If such successor or assign of an Approved Mortgagee or any purchaser at a foreclosure sale other than an Approved Mortgagee is not approved by Lessor (the "Non Approved Party") in accordance with the foregoing sentence, then the Non Approved Party shall be deemed to have exercised the option to purchase the Leased Premises under Section 13.01.

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

(c) Any mortgagee, lender or other holder of similar rights that becomes a successor in interest to the rights of Lessee hereunder shall comply with the requirements attributable to it as described in the Lease, including but not limited to curing defaults of the Lessee in accordance with Section 14.13 hereof.

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

ARTICLE XII

EVENTS OF DEFAULT; TERMINATION

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

- (a) if Lessee shall cease to exist as a legal entity (as determined by the State in which the Lessee is organized);
- (b) if Lessee shall fail to construct the Improvements as required by the terms of Article X of this Lease;
- (c) if Lessee fails to spend the Costs of the Project in order to complete the construction of the Project;
- (d) if Lessee fails to maintain the commercial general liability insurance required herein;
- (e) if default shall be made in the due and punctual payment of any additional rent payment due pursuant to Section 6.04 hereof, and such default shall continue for more than ten (10) days after receipt of written notice to the Lessee from the Lessor (the "Monetary Cure Period"); or

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

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

ARTICLE XIII

PURCHASES AND PURCHASE PRICES

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

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

Section 13.03. Exercise of Option.

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

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

ARTICLE XIV

MISCELLANEOUS

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

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

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

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

With copy to: c/o Russell E. Stair, Esq.
Bass, Berry & Sims PLC
1700 Riverview Tower
Knoxville, Tennessee 37902

If to Lessee: ECG N Peters, LP
c/o Elmington Capital Group
1030 16th Ave. South, Suite 500
Nashville, Tennessee 37212
Attention: C. Hunter Nelson

With a copy to: Reno & Cavanaugh PLLC
424 Church St.
Nashville, Tennessee 37219
Attention: Dwayne Barrett

With a copy to: TCC The Peter LLC
CDC Special Limited Partner, L.L.C.
c/o Truist Community Capital, LLC
303 Peachtree Street, N.E., Suite 2200
Mail Code GA-ATL-0243
Atlanta, Georgia 30308
Attention: Asset Management – [ECG N Peters]

With a copy to: Holland & Knight LLP
10 St. James Avenue, 11th Floor
Boston, MA 02116
Attention: Jarrod C. Connors, Esq.

If to Lender:
(prior to conversion) Truist Bank
CRE Loan Administration/CIG Loan Operations
303 Peachtree Street, N.E., 3rd Floor
Mail Code: 803-05-03-40
Atlanta, Georgia 30308

With a copy to: Truist Bank
Mail Code: CS-CMD-2624
120 East Baltimore Street
24th Floor
Baltimore, Maryland 21202
Attn: James Hook

With a copy to: Holland & Knight LLP
1180 Peachtree Street NW
Suite 1800
Atlanta, Georgia 30309
Attn: Woody Vaughan

If to Lender:
(after conversion) Grandbridge Real Estate Capital LLC
214 North Tryon Street, Suite 2000
Charlotte, North Carolina 28202
Attn: Head of Loan Servicing

With a copy to: Gilmore & Bell, P.C.
15 W South Temple
Salt Lake City, Utah 84101
Attn: Claymore K. Hardman

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

Section 14.04. Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their permitted respective successors and assigns.

Section 14.05. Multiple Counterparts. This Lease may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument.

Section 14.06. Expenses. Lessee shall pay all costs and expenses of Lessor in connection with the negotiation and execution of this Lease and the performance hereof, including the reasonable fees and expenses of Lessor's attorneys. In addition, in the event that Lessor shall be required to engage legal counsel for the enforcement of any of the terms of this Lease, whether or not such employment shall require institution of suit or other legal services required to secure compliance on the part of Lessee, Lessee shall be responsible for and shall promptly pay to Lessor the reasonable value of said attorneys' fees, and any other expenses incurred by Lessor as a result of such default.

Section 14.07. No Liability of Officers, Etc. No recourse under or upon any obligation, covenants or agreement contained in this Lease shall be had against any incorporator, members, director or officer, as such, past, present or future, of Lessor, either directly or through the Lessor. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer is hereby expressly waived and released by Lessee as a condition of and consideration for the execution of this Lease.

Section 14.08. No Liability of City, Officer, Etc. The City of Knoxville, Tennessee, and its officials and agents shall not in any event be liable for the performance of any obligation or agreement of any kind whatsoever herein, and none of the agreements or obligations of Lessor contained in this Lease or otherwise shall be construed to constitute an indebtedness of the City of Knoxville, Tennessee, or its officials or agents, within the meaning of any constitutional or statutory provision whatsoever.

Section 14.09. Limitation of Liability. Notwithstanding any other provision hereof, Lessor's liability hereunder shall be limited to its interest in the Leased Premises and Lessee shall not have any recourse against any other assets of Lessor.

Section 14.10. Reports. During the term of the Lease, Lessee shall, at the request of Lessor, assist Lessor by providing to Lessor, or its designee, information necessary to complete (a) reports required under applicable law or (b) any other certificate or form relating to the Project reasonably requested by the Lessor. If requested by Lessor, Lessee shall certify such information and sign the reports in its capacity as Lessor under the terms of this Lease. Within ninety (90) days after the conclusion of each Tax Year during the term hereof, Lessee agrees to provide a report to Lessor, in a form reasonably acceptable to Lessor, that includes the following information pertaining to tenant evictions: (i) the number of tenant evictions completed as well as initiated (however, not taken through the full eviction process but resulted in the tenant relocating from the property) during the Tax Year; and (ii) for each such eviction or initiated eviction, an explanation of (a) the reason(s) for the eviction and unit type (one bedroom, two bedroom, etc.) involved, and (b) the period of time such tenant(s) have been residents of the Project.

Section 14.11. Investment Tax Credit. Lessor and Lessee hereby elect and agree that Lessee shall be entitled to any investment tax or similar credit, or grants, with respect to the Leased Premises now or hereafter authorized by the Internal Revenue Code, or other legislation, and Lessor agrees to take all reasonable action necessary to make such investment tax election and obtain the benefits for same for Lessee's at Lessee's request and expense, and to obtain such grants. In addition, Lessor and Lessee acknowledge and agree that during the entire Term, Lessee shall be the owner of the Improvements for income tax purposes, and as such, Lessee alone shall be entitled to all depreciation deductions and low-income housing tax credits or other benefits for income tax purposes relating to the Improvements, and Lessee shall have the right to amortize capital costs and to claim any other federal or state tax benefit attributable to the Improvements.

Section 14.12. Notice and Cure Rights. Lessor will give the Limited Partner (at the Limited Partner's address set forth above) and any Lender (provided such Lender shall have given Lessor a written notice specifying the name and mailing address of the Lender) a copy of any written notice that it gives to Lessee under this Lease. Lessor will allow the Limited Partner and Lender the right, but not the obligation, to cure any default on behalf of Lessee within a period of (a) thirty (30) days after the expiration of any notice and cure period granted to Lessee in this Lease with regard to a monetary default or (b) sixty (60) days after the expiration of any notice and cure period granted to Lessee in this Lease with regard to a non-monetary default; provided however that, in the event a non-monetary default is not susceptible to being cured within such sixty (60) days, Lessor will allow the Limited Partner and Lender such additional time (not to exceed an additional ninety (90) days) as is necessary to cure such default or at the option of such Lender, to commence and complete foreclosure proceedings, provided the Limited Partner or Lender, as applicable, has commenced to cure such default or otherwise foreclose, and is diligently and continuously proceeding to cure such default. If the Limited Partner or Lender makes any such payment or otherwise offers cure of a default, Lessor will accept or reject such action as curing such default on the same basis as if such payment or cure were made directly by Lessee.

Section 14.13. No Modifications. The following shall not be binding on Limited Partner or Lender without Limited Partner's and Lender's prior written consent:

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

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

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

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have executed this Lease on the date set forth above.

LESSOR:

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq.

By: _____
Benjamin M. Bentley, Secretary

LESSEE:

ECG N PETERS, LP, a Tennessee limited partnership

By: N Peters GP Corporation, a Tennessee nonprofit corporation, its general partner

By: _____
Benjamin M. Bentley, President

EXHIBIT A

LEGAL DESCRIPTION OF LEASED LAND

EXHIBIT B

This Instrument Prepared By:
Russell E. Stair, Attorney
BASS, BERRY & SIMS PLC
1700 Riverview Tower
900 South Gay Street
Knoxville, Tennessee 37902

QUITCLAIM DEED

THIS INDENTURE, made this _____ day of _____, _____, between:

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

First Party, and

ECG N PETERS, LP, a Tennessee limited partnership.

Second Party,

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

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

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

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

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

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

KNOXVILLE'S COMMUNITY DEVELOPMENT
CORPORATION

By: _____
Chairman

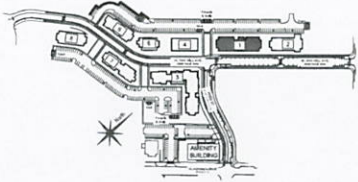
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 6

| | |
|--|--|
| MEETING DATE | April 30, 2026 |
| AGENDA ITEM DESCRIPTION | Approval is requested to award a contract for the build out of a medical clinic space at Western Heights and enter into a lease with University Health Systems to operate the clinic space. |
| SUBMITTED BY | Name, Title / Department: Jim Hatfield, Chief Development Officer |
| 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: \$ ^{N/A} Expenditure: \$ ^{848,402} Source of Funds: KCDC cash; repayment through tenant lease |
| APPROVAL / REVIEWS | <input checked="" type="checkbox"/> Department Head /VP <input checked="" type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Legal Counsel: _____ Other – Name/Title: Terry McKee/Procurement Director |
| <u>BACKGROUND</u> | |
| <p>1. What is the objective of this action? KCDC is seeking to award a contract to J.A. Fielden for the build out of a medical clinic space at Western Heights as part of the Transforming Western project. J.A. Fielden was competitively selected to perform this work as part of an RFP that closed in December of 2025.</p> | |
| <p>2. Why is the action needed now? KCDC would like to release J.A. Fielden to begin the clinic build out prior to June 1st in order to minimize cost escalation risk.</p> | |
| <p>3. Who are the parties involved and what are their roles (if appropriate)? KCDC is engaging J.A. Fielden to build out the clinic space at Western Heights. J.A. Fielden is experienced with the site, as they were engaged by Western Heights 2 LP to develop the building shell that the clinic will occupy.</p> | |
| <p>4. What are the long-term and short-term exposures? KCDC is exposed to price escalation if the work does not commence prior to June 1st.</p> | |
| HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where) | J.A. Fielden ("JAF") is the competitively selected contractor for the work. JAF has experience on site through their work on the Western Heights Phase 2 project. The space will be leased to University Health Systems for the use of the space to serve the community and neighborhood. + |
| ATTACHMENTS | Clinic floor plan and elevations, procurement ancillary approval letter |



© 2026 Shapiro and Company Architects



1 Vicinity Map
Scale: 1" = 200'-0"



2 Building Type 1 North Elevation (Parking Lot Side)
Scale: 1/8" = 1'-0"
1253 W. Oak Hill Ave.
Type VA Construction
58% Brick



3 Building Type 1 West Elevation
Scale: 1/8" = 1'-0"
1253 W. Oak Hill Ave.
Type VA Construction
58% Brick



4 Building Type 1 East Elevation
Scale: 1/8" = 1'-0"
1253 W. Oak Hill Ave.
Type VA Construction
58% Brick



5 Building Type 1 West Oak Hill Avenue Elevation
Scale: 1/8" = 1'-0"
1253 W. Oak Hill Ave.
Type VA Construction
58% Brick

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Shapero & Company
architects
445 Madison Ave., Suite 200
Memphis, TN 38103
901.685.9001
www.shaperoandco.com

CONSULTANT NAME

KCDC
Knox County Development Corporation
BRINSHORE
BRINSHORE ARCHITECTS, LLC

DEVELOPER NAME

Western Heights
Knoxville, TN

PROJECT NAME

| NO. | DESCRIPTION / REVISIONS | DATE |
|-----|---|------------|
| 1 | ISSUE FOR PERMITS | 07/15/2024 |
| 2 | 100% Construction Documents | 07/15/2024 |
| 3 | 80% Construction Documents / Permit Set | 07/26/2024 |
| 4 | Final Construction Documents / Permit Set | 08/01/2024 |
| 5 | Final Construction Documents / Permit Set | 11/21/2024 |
| 6 | Final Construction Documents / Permit Set | 02/27/2025 |
| 7 | Final Construction Documents / Permit Set | 03/27/2025 |
| 8 | Final Construction Documents / Permit Set | 04/25/2025 |
| 9 | Final Construction Documents / Permit Set | 04/25/2025 |
| 10 | Final Construction Documents / Permit Set | 04/25/2025 |

STAMP

PROJECT NUMBER: 3004
DATE: 05/09/2024

SHEET TITLE
Building Type 1 Elevations

SHEET NUMBER
A-210



Benjamin M. Bentley, Executive Director/CEO
 901 N. Broadway • Knoxville, TN 37917
 865.403.1100 • Fax 865.403.1117
 800.848.0298 (Tennessee Relay Center)
 www.kcdc.org

TO: The KCDC Board

FROM: Benjamin M. Bentley, Secretary

DATE: April 30, 2026

SUBJECT: Approval of staff awarding the proposal for the Construction of a Health Clinic at 1253 W. Oak Hill Avenue 0000000010 Success Letter to the J.A. Fielden Co., Inc.

KCDC's Procurement Policy requires written formal solicitations (publicly advertised and opened) for services that may exceed \$50,000. Staff requests Board approval of the following recommendation.

| | |
|---------------------------|---|
| Scope of Work | Construction of a Health Clinic at 1253 W. Oak Hill Avenue. |
| Funding Source | KCDC unrestricted cash, repayment through lease with tenant |
| Total Award Amount | <u>Grand Total of \$848,402.00</u> Guaranteed Maximum Price: \$848,402.00 Contractor's Fee: \$ 31,650.00 |
| Review Committee | Brad Richmond, Senior Development Associate Nathaniel Estabrooks, Director of Real Estate and Development Scott Orsburn, Assistant Director-Planning, Design, and Construction UHS Terry McKee, Procurement Director |
| Solicitation Type | Request for Proposals |
| Vendor for Award | J. A. Fielden Co., Inc. |

| Scoring Matrix | |
|--------------------------|--------|
| Company | Score |
| J.A. Fielden Co., Inc. | 274.50 |
| Holtz Builders | 230.43 |
| Merit Construction | 261.03 |
| Skilled Services | 222.37 |
| Wright Contracting, Inc. | 228.79 |



Notice of this solicitation was distributed through the following KCDC centric methods to achieve the widest possible dissemination of the opportunity:

Registered Vendors. Vendors who have registered on-line with KCDC and indicated an interest in providing these goods or services receive an automated email with a link to the solicitation document.

KCDC Webpage. The solicitation document and all related documents are posted to KCDC's Web Page for all interested parties to have access to whether they have ever registered with KCDC.

KCDC Bulletin Boards. KCDC property offices receive a copy of each solicitation to post on their bulletin boards for residents to consider should they own, work for or otherwise know of businesses that may be interested in the work.

This solicitation was distributed through the following "distribution" groups for possible distribution to their members and/or contacts. This is part of our outreach to the widest possible marketplace as well as our outreach to small, minority, woman and veteran owned businesses:

Black Contractors Association+

Centro Hispano de East Tennessee+

Dodge Data & Analytics

Knox County's Supplier Diversity Office*+

Knoxville Area Urban League+

Knoxville Chamber Partnership

Knoxville's DBAC Office*+

Knoxville Equity Partners+

SCORE

SERC

Small Business Administration

Tennessee Minority Supplier Development Council+

Tennessee Small Business Development Center

Tennessee Valley Authority Diversity Outreach*+

U.S. Department of Commerce Minority Business Development Agency+

WJBE Radio+

* Denotes an organization promoting/assisting Woman Owned Businesses

+ Denotes an organization promoting/assisting Minority Owned Businesses

WESTERN HEIGHTS COMMUNITY CORPORATION

SPECIAL AGENDA

Board Meeting of the Board of Directors

Thursday, April 30, 2026, 5 p.m.

901 N. Broadway Street

Knoxville, TN 37917

1. Call to Order.
2. Approval is requested to execute the minutes of the *annual* meeting held on May 29, 2025. [\(Item 2 Attachment\)](#)

REDEVELOPMENT (Jim Hatfield)

3. Approval is requested to enter into a lease with University Health Systems for the build out and operation of a clinic space at Western Heights as part of the Transforming Western project. [\(Item 3 Attachment\)](#)
4. Adjourn.

WESTERN HEIGHTS COMMUNITY CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Western Heights Community Corporation met on **May 29, 2025** at 901 N. Broadway, Knoxville, Tennessee 37917 as a joint meeting together with the Boards of Directors of certain other instrumentalities of Knoxville's Community Development Corporation.

The meeting was called to order and a quorum declared present at 5:38 p.m. Those Directors present and absent were:

Present: Director Scott Broyles
Director Felix Harris

Absent: Director Becky Wade

Approval to execute the minutes of the *annual* meeting held on April 24, 2025. **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 5:42 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Secretary

Approved:

WESTERN HEIGHTS COMMUNITY CORPORATION
BOARD ACTION FORM ITEM #3

| | |
|---|---|
| MEETING DATE | April 30, 2026 |
| AGENDA ITEM DESCRIPTION | Approval is requested to enter into a lease with University Health Systems for the build out and operation of a clinic space at Western Heights as part of the Transforming Western project. |
| SUBMITTED BY | Name, Title / Department: Jim Hatfield, Chief Development Officer |
| 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: \$ ^{N/A} _____ Expenditure: \$ ^{N/A} _____ Source of Funds: N/A |
| APPROVAL / REVIEWS | <input checked="" type="checkbox"/> Department Head /VP <input checked="" 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? WHCC is seeking to enter into a lease with University Health Systems to build out and operate an approximately 3,000 square foot medical clinic space at Western Heights. University Health Systems proposes to repay the development costs of the clinic build out by amortizing the cost of the development over the course of the initial lease term.</p> | |
| <p>2. Why is the action needed now? WHCC needs to execute the lease with University Health Systems in order to begin work on the project and mitigate cost escalation risk by commencing construction prior to June 1st.</p> | |
| <p>3. Who are the parties involved and what are their roles (if appropriate)? WHCC has negotiated the form of the lease with University Health Systems (UT Medical) to provide local medical access to members of the Western Heights community and broader neighborhood as part of the Transforming Western project.</p> | |
| <p>4. What are the long-term and short-term exposures? WHCC is exposed to price escalation if the work does not commence prior to June 1st. The lease must be executed prior to commencing construction.</p> | |
| HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where) | University Health Systems has negotiated the form of a lease with WHCC for the operation of the clinic space. The clinic is located in a condo unit within the broader Western Heights Phase 2 project. |
| ATTACHMENTS | Proposed form of lease |

LEASE AGREEMENT

This Lease Agreement (this “Lease”) is entered into and made effective as of the _____ day of _____, 2026 (the “Effective Date”) by and between UNIVERSITY HEALTH SYSTEMS, INC., a Tennessee nonprofit corporation (“Tenant”) and WESTERN HEIGHTS COMMUNITY CORPORATION, a Tennessee nonprofit corporation (“Landlord”).

RECITALS

WHEREAS, Knoxville’s Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee (“KCDC”), is the fee owner of certain real property located at 1253 W. Oak Hill Avenue in Knoxville, Tennessee (the “Site”); and

WHEREAS, Western Heights 2 LP, a Tennessee limited partnership (the “Tax Credit Project Owner”) has agreed to develop a mixed-income housing project on the Site, to include two (2) buildings comprised of 52 residential units and certain related facilities (collectively, the “Development”), to be financed in part with Low Income Housing Tax Credits pursuant to Section 42 of the Internal Revenue Code of 1986; and

WHEREAS, approximately 3,261 square feet of interior space in “Building 1” of the Development (the “Medical Clinic Space”) has been designated for the operation of a medical clinic to serve the Development and the community at large; and

WHEREAS, to facilitate the financing of the Development, KCDC has established the Western Heights Phase 2 Condominium (the “Condominium”) pursuant to that certain Declaration Establishing Western Heights Phase 2 Condominium, of record as Instrument No. 202506200067485 in the office of the Knox County Register of Deeds (the “Condominium Declaration”); and

WHEREAS, the Condominium Declaration establishes two (2) units, including the Medical Clinic Unit comprised of the Medical Clinic Space and the Tax Credit Unit comprised of the remaining portions of the Development, and establishes for the benefit of the unit owners the Western Heights Phase 2 Condominium Association (the “Condominium Association”); and

WHEREAS, KCDC has leased the Medical Clinic Unit to Landlord pursuant to that certain Lease (Western Heights Phase 2 – Medical Clinic Unit) between KCDC and Landlord, dated as of June 18, 2025; and

WHEREAS, Landlord desires to lease to Tenant and Tenant desires to lease from Landlord the real property and improvements comprising the Medical Clinic Unit, described more fully on Exhibit A attached hereto and incorporated herein by reference (the “Premises”), on the terms and conditions set forth herein.

NOW, THEREFORE, Landlord, for and in consideration of the payments hereinafter stipulated to be made by Tenant, and the covenants and agreements hereinafter contained to be kept and performed by Tenant, does by these presents demise, lease and let unto Tenant, and Tenant does by these presents hire, lease and rent from Landlord, for the Term and upon the conditions hereinafter stated, real property described in Exhibit A attached hereto, together with all facilities and improvements now existing or hereafter constructed thereon by Tenant or otherwise;

UNDER AND SUBJECT to the following terms and conditions:

1. **DEFINITIONS.** In addition to those terms defined above and elsewhere in this Lease, for purposes of this Lease, the following terms shall have the following meanings, unless the context requires otherwise:
- A. **“Building”** shall mean that certain approximately 53,072 gross square foot mixed-use residential and commercial building known as Western Heights Phase 2, Building 1, located on the Land (hereinafter defined) at 1253 W. Oak Hill Avenue, Knoxville, Tennessee 37920.
 - B. **“Common Elements”** shall have the meaning set forth in the Condominium Declaration.
 - C. **“Condominium Declaration”** shall have the meaning set forth in the recitals hereto.
 - D. **“Delivery Date”** shall mean the date the Landlord delivers the Leased Premises to the Tenant in Completed (as defined in Section 3 Paragraph C below) condition. The Delivery Date shall be confirmed by Landlord and Tenant pursuant to the Addendum to Lease referenced in Section 3 Paragraph B.
 - E. **“Development”** shall have the meaning set forth in the recitals hereto.
 - F. **"Hazardous Materials" or "Hazardous Substances"** shall mean any substance, material, or waste which is toxic, ignitable, reactive, or corrosive and which is or becomes regulated by any local or state governmental authority or the United States Government, and any substance, material, or thing listed as a Hazardous Substance. The term "Hazardous Material" or "Hazardous Substances" includes, without limitation, any material or substance which is (i) defined as "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous material," or "medical waste or biohazard", by any local, state, or federal law, (ii) oil and petroleum products and their by- products, other than naturally-occurring, unrefined petroleum, (iii) asbestos, or asbestos- containing materials, (iv) "hazardous substance" pursuant to the Federal Water Pollution Control Act, (v) "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act, or (vi) "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act.
 - G. **"Improvements"** shall mean and include the Building, structures, driveways, parking areas, and other improvements now located on or to be constructed on the Land, including, without limitation, any fixtures and equipment located in or installed upon the Premises by Landlord. The term "Improvements" does not include Tenant's fixtures, furniture, or equipment and personal property installed in the Leased Premises by Tenant.
 - H. **“Land”** shall mean the parcel of land on which the Improvements are located and that is more particularly set forth and described in “Exhibit A” to the Condominium Declaration.
 - I. **"Law(s)"** shall mean all federal, state, county, municipal, and other governmental constitutions, statutes, ordinances, codes, regulations, resolutions, rules, directives, and decisions of courts, administrative bodies, and other authorities construing any of the foregoing.
 - J. **"Landlord"** shall mean the Landlord named in this Lease, together with Landlord's heirs, legal representatives, successors, and assigns.
 - K. **“Lease”** shall mean this agreement, together with all exhibits, addenda, and attachments which may be part of this Lease, and any modifications, renewals, and extensions.

- L. **"Lease Commencement Date"** shall mean the date occurring on the Delivery Date and is when Tenant's obligations to pay Base Rent for the Leased Premises commences.
- M. **"Lease Year"** shall mean each twelve (12) consecutive month period throughout the Term, beginning on the Lease Commencement Date and each anniversary thereof.
- N. **"Leased Premises"** shall mean an approximately 3,261 usable square foot ("USF")/ 3,261 rentable square foot ("RSF") located on the 1st floor of the Building and as more specifically identified in Exhibit A attached hereto. The final square footage of the Leased Premises shall be based on the final construction drawings and measured in accordance with the Building Owners Managers Association ("BOMA") 2010 Measurement Standards.
- O. **"Premises"** shall mean the Land, the Improvements, and all appurtenances thereto.
- P. **"Tenant"** shall mean the Tenant named in this Lease together with Tenant's heirs, legal representatives, successors, and assigns, jointly and severally if more than one.
- Q. **"Tenant Improvements"** shall mean that certain leasehold improvement work in the Leased Premises that Landlord is responsible for constructing and/or completing in accordance with the Approved Plans (as defined in Section 5.B. below) and consistent with the Improvements on the Premises.
- R. **"Tenant Improvements Costs"** shall mean and include all costs and expenses of the Tenant Improvements, including, without limitation, (i) costs of permits, fees and taxes; (ii) testing and inspecting costs; (iii) architectural design costs; (iv) reasonable legal expenses incurred in relation to the buildout of the Tenant Improvements; (v) the actual costs and charges for material and labor, third party contractor's profit and third party contractor's general overhead actually incurred by Landlord in the performance of the Tenant Improvements; and (vi) the cost to finance the aforementioned costs; provided, however, that a budget for the Tenant Improvement Cost shall be submitted to Tenant for approval (which approval shall not be unreasonably withheld, conditioned or delayed) and Tenant shall have the right to approve any total Tenant Improvement Costs in excess of the approved budgeted amount..

2. LEASE OF LEASED PREMISES.

- A. In consideration of the obligation of Tenant to pay Rent as herein provided, and in consideration of the other terms, provisions and covenants hereof, Landlord hereby demises and leases to Tenant, and Tenant hereby accepts and leases from Landlord the Leased Premises, TO HAVE AND TO HOLD the same for the Lease Term.
- B. Conditions Precedent. This Lease shall be subject to the following conditions precedent ("**Lease Conditions Precedent**"):
 - (i) Upon Tenant's delivery to Landlord of substantially final plans and specifications for the Tenant Improvements (the "Tenant Plans"), Landlord will enter into negotiations with a contractor and work in good faith to finalize a customary construction agreement for the construction of the Tenant Improvements within the Leased Premises. If within one hundred eighty (180) days after Tenant's delivery of the Tenant Plans, Landlord is unable to reach a final agreement acceptable to Landlord with a contractor for the completion of the Tenant Improvements on terms satisfactory to Landlord, Landlord or Tenant may terminate this Lease by delivering written notice to the other stating that the Lease is terminated.

- (ii) Landlord's and Tenant's obligations under this Lease are conditioned upon the Development being constructed by the Tax Credit Project Owner and a certificate of occupancy being issued for the same. In the event that construction of the Development is not completed and a certificate of occupancy with respect to the residential portions of the Building has not been issued by the appropriate governmental authority within the date that is three (3) years from the date hereof, Landlord or Tenant may terminate this Lease by delivering written notice to the other stating that the Lease is terminated.

3. TERM.

- A. The initial term of this Lease shall commence on the Delivery Date and shall continue for a period of [ten] ([10]) years (the "Initial Term"). As used herein, "Term" shall mean the Initial Term and any additional term. This Lease shall automatically expire. Any extension of this Lease must be in writing and signed by both parties by or before one hundred eighty (180) days in advance of the expiration of the Term. No notice of expiry of this Lease is required to be given by either party to the other.
- B. Addendum to Lease. When the Lease Commencement Date of this Lease becomes certain as provided herein, Landlord and Tenant shall, within three (3) days after receipt of written request by the other, execute an Addendum to Lease in the form attached hereto as Exhibit B and incorporated herein by reference. Such Addendum to Lease shall be promptly recorded in the office of the Register of Deeds for Knox County, Tennessee.
- C. Delivery of Leased Premises. On the Delivery Date, Landlord will deliver the Leased Premises and Tenant Improvements to Tenant in Completed condition. The Leased Premises and Tenant Improvements shall be deemed to be "Completed" upon the occurrence of all of the following requirements: (a) completion of all items of the Leased Premises and the Tenant Improvements in substantial conformance with the Approved Plans, including those items customarily classified as "punch list items" in the construction industry, so that the Leased Premises can be utilized by Tenant for their intended purposes under the Lease; (b) the issuance of a final certificate of use and occupancy (or its equivalent) with respect to the Leased Premises from the applicable governmental authority; (c) Tenant, its employees, agents and invitees, have ready access to the Leased Premises for the operations of Tenant's business therein; (d) all mechanical, electrical, plumbing and life safety systems, are installed and in new condition and operating order such that the Leased Premises can be utilized for their intended purposes under the Lease; (e) a true and correct certification is received from the Landlord's architect that the Leased Premises are completed substantially in accordance with the plans and specifications and all requirements and that the Tenant Improvements have been completed in accordance with the Approved Plans; and (f) the Leased Premises is broom clean and is in the condition required under the Lease and Landlord has provided Tenant with all necessary keys, access codes, access cards, if any, and other means required to access the Leased Premises.

4. RENT.

- A. Base Rent. Tenant shall pay to Landlord, without any right of set-off or deduction and without prior notice or demand, basic rent for the entire Lease Term, which, during the first Lease Year, shall be in the amount of \$ [1,275] per calendar month (\$ [4.69]

per RSF of the Leased Premises annually) (“**Base Rent**”). The amount of Base Rent to be paid by Tenant to Landlord during the term of this Lease shall increase two percent (2%) for each Lease Year of this Lease, with cumulative increases applicable at each 12-month interval. Base Rent shall be due and payable monthly in advance by the tenth (10th) day of each month, beginning on the Lease Commencement Date and continuing on the tenth day of each month thereafter throughout the Lease Term. If the Lease Commencement Date is other than the first day of a month, the amount of Base Rent payable on the Lease Commencement Date shall be one-thirtieth (1/30) of the monthly Base Rent for each day prior to the first day of the next month, and, if the term of this Lease terminates other than on the last day of a month, the amount of the final installment of Base Rent shall be one-thirtieth (1/30) of the monthly Base Rent for each day then remaining in the Lease Term. Payment of Base Rent shall be an independent obligation. The following rent schedule illustrates the payments of Base Rent due under this Lease:

| Lease Term (in months) | RSF | Annual Base Rent per RSF | Annual Base Rent | Monthly Base Rent |
|------------------------|-----|--------------------------|------------------|-------------------|
| 1 through 12 | X | X | X | X |
| 13 through 24 | X | X | X | X |
| 25 through 36 | X | X | X | X |
| 37 through 48 | X | X | X | X |
| 49 through 60 | X | X | X | X |

B. **Additional Rent.** In addition to Base Rent, beginning on the Lease Commencement Date and continuing on the tenth day of each month thereafter throughout the Lease Term, Tenant shall pay to Landlord the following additional amounts (collectively, the “**Additional Rent**”):

- (i) **Buildout Reimbursement.** To reimburse Landlord for the Tenant Improvement Costs incurred by Landlord, Tenant shall pay to Landlord an amount equal to the monthly payment that would be required to fully amortize the total amount of Tenant Improvement Costs incurred by Landlord over the then remaining portion of the Initial Term of the Lease, assuming a rate of interest equal to the rate(s) of interest applicable to any financing obtained by Landlord to finance the cost of building out the Leased Premises. For avoidance of doubt, it is the intention of the parties that all of Landlord’s cost of financing the Tenant Improvements, inclusive of interest and principal, transaction costs and any other costs associated with such financing that are properly allocable to the Premises, shall be reimbursed by Tenant through the payment by Tenant of Additional Rent. A schedule of the monthly Buildout Reimbursement payments to be made by Tenant shall be attached to the Addendum to

Lease referenced in Section 3.B hereof and shall be calculated in accordance with the requirements hereof.

- (ii) Tenant's Share of Common Area Expenses. To pay for the portion of Building and Common Elements expenses attributable to the Leased Premises, Tenant shall pay to Landlord an amount calculated in accordance with this Section 4.B.(ii) ("Tenant's Share of Common Area Expenses"). The parties acknowledge and agree that such payments for Tenant's Share of Common Area Expenses are intended to compensate Landlord for the portion of the following ownership costs that are properly allocable to the Leased Premises:
- (a) Such portion of operations and maintenance payroll and materials cost as is directly attributable to the maintenance of the exterior shell of the Building and the grounds and parking areas for the Building;
 - (b) Building security costs directly attributable to the Common Elements, trash areas and parking areas in the Building and the storefront on the first floor of the Building;
 - (c) Costs of pest control directly attributable to the Common Elements of the Building and the Building grounds;
 - (d) Costs of trash and recycling removal and disposal;
 - (e) Costs of landscaping and grounds upkeep;
 - (f) Costs of fire protection;
 - (g) Costs of HVAC maintenance attributable to the Common Elements;
 - (h) Costs of maintaining plumbing and electrical systems attributable to the Common Elements;
 - (i) Costs of painting, decorating and flooring with respect to the Common Elements;
 - (j) Costs of elevator maintenance;
 - (k) Costs of electricity attributable to the Common Elements;
 - (l) Costs of property and casualty insurance for the Building, and costs of liability insurance attributable to the Common Elements and grounds;
 - (m) Administrative costs including bookkeeping and office staff time directly related to the administration of the above; and
 - (n) Without duplication, any and all assessments or other charges to or payable by the Medical Clinic Unit Owner pursuant to the Condominium Declaration.

Landlord and Tenant have agreed that Tenant's Share of Common Area Expenses for the first Lease Year shall be \$[7,990]_ (the "Initial Common Area Expense Amount"), payable in monthly installments equal to one-twelfth (1/12) of the Initial Common Area Expense Amount. Thereafter, Tenant's Share of Common Area Expenses for each year shall be increased by three percent (3%), with Tenant's Share of Common Area Expenses payable during the second Lease Year being equal to \$[7,990] plus three percent, or \$[8,229], and Tenant's Share of Common Area Expenses for each subsequent Lease Year being equal to three percent of the amount payable pursuant to the foregoing calculation for the immediately preceding Lease Year.

- (iii) All other costs, charges, and expenses which Tenant assumes, agrees, or shall be obligated to pay to Landlord or others pursuant to this Lease.

Triple Net Lease. When used herein, "Rent" shall mean the total amount due when Base Rent and Additional Rent are added together. It is the intent of the parties that this Lease be interpreted and construed as a "net lease" or "triple net lease" and that Landlord shall receive the Base Rent, Additional Rent, and other sums required under the Lease, without deduction, setoff, or reduction for any costs, expenses, or obligations related to the Leased Premises. Tenant will be responsible for maintenance and repair of the interior, non-structural portions of the Leased Premises as well as all utility expenses and other customary operating expenses associated with the Leased Premises, including but not limited to items such as pest control, plumbing and electrical maintenance, HVAC system maintenance, and cleaning and janitorial services. All utilities serving the Premises shall be separately metered, and Tenant shall pay all utility charges directly to the applicable service providers.

- C. Except to the extent expressly set forth herein or as agreed otherwise in writing by Tenant,, Tenant shall not be required to pay the following expenses:
 - (i) depreciation on any portion of the Premises, including, without limitation, the Building, or on any fixtures or personal property;
 - (ii) Tenant Improvements Costs (except to the extent such costs are payable to Landlord pursuant to Section 4.B(i) hereof);
 - (iii) interest and principal payments on any indebtedness of Landlord including any mortgage or deed of trust secured by the Premises;
 - (iv) Leasing fees paid to any leasing agent not retained by Tenant whether representing Landlord or Tenant or any Sub-Tenant;
 - (v) Costs of items considered capital repairs to the Building or grounds that are the express responsibility of Landlord, KCDC or the Tax Credit Unit Owner hereunder, replacements of fixtures or mechanical components of the Building, other than (a) those considered Tenant Improvements and (b) replacements of Tenant's equipment, fixtures or other improvements made by Tenant, all of the foregoing of which shall be the responsibility of Tenant;
 - (vi) Rentals for items which if purchased, rather than rented, would constitute a Capital Item;

- (vii) Costs for the repair of casualty damage to the Building or Premises not caused by Tenant or its employees, agents, or contractors, regardless of whether such repairs are covered by insurance; provided, however, that Tenant shall be responsible for any casualty damage to Tenant's own personal property or fixtures and improvements installed by Tenant and shall be responsible for insuring the same;
- (viii) Marketing costs, including leasing commissions, sales commissions, or attorneys' fees in connection with the negotiation and preparation of letters, deal memoranda, letters of intent, leases, space planning costs, and other costs and expenses incurred in connection with lease negotiations and transactions with any tenant or subtenant (provided that any such costs associated with any subtenants shall be based solely upon an agreement between Tenant and the respective leasing agent and shall be billed and paid in accordance therewith);
- (ix) any management fee;
- (x) Landlord's general corporate overhead, profit, and general and administrative expenses;
- (xi) Costs for which any property management company has been compensated in excess of any management fee;
- (xii) Costs arising from the negligence or fault of Landlord's agents or vendors, contractors or providers of materials or services selected, hired or engaged by Landlord or its contractors or agents;
- (xiii) Costs (including in connection therewith all attorneys' fees and costs of settlement, judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims, litigation or arbitrations pertaining to Landlord;
- (xiv) late fees incurred by Landlord for late payment of bills;
- (xv) any cost or expense which Landlord incurs which is reimbursed to Landlord from any source, or for which Landlord is otherwise entirely compensated, including costs for which Landlord receives reimbursement from insurance or condemnation proceeds;
- (xvi) income, profit, franchise, excise, corporate, capital stock, estate, inheritance and any other taxes imposed on, or measured by the income of Landlord from the operation of the Premises;
- (xvii) costs arising from the negligence or willful misconduct of Landlord or its agents, employees or contractors;
- (xviii) costs representing an amount paid to an affiliate of Landlord which is in excess of the amount which would have been paid in the absence of such relationship;
- (xix) any work due to the improper installation or construction of the Premises, whether or not covered by warranty, guaranty or insurance;

- (xx) costs of maintenance personnel above the level of project manager, or any accounting or administrative personnel costs or expenses; and
- (xxi) any cost or expense associated with the construction, development, ownership, operations, management, maintenance or repair of any addition to or expansion of the Building or other building(s) or improvements now or hereafter located on the Land that is not part of the initially conceived Premises (collectively, any “**Expansion Space**”), unless expressly agreed by Tenant in writing.

D. Inspection of Books and Records. At any time within twenty-four (24) months after the end of each calendar year, Tenant, its agents and representatives, shall have the right, after twenty (20) days’ notice and at reasonable times, to inspect, audit, and photocopy Landlord’s books and records pertaining to the Leased Premises. If such books and records are not located within the State of Tennessee, Landlord shall make all of such books and records available to Tenant electronically or otherwise at a location to be agreed by Landlord and Tenant in Knoxville, Tennessee. Landlord and Tenant shall cooperate in good faith in attempting to resolve any dispute regarding any amounts of Additional Rent.

5. **CONSTRUCTION OF IMPROVEMENTS; EQUIPMENT AND SERVICES.**

- A. Construction of Building and Improvements. Landlord and Tenant acknowledge that the Development, including the Building and Improvements, is to be constructed by the Tax Credit Unit Owner in accordance with plans and specifications approved by the Tax Credit Unit Owner’s lender(s) and investor(s). Upon completion of construction of the Building and Improvements as required to allow for the commencement of construction of the Tenant Improvements, Landlord shall use commercially reasonable efforts to complete the Tenant Improvements for the Leased Premises buildout. Landlord, at its sole cost and expense, shall procure all necessary licenses, permits, consents, and authorizations for the buildout of the Leased Premises.
- B. Tenant Improvement Costs. Landlord shall pay for the Tenant Improvement Costs approved by Tenant, which approval shall not be unreasonably withheld, conditioned or delayed, and Tenant shall reimburse Landlord for the Tenant Improvement Costs and any related financing costs as Additional Rent pursuant to the terms of Section 4.B(i) hereof. Tenant and Landlord shall work together to develop and approve the plans, specifications, and construction cost for the buildout of the Leased Premises (the “**Approved Plans**”) and to approve a budget for the Tenant Improvements. The Approved Plans for the buildout of the Leased Premises may be subsequently modified upon mutual consent of Landlord and Tenant, which consent shall not be unreasonably withheld by either party, and the parties will execute any necessary documents to effectuate the agreed upon changes. Landlord shall complete the buildout of the Leased Premises or cause the buildout to be completed in accordance with the Approved Plans. Upon request from Tenant, Landlord shall provide documents to Tenant evidencing the Tenant Improvement Costs.
- C. Landlord’s Property. All Tenant Improvements shall become part of Landlord’s property and part of the Premises when completed and affixed to the Premises. However, upon the expiration or earlier termination of this Lease, Tenant may remove all trade fixtures and equipment, signs, appliances, furniture, inventory, and other personal property which Tenant has installed or otherwise located on the Premises. Notwithstanding the foregoing, in no event shall Tenant remove any fixtures or improvements in violation of any financing documents pursuant to which Landlord financed the buildout of the Leased Premises.

- D. Tenant's Business Requirements. Tenant shall be solely responsible for paying Tenant's expenses of operation and the cost of any business licenses, sales tax license, and any and all other permits, licenses or governmental approvals required for the conduct of Tenant's business on the Leased Premises.
- E. Signage. Tenant shall be permitted to install such signage within the Leased Premises or on any door entrance to the Leased Premises as permitted by applicable law, zoning requirements and at Landlord's written consent, which shall not be unreasonably withheld so long as the proposed signage is compatible with the building's design and character; provided, however, that if required by Landlord, the consent of the Tax Credit Unit Owner shall be required to install signage on any exterior portions of the Leased Premises. Landlord shall provide Tenant, at Landlord's cost and expense, signage on any directory serving the building in which the Leased Premises is situated. Additionally, Landlord will provide Tenant with a maximum allowance of \$50,000 for the installation of backlit exterior signage (the "Signage Allowance").

6. USE.

- A. Tenant's Use. Tenant shall use the Leased Premises as medical and clinical offices and services including services and such other uses ancillary and incidental thereto. In no event shall Tenant use the Leased Premises for any illegal purpose, in violation of any Law, in any manner which constitutes a public or private nuisance. Tenant shall not do, bring, or keep anything on or about the Premises that would cause cancellation of insurance or exclusion from coverage of insurance covering the Building and the Premises.
- B. Compliance with Law. Tenant acknowledges and covenants that Tenant, and all occupants of the Leased Premises shall occupy and use the Leased Premises for legal purposes only and in compliance with all relevant and applicable laws, regulations and ordinances. Tenant shall not violate or cause Landlord to violate any recorded covenants or restrictions to which the Leased Premises are subject. The provisions of this subsection shall survive the expiration or earlier termination of this Lease and Tenant's surrender of the Leased Premises to Landlord.

7. UTILITIES AND OTHER BUILDING SERVICES.

- A. Services to be Provided by Landlord. Landlord will use reasonable efforts to assure Tenant of the provision of the following utilities and services, and all other services shall be the responsibility of Tenant:
 - (i) Heating, ventilation, and air-conditioning ("HVAC") exclusively for the Common Elements;
 - (ii) Electricity exclusively for the Common Elements;
 - (iii) Maintenance of the Land, the Building, and the Premises excluding the Leased Premises;
 - (iv) Security alarm monitoring for the Building (any additional security measures internal to the Leased Premises shall be separately contracted and paid for by Tenant);
 - (v) Fire protection for the Building; and
 - (vi) Pest Control on a monthly basis for the Common Elements.

All such services will be provided from 6:00 a.m. until 8:00 p.m. unless Landlord executes a written agreement stating otherwise upon request for additional hours from Tenant.

- B. Services to Be Obtained by and Separately Billed to Tenant. Tenant shall make all arrangements for, and shall pay when due, all charges for all other services required by Tenant, including but not limited to: removal and disposal of Medical Waste (as defined hereinafter), janitorial and sanitation services for the Leased Premises, and utilities for the Leased Premises, including but not limited to water, sewer, electricity, telephone, internet, and cable.
- C. Interruption of Services. Tenant acknowledges and agrees that any one or more of the utilities or other services identified herein may be interrupted by reason of accident, emergency, or other causes beyond Landlord's or Landlord's control, or may be discontinued or diminished temporarily by Landlord or other persons until certain repairs, alterations, or improvements can be made. In the event of an interruption of utility and other services, Landlord shall have no liability for such interruption or failure.
- D. Parking. Tenant shall be entitled to ____ total off-street parking spaces located in the parking lot directly behind the Premises for use by its employees, guests, clients, and invitees.
- E. Security. The Landlord agrees to use commercially reasonable efforts to cause the Tax Credit Unit Owner to provide adequate security measures for the Premises to be provided throughout the Lease Term, including but not limited to secure entry points (doors, windows, gates), a monitored alarm system, adequate lighting for external entrances and common areas, , and video surveillance cameras at key locations. The Landlord shall use commercially reasonable efforts to cause all security systems and equipment to be kept in good working condition and to promptly cause any malfunctioning security systems to be repaired or replaced at no expense to Tenant other than as provided in Section 4.B(ii) hereof

8. REPAIRS, REPLACEMENT, MAINTENANCE AND ALTERATIONS.

- A. Landlord's Repairs and Obligations. Landlord shall use good faith commercially reasonable efforts, at no out-of-pocket expense to Landlord, to cause the Tax Credit Unit Owner to (i) keep and maintain the Building, the Premises, and the structural components of the Leased Premises together with all appurtenant areas in which Tenant shall have rights, in good repair and tenantable condition throughout the term of this Lease; and (ii) maintain the structure, roof, and foundation of the Building along with the mechanical, electrical, plumbing, heating, ventilation, and air-conditioning systems servicing the Common Elements in good repair. If any portion of the Building shall be in need of repair or replacement, Landlord shall use good faith commercially reasonable efforts, at no out-of-pocket expense to Landlord, to cause the Tax Credit Unit Owner to promptly repair or replace the same, provided, however, Landlord shall not be obligated to make such efforts with respect to any such repairs or replacements rendered necessary by the negligence or willful act of Tenant, its agents, employees, customers, clients, and invitees, which repairs or replacement shall be at the expense of Tenant. In any event, Landlord shall not be responsible for non-repair or non-replacement until notice in writing of the condition requiring repair is given to Landlord by Tenant and Landlord is thereafter given a reasonable length of time in which to cause such repairs or replacement to be made.

- B. Tenant's Repairs and Obligations. Except as specified in Section 8(A) above and Landlord's obligations under this Lease, Tenant shall at its own cost and expense keep and maintain the Leased Premises, including all mechanical, electrical, plumbing, heating, ventilation, and air-conditioning systems exclusively serving the Leased Premises, in good repair and condition, reasonable wear and tear, condemnation and casualty loss excepted. If Tenant fails to perform, or cause to be performed, such maintenance and repairs, then at the option of Landlord, in its sole discretion, after thirty (30) days' notice and opportunity to cure (including any extended time reasonably necessary to cure, not to exceed sixty (60) days) any such maintenance or repair may be performed or caused to be performed by Landlord and the direct out of pocket cost and expense thereof charged to Tenant, and Tenant shall pay the amount thereof to Landlord within thirty (30) days of written demand (including full supporting documentation for all of such work performed by or at the direction of Landlord, and the cost and expense thereof) as Additional Rent.
- C. Alterations. Tenant shall be permitted to make reasonable interior alterations in or to the Leased Premises without Landlord consent so long as they do not affect the building structure, any building systems, building's exterior / facade and do not cost in excess of \$25,000 in each instance. Any other alterations shall require Landlord's approval, which shall not be unreasonably withheld, conditioned or delayed.

9. LEGAL REQUIREMENTS. Tenant shall, at Tenant's sole cost and expense, comply promptly with all Laws affecting the Leased Premises.

10. LIENS. Tenant shall not create or permit to be created any lien, encumbrance, or charge against the Building, Premises or Leased Premises. If any lien, encumbrance, or charge is filed against any part of the Building, Premises or Leased Premises, Tenant shall cause the same to be discharged by payment, satisfaction, or posting of bond within thirty (30) days after the date Tenant becomes aware of the filing. If Tenant fails to cause any lien, encumbrance, or charge to be discharged within the permitted time, Landlord may cause it to be discharged and may make any payment necessary in order to do so. The liens, encumbrances, and charges covered by this Section include, without limitation, liens for federal taxes, state taxes and assessments, county taxes and assessments, local taxes and assessments, mortgages, security interest and liens filed by mechanics, laborers, materialmen, architects, surveyors, attorneys, or engineers for any work, labor, material(s), or service(s) done or furnished (or alleged to have been done or furnished), excluding, however, liens, encumbrances, or charges arising solely because of Landlord's action or failure to take action. Further, Tenant is not, and shall not be deemed to be, Landlord's agent in respect to any construction or alteration of improvements on the Building or Leased Premises for purposes of T.C.A. § 66-11-102. This Lease does not require Tenant to construct specific improvements on the Leased Premises at the request of, or under the control of, Landlord and the cost of any such improvements will be the sole responsibility of Tenant and not Landlord through corresponding set-offs in Base Rent or otherwise.

11. FIRE AND CASUALTY DAMAGE

- A. If, subsequent to the Lease Commencement Date, the Building, the Premises or the Leased Premises is damaged partially or wholly by fire, the elements, act of God or other casualty, and if such damage cannot, in Landlord's and Tenant's reasonable estimation, be materially restored within three hundred sixty (360) days after the date of the casualty as to partial damage, or four hundred eighty (480) days after the date of casualty as to substantial damage or total destruction, then Landlord or Tenant may terminate this Lease effective as of the date of such fire or casualty and the Lease Term shall end on such date as if that date had been originally

fixed in this Lease for the expiration of the Lease Term. Landlord or Tenant may also terminate this Lease in the event that the Tax Credit Unit Owner determines not to rebuild or restore the Building for any reason. Landlord shall use commercially reasonable efforts to notify Tenant of its estimation as to the time required for restoration within thirty (30) days of the date of the damage and Landlord shall determine the estimated date of completion of repairs/restoration as soon as practical thereafter. Election to terminate by Tenant or Landlord must be delivered on or before the fifteenth (15th) day following Landlord's estimation of time required for restoration.

- B. If this Lease is not terminated pursuant to this Section 11, then Landlord shall proceed with all due diligence to repair and restore the Leased Premises, including the Tenant Improvements, at such time as it becomes reasonably appropriate to do so considering the progress of restoration of the Building by the Tax Credit Unit Owner and the progress of restoration of other affected areas of the Building.
- C. Subject to the requirements of any financing documents with respect to the Building and the Leased Premises, any insurance which may be carried by Landlord or Tenant against loss or damage to the Building, the Premises or the Leased Premises shall name Landlord as an additional insured party and loss payee and the proceeds of the same shall be applied to the cost of restoring the Leased Premises; or, if the Building will not be rebuilt, repaired or restored, shall be applied first, to repay in full the financing for the buildout of the Tenant Improvements, and second, for the sole benefit of the party carrying such insurance.

12. INDEMNITY.

- A. To the extent permitted by law, Tenant shall protect, indemnify, and save harmless Landlord, and Landlord's members, managers, partners, shareholders, officers, directors, principals, agents, representatives, successors, and property managers from and against all liabilities, damages, costs, expenses (including all attorneys' fees and expenses of Landlord, causes of action, suits, claims, demands, and judgments of any nature whatever resulting from: (i) Tenant's operation of its business and all other actions or inactions of Tenant within and upon the Leased Premises; (ii) injury to or the death of persons or damage to property on the Leased Premises resulting from the negligence or willful misconduct of Tenant; (iii) violation of any agreement, representation, warranty, provision, term, or condition of this Lease by Tenant; or (iv) Tenant's violation of any Law affecting the Leased Premises or Tenant's occupancy.
- B. To the extent permitted by law, Landlord shall protect, indemnify, and save harmless Tenant and Tenant's members, managers, partners, shareholders, officers, directors, principals, agents, representatives, successors, and property managers from and against all liabilities, damages, costs, expenses (including all attorneys' fees and expenses of Tenant), causes of action, suits, claims, demands, and judgments of any nature whatever resulting from: (i) injury to or the death of persons or damage to property on the Leased Premises resulting from the negligence or willful misconduct of Landlord; (ii) violation of any agreement, representation, warranty, provision, term, or condition of this Lease by Landlord; or (iii) Landlord's violation of any Law affecting the Leased Premises or Tenant's occupancy.
- C. The provisions of this Section 12 shall survive the expiration or earlier termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination and shall not be limited by reason of any insurance carried by Landlord and Tenant.

13. INSURANCE.

- A. Tenant Insurance. Tenant shall carry and maintain, throughout the Lease Term, property insurance coverage insuring Tenant's interest in any and all furniture, equipment, supplies, and other property owned, leased, held, or possessed by it and contained in the Leased Premises. Such insurance shall be in an amount no less than the fair market replacement value of the insured property. Tenant shall also carry and maintain, throughout the lease term, commercial general liability insurance ("GCL") against claims for bodily injury, death, property damage and personal injury occurring upon and within the Leased Premises in amounts not less than \$2,000,000.00 per occurrence with a \$5,000,000.00 annual aggregate liability insurance. Such GCL shall name Landlord as an additional insured. Tenant may self-insure through a self-insurance plan.
- B. Landlord Insurance. Landlord shall use commercially reasonable efforts to cause the following insurance coverages to be maintained in full force and effect during the Term: (a) commercial general liability insurance ("CGL") (including a contractual liability and fire legal liability insurance endorsement) against claims for bodily injury, death, property damage and personal injury with respect to the Common Areas of the Building in amounts not less than [\$2,000,000.00] per occurrence with a [\$5,000,000.00] annual aggregate, and (b) builder's risk and "Causes of Loss - Special Form" property insurance in an amount equal to one hundred-percent (100%) replacement cost of the Building and the Premises and all Tenant Improvements, as such may change from time to time, with no co-insurance and with reasonable and customary deductibles only. Said policies shall be issued by an insurance company rated not less than A-XII in A.M. Best's Insurance Guide and licensed to do business in the State of Tennessee.
- C. Waiver and Subrogation. Each insurance policy required herein that is procured directly by Landlord or Tenant shall contain a provision permitting Landlord and Tenant, respectively to waive all rights of recovery by way of subrogation in substantially the following form: "This insurance policy shall not be invalidated and shall remain in full force and effect if the insured waives in writing prior to a loss any or all rights of recovery against any party for a loss occurring to the property covered by this policy." Landlord and Tenant waive, during the term of this Lease, any and all rights of recovery and claims against the other, including such party's officers, employees, and agents, and members to the full extent that indemnification is due under the insurance coverage required by this Section; provided, however, if such insurance coverage with the waiver of subrogation is not obtained or maintained by either Landlord or Tenant, then the foregoing waiver by such party shall be deemed rescinded until such coverage is obtained or reinstated.

14. CONDEMNATION

- A. If all or any substantial part of the Building, the Premises or the Leased Premises should be taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and the taking would prevent or materially interfere with the use of the Premises for the Intended Uses, this Lease shall terminate effective when the physical taking shall occur in the same manner as if the date of such taking were the Expiration Date.
- B. If part of the Building, the Premises or the Leased Premises is taken for any public or quasi-public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof, and this Lease is not terminated as provided in this Section 14, Tenant may terminate this Lease within thirty (30) days after receipt of notice

from Landlord if, in Tenant's reasonable discretion, such taking or deed in lieu would materially interfere in Tenant's operations in, on or about the Premises. If Tenant does not elect to terminate, this Lease shall not terminate but the Base Rent and the Additional Rent payable hereunder during the unexpired portion of this Lease Term shall be reduced proportionately and Landlord shall undertake to restore the Building and the Premises to as near to the condition thereof immediately prior to such taking as is reasonably feasible.

- C. Landlord reserves to itself any awards for damages payable to Landlord as a result of or arising out of such condemnation and Tenant shall be entitled to no portion thereof, except to the extent of the unamortized value of improvements to the Premises for which the Tenant paid that may be included in the condemnation award or any other award to which the Tenant may be entitled, including moving and relocation expenses.
- D. Tenant reserves to itself and does not assign to Landlord any damages or claims for damages payable for Tenant's trade fixtures or for any fixtures or equipment installed by Tenant, or any damages or claims for damages which are considered "special damages" including but not limited to such items as moving expenses, and business losses resulting from such appropriation, reserving such right as it may have, if any, to proceed for a separate award therefore, from the condemning body.

15. ASSIGNMENT, SUBLETTING BY SUBTENANT. Tenant shall not sublease or assign the Lease without Landlord's consent, which consent may be withheld or granted in Landlord's sole discretion. Notwithstanding the foregoing, Landlord agrees that Tenant may, without Landlord's consent, assign this Lease or sublet the Leased Premises: (A) to any entity controlling, controlled by, or under common control with Tenant or any of Tenant's parent entities; or (B) as a result of (i) the reorganization, merger or consolidation of Tenant or any of Tenant's parent entities with any corporation or entity; (ii) any reorganization, merger or consolidation of Tenant or any of Tenant's parent entities to any other parent, subsidiary or affiliate of Tenant or any of Tenant's parent entities; (iii) the sale of all or substantially all of the assets of Tenant or any of Tenant's parent entities; or (iv) a change of ownership or control of Tenant or any of Tenant's parent entities, including as a result thereof from the sale of the capital stock of or the ownership interests in Tenant or any of Tenant's parent entities, provided that there will be no material change in use of the Leased Premises as a result of such assignment.

16. NO ESTATE IN TENANT. This Lease creates only the relationship of landlord and tenant between Landlord and Tenant, and no estate in land shall pass to Tenant.

17. SURRENDER.

- A. Lease Termination. Upon the expiration or earlier termination of this Lease, Tenant shall surrender to Landlord the Leased Premises in a condition at least as good as the condition the Leased Premises were in on the Lease Commencement Date, excepting only ordinary wear and tear. Tenant shall also deliver to Landlord, promptly, all keys, security devices, and codes applicable to the Premises.
- B. No Holdover Rights. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Leased Premises after the expiration or earlier termination of this Lease.
- C. Continuing Validity and Enforcement. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

- 18. TENANCY AT SUFFERANCE.** If Tenant remains in possession of the Leased Premises after the expiration or earlier termination of this Lease, Tenant shall become a tenant at sufferance, and there shall be no renewal or extension of this Lease by operation of Law or otherwise.
- 19. RIGHT OF ENTRY.** Tenant shall permit Landlord, Landlord and each of Landlord's and Landlord's representatives, agents, or employees to enter the Leased Premises, after 24-hour notice to Tenant, at reasonable times during Tenant's business hours, and at other reasonable times after notice to Tenant, for the purpose of inspecting the Leased Premises and showing the Leased Premises to prospective purchasers or, within 180 days before the expiration of the Lease Term, prospective tenants. Landlord shall have the right to place on the Leased Premises signs suitable to Landlord or Landlord advertising the Leased Premises for sale or, within 180 days before the expiration of the Lease Term, for lease. Nothing in this Section shall imply or impose any duty or obligation upon Landlord or Landlord to enter the Leased Premises at any time for any purpose, or to inspect the Leased Premises at any time, or to do, or to pay for, any work which Tenant is required to perform under any provision of this Lease, and Landlord has no such duty or obligation. In an emergency, Landlord shall have the right to use any means that Landlord or Landlord may deem proper to enter the Leased Premises. Any entry into the Leased Premises by Landlord or Landlord in this manner shall not be deemed to be a forcible or unlawful entry into or a detainer of the Leased Premises, or an actual or constructive eviction of Tenant.

Notwithstanding any of Landlord's rights to enter the Leased Premises pursuant to the terms of this Lease, Landlord shall not unreasonably interfere with the conduct of Tenant's business and acknowledges that the nature of Tenant's business involves the use and maintenance of certain confidential medical records and patient information which constitutes "Protected Health Information" under the privacy requirements (the "HIPAA Privacy Standards") of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Landlord agrees that neither it nor its agents or contractors nor the respective employees of Landlord or such agents or contractors will intentionally access any Protected Health Information maintained by Tenant in the Premises. In the event any such party accesses or views any such Protected Health Information, Landlord agrees that it will immediately notify Tenant and that it will not further disclose or permit the further disclosure of such Protected Health Information. Landlord further agrees that, except in the event of an emergency, neither Landlord nor its agents or contractors nor the respective employees of Landlord, its agents or contractors shall enter any file rooms, storage areas, and any other portion of the Premises identified by Tenant to Landlord in writing as having Protected Health Information (herein the "Prohibited Space") unless accompanied by a representative of Tenant. Landlord agrees that under no circumstance shall Landlord have keys or any other means of access to Prohibited Space. Landlord shall provide reasonable prior notice to Tenant of its need to enter a Prohibited Space so as to afford Tenant the opportunity to make a representative available to accompany Landlord.

- 20. LANDLORD'S RIGHT TO ACT FOR TENANT.** If Tenant fails to pay any Base Rent or Additional Rent, or fails to make any other payment, or take any other action when and as required under this Lease, Landlord may without demand upon Tenant and without waiving or releasing Tenant from any obligations contained in this Lease, pay any such Base Rent or Additional Rent, make any such other payment, or take any such other action required of Tenant. Landlord may pay all incidental costs and expenses incurred in exercising this right, including, without limitation, attorneys' fees and expenses, penalties, reinstatement fees, late charges, charges for writs of attachment, and interest.
- 21. DEFAULT.**

- A. Tenant Events of Default. The occurrence of any of the following shall constitute a “**Tenant Event of Default**” by Tenant: (i) with respect to Base Rent, Buildout Reimbursement and Tenant’s Share of Common Area Expenses, any such amounts payable under this Lease are not paid within fifteen (15) days of becoming due, or (ii) with respect to Additional Rent other than Buildout Reimbursement and Tenant’s Share of Common Area Expenses, any Additional Rent payable under this Lease is not paid within fifteen (15) days’ notice from Landlord; or (iii) Tenant shall fail to materially comply with any agreement, representation, warranty, term, or condition of this Lease; (iv) Tenant shall become insolvent or shall make a transfer in fraud of creditors or shall make an assignment for the benefit of creditors; or (v) Tenant shall file a petition under any section or chapter of the Federal Bankruptcy Act, as amended, or under any similar law or statute of the United States or of any state, or there shall be filed against or on behalf of Tenant a petition in bankruptcy or a similar proceeding, or Tenant shall be adjudicated bankrupt or insolvent.
- B. Landlord's Remedies. Upon the occurrence and continuance of a Tenant Event of Default, Landlord shall have the option to do and perform any one or more of the following in addition to, and not in limitation of, any other remedy or right permitted it by law or in equity or by this Lease:
- (i) Landlord, with or without terminating this Lease, may re-enter the Leased Premises and perform, correct or repair any material condition which shall constitute a failure on Tenant’s part to keep, observe, perform, satisfy, or abide by any term, condition, covenant, agreement, or obligation of this Lease or of the Rules and Regulations, and Tenant shall fully reimburse and compensate Landlord on demand for all reasonable costs and expenses incurred by Landlord in such performance, correction or repairing.
 - (ii) Landlord, with or without terminating this Lease, may re-enter the Leased Premises and remove therefrom Tenant and all property belonging to or placed on the Leased Premises by, at the direction of, or with consent of Tenant.
 - (iii) Landlord, with or without terminating this Lease, may relet the Leased Premises or any part thereof for such time or times, at such fair market rental or rentals and upon such other fair market terms and conditions as Landlord in its reasonable discretion may deem advisable, and Landlord may make any alterations or repairs to the Leased Premises which it may deem reasonably necessary or proper to facilitate such reletting; and Tenant shall pay all reasonable costs of such reletting including but not limited to the cost of any such alterations and repairs to the Leased Premises, and leasing brokerage commissions; and if this Lease shall not have been terminated, Tenant shall continue to pay all Rent due under this Lease up to and including the date of beginning of payment of rent by any subsequent tenant of part or all of the Leased Premises, and thereafter Tenant shall pay monthly during the remainder of the Lease Term the difference, if any, between the rent and other charges collected from any such subsequent tenant or tenants and the Rent reserved in this Lease, but Tenant shall not be entitled to receive any excess of any such rents collected over the Rent reserved herein.
 - (iv) Landlord may terminate this Lease, and this Lease shall be deemed to have been terminated upon written notice of such termination; upon such termination Landlord shall recover from Tenant all damages Landlord may suffer by reason of such termination including, without limitation, all Tenant Improvement Costs incurred by Landlord and not previously reimbursed by Tenant , all arrearages in Rent, the cost of recovering possession of the Leased Premises,

the cost of any alteration of or repair to the Leased Premises which is reasonably necessary or proper to prepare the same for re-letting and, in addition thereto, the Rent which Landlord would be entitled to receive from Tenant if the Lease were not terminated.

- C. No Waiver of Rights. No course of dealing between Landlord and Tenant or any failure or delay on the part of Landlord in exercising any rights of Landlord under any provisions of this Lease shall operate as a waiver of any rights of Landlord hereunder or under any other provisions of this Lease, nor shall any waiver of a Tenant Event of Default on one occasion operate as a waiver of any subsequent Tenant Event of Default or of any other Tenant Event of Default. All remedies provided for in this Lease are cumulative and may, at the election of Landlord, be exercised alternatively, successively, or in any other manner and are in addition to any other rights provided for or allowed by law or in equity.
- D. Landlord Events of Default. Landlord shall be deemed to have defaulted under the terms of this Lease in the event that the Landlord breaches any of the agreements, terms, covenants or conditions which this Lease requires Landlord to perform, and such breach continues for a period of thirty (30) days after notice from Tenant to Landlord; or if such breach cannot reasonably be cured within such thirty (30) day period, Landlord fails promptly within said thirty (30) day period to commence and proceed diligently and in good faith to cure such breach and fails to complete such cure within a reasonable time (“**Landlord Event of Default**”). If a Landlord Event of Default occurs, then Tenant shall have all rights and remedies available at law or in equity, including the right to cure such Landlord Event of Default; provided, however, that Tenant shall not have such right of cure during any period in which Landlord and Tenant dispute Landlord’s obligations hereunder or the scope or extent thereof. In such event, Landlord shall reimburse Tenant for all reasonable out-of-pocket costs of the cure. In addition to other rights and remedies.

- 22. **RIGHTS CUMULATIVE**. All rights, remedies, powers, and privileges conferred under this Lease shall be cumulative and in addition to, not in lieu of, those conferred by law.
- 23. **ATTORNEYS’ FEES**. If any Base Rent, Additional Rent, or other amount owed by Tenant under this Lease is collected by or through an attorney at law, Tenant shall pay to Landlord (in addition to the amount owed) all reasonable attorneys' fees actually incurred and all other costs and expenses. If a lawsuit or other legal proceeding is initiated by Landlord or Tenant to enforce the terms of this Lease, the prevailing party shall be entitled to receive from the other party its reasonable attorneys' fees actually incurred and all other costs and expenses.
- 24. **JURISDICTION**. ALL PARTIES WAIVE THE RIGHT TO TRIAL BY JURY AND AGREE THAT ALL LEGAL DISPUTES SHALL BE PRESENTED AND TRIED BEFORE A COURT OF COMPETENT JURISDICTION SITTING IN KNOX COUNTY, TENNESSEE.
- 25. **TIME OF ESSENCE**. Time is of the essence of this Lease. Anywhere a day certain is stated for payment or performance of any obligation, the day certain so stated enters into and becomes a part of the consideration for this Lease.
- 26. **NOTICES**. All notices, demands, and other communications shall be deemed sufficient and properly given in writing if delivered by one of the following methods: (i) by personal delivery or by a reputable delivery service at the street address specified below, or (ii) by first-class, certified mail, postage prepaid, with return receipt requested, to the post office box specified below or to the street address if no post office box is given. The addresses for the parties are as follows:

If to Landlord:

Western Heights Community Corporation
901 N. Broadway
Knoxville, Tennessee 37902
Attn: Benjamin M. Bentley

If to Tenant:

University Health System, Inc.
2121 Medical Center Way, Suite 200
Knoxville, TN 37920
Attn: Senior Vice President, Development

Any of the parties may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notice signed on behalf of the notifying party by its identified attorney at law shall be valid and effective to the same extent as if signed by such party. Any notice or other communications shall be deemed delivered when actually received at the address of the party to whom directed or, if sent by mail, on the date of receipt or refusal indicated on the return receipt.

27. ENVIRONMENTAL MATTERS; MEDICAL WASTE DISPOSAL AND CLEAN-UP.

- A. Hazardous Substances. The term "Hazardous Substances" as used in this Lease shall include, without limitation, flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls (PCBs), chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, petroleum and petroleum products, and substances declared to be hazardous or toxic under any Law now or hereafter enacted or promulgated by any Authority (as defined hereinafter).
- B. Tenant's Restrictions. Tenant shall not cause or permit to occur:
- (i) The use, generation, release, manufacture, refining, production, processing, storage, or disposal of any Hazardous Substance on, under, or about the Leased Premises, or the transportation to or from the Leased Premises of any Hazardous Substance, except for small quantities of ordinary office supplies and cleaning products (i.e., such normal amounts of Medical Waste or such other substances as may be necessary and incidental to the operation of Tenant's business on or from the Leased Premises); or
 - (ii) The generation, accumulation, storage, possession, release, or threat of release of Hazardous Material or Hazardous Substances on, under, or about the Leased Premises; provided, however, the foregoing prohibition shall not be applicable to normal amounts of such substances as may be necessary and incidental to the operation of Tenant's business on or from the Leased Premises, so long as such substances are properly, safely, and lawfully stored, used, and disposed of by Tenant.
- C. Environmental Clean-up.
- (i) Tenant shall, at Tenant's own expense, comply with all Laws regulating Tenant's or its agents', employees', or contractors' use, generation, storage, transportation, or disposal of Hazardous Substances.

- (ii) Tenant shall, at Tenant's own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental authorities (collectively the "Authorities") under the Laws, pertaining to Tenant's or its agents', employees', or contractors' conduct or use of the Leased Premises.
- (iii) Should any Authority or other party demand that a cleanup plan be prepared and that a clean-up be undertaken because of any deposit, spill, discharge, or other release of Hazardous Substances that occurs during the Lease Term caused by Tenant or its agents, employees, or contractors, or which arises at any time from Tenant's use or occupancy of the Leased Premises, then Tenant shall, at Tenant's own expense, prepare and submit the required plans and all related financial assurances, and Tenant shall carry out all such cleanup plans.
- (iv) Tenant shall promptly provide all information regarding the use, generation, storage, transportation, and disposal of Hazardous Substances as requested by Landlord.
- (v) Any "Medical Waste" (as defined hereinafter) generated by Tenant on the Leased Premises shall be segregated and packaged by Tenant as required by applicable Laws and shall be kept on the Leased Premises only for so long as is permitted under applicable Laws and thereafter disposed of at Tenant's expense in accordance with applicable Laws. Tenant shall hold Landlord harmless for all fines, suits, claims, and liabilities arising out of such waste located within Tenant's Leased Premises. For the purpose of this Lease, "Medical Waste" means, without limitation, any substance which, because of its quantity, concentration, or its chemical, radioactive, flammable, explosive, infectious, corrosive, reactive, or other characteristics, constitutes or may reasonably be expected to constitute or contribute to a danger or hazard to the public health, safety, or welfare or the environment.

D. Tenant Indemnity for Contamination. If Tenant breaches the obligations stated in subsections (A) — (C) of this Section 28 or if the presence of Hazardous Material on the Leased Premises caused or permitted by Tenant results in contamination of the Premises or any adjacent property, Tenant shall indemnify, defend, and hold Landlord and each of Landlord's and Landlord's members, managers, partners, shareholders, officers, directors, principals, agents, representatives, and successors harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, and losses arising during or after the term of this Lease as a result of such contamination. This indemnification by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions, or any cleanup, removal, or restoration work required by any federal, state, or local governmental agency because of Hazardous Material present in the soil or ground water or under the Premises and/or adjacent property. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

28. EXCLUSIVITY AND NAMING RIGHTS.

A. Exclusive Use. As a material inducement for Tenant to enter into this Lease, Landlord covenants and agrees that (i) Tenant shall be the sole and exclusive medical practice or healthcare entity operating on the Premises and that no other medical practice, healthcare provider, or medical-related business shall be allowed to occupy any portion of the Premises, whether as a tenant, subtenant, licensee, or in any other capacity, during the Term of this Lease and (ii) Landlord will not sell the Premises to any purchaser whose primary business is the operation of a medical-related business.

B. **Naming Rights.** During the Term of this Lease, Landlord shall not grant naming rights to the Building or the Premises to any other medical practice, healthcare provider, or medically related business. Furthermore, Landlord shall not permit, license, display, or promote the name of any business that competes with Tenant on or in connection with the Building or the Premises. Tenant shall have the exclusive right to name the Leased Premises in connection with its medical practice, and Tenant's name shall be the only medical practice name associated with the Building or the Premises. Landlord acknowledges that Tenant is making substantial long-term capital and operational investments in the Leased Premises, and agrees that this exclusivity is a material inducement for Tenant to enter into this Lease.

29. **ENTIRE AGREEMENT.** This Lease contains the entire agreement of the parties hereto and no representations, warranties, inducements, promises, or agreements (oral or otherwise) between the parties not embodied in this Lease shall be of any force or effect.
30. **SEVERABILITY.** If any clause or provision of this Lease is illegal, invalid, or unenforceable under applicable present or future Laws effective during the term of this Lease, such section shall be severed from the lease and the remainder of this Lease shall not be affected.
31. **HEADINGS.** The use of headings and captions in this Lease is solely for convenience and shall, in no event, be considered when construing or interpreting any provision in this Lease.
32. **PRONOUNS AND TENSE.** The terms "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions herein apply either to corporations, partnerships, or other business entities or individuals, whether male or female, as the case may require, shall in all cases be assumed as though in each case fully expressed.
33. **JOINTLY DRAFTED.** Landlord and Tenant acknowledge that this agreement was jointly prepared by both parties and therefore any uncertainty or ambiguity in this agreement shall not be interpreted or construed against either party using any presumption against the drafter.
34. **FORCE MAJEURE.** Neither Landlord nor Tenant shall be deemed in default with respect to any of the terms, covenants and conditions of this Lease on such party's part to be performed, if such party's failure to timely perform same is due in whole or in part to any strike, lockout, labor trouble (whether legal or illegal), civil disorder, failure of power, epidemic, pandemic, restrictive governmental laws and regulations, riots, insurrections, war, shortages, accidents, casualties, acts of God, acts caused directly by the other party or its agents, employees and invitees or any other cause beyond the reasonable control of such party (each a "Force Majeure"). Notwithstanding the foregoing, however, Force Majeure shall not excuse or delay the payment of any monetary obligation under this Lease.
35. **BROKERS.** Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Tenant agrees to indemnify and defend Landlord against and hold Landlord harmless from any and all Claims with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent.
36. **MEMORANDUM OF LEASE AND ADDENDUM.** This Lease shall not be recorded in any public records. A memorandum of this lease and the addendum to Lease, as referenced in Section

3, Paragraph B herein, shall be executed and acknowledged contemporaneously with the execution of this Lease, which memorandum shall be recorded in the office of the Register of Deeds for Knox County, Tennessee.

37. CONFIDENTIALITY. The parties acknowledge that Landlord is subject to the Tennessee Open Records Act (“Act”). The Act generally provides that written documents retained by Landlord are subject to disclosure upon the request of any third party except for specific limited exceptions provided for in the Act. Tenant may designate as “Confidential” any information which Tenant provides to Landlord which Tenant desires to keep confidential. If a request for disclosure of any information designated as “Confidential” by Tenant is made under the Act, Landlord agrees to notify Tenant of the request and Tenant may seek protection from disclosure by a court of competent jurisdiction. It will be Tenant’s sole responsibility to seek such protection from a court.

38. WARRANTIES AND REPRESENTATIONS OF PARTIES.

A. Tenant’s Warranties and Representations. Tenant represents and warrants that:

- (i) Tenant is authorized to execute and enter into this Lease;
- (ii) The execution, delivery, and performance of this Lease by Tenant is not in violation of any contract, agreement, undertaking, judgment, decree, governmental order, or other restriction of any kind to which Tenant is a party or by which Tenant may be bound;
- (iii) Tenant has executed and entered into this Lease free from fraud, undue influence, duress, coercion, and/or other defenses to the execution of this Lease;
- (iv) This Lease constitutes the valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms;
- (v) Tenant is duly organized, validly existing, and in good standing under the Laws of the State of Tennessee and has full power and authority to enter into this Lease, to perform its obligations under this Lease in accordance with its terms, and to transact business in the State of Tennessee; the execution of this Lease by the persons executing it on behalf of Tenant, and the performance by Tenant of its obligations under this Lease, have been duly authorized and approved by all necessary corporate, limited liability company, or partnership action, as the case may be; and the execution, delivery and performance of this Lease by Tenant is not in conflict with Tenant's articles of incorporation (if a corporation), operating agreement (if a limited liability company), agreement of partnership (if a partnership), or other charters, agreements, rules, or regulations governing Tenant's business.

B. Landlord's Warranties and Representations. Landlord represents and warrants that:

- (i) Landlord is authorized to execute and enter into this Lease;
- (ii) The execution, delivery and performance of this Lease by Landlord is not in violation of any contract, agreement, undertaking, judgment, decree, governmental order, or other restriction of any kind to which Landlord is a party or by which Landlord may be bound;
- (iii) Landlord has executed and entered into this Lease free from fraud, undue influence, duress, coercion, and/or other defenses to the execution of this Lease;
- (iv) This Lease constitutes the valid and binding obligation of Landlord, enforceable

against Landlord in accordance with its terms;

- (v) Landlord is duly organized, validly existing, and in good standing under the Laws of the State of Tennessee and has full power and authority to enter into this Lease, to perform its obligations under this Lease in accordance with its terms, and to transact business in the State of Tennessee; the execution of this Lease by the persons executing it on behalf of Landlord, and the performance by Landlord of its obligations under this Lease, have been duly authorized and approved by all necessary corporate, limited liability company, or partnership action, as the case may be; and the execution, delivery and performance of this Lease by Landlord is not in conflict with Landlord's articles of incorporation (if a corporation), operating agreement (if a limited liability company), agreement of partnership (if a partnership), or other charters, agreements, rules, or regulations governing Landlord's business.
- (vi) As of the Lease Commencement Date, the Premises and Leased Premises is in compliance with any applicable governmental laws, ordinances, regulations or orders including, but not limited to, the Americans with Disabilities Act and any environmental laws, and agrees to indemnify, defend and hold Tenant harmless with respect to the foregoing.

- 39. **GOVERNING LAW.** This agreement shall be governed by the laws of the State of Tennessee, without regard to its choice of law provisions.
- 40. **WAIVER.** The failure of Landlord to insist upon prompt and strict performance of any of the terms or conditions set forth in this Lease shall not be construed as a waiver of the same or of any other term or condition.
- 41. **QUIET ENJOYMENT.** So long as Tenant is not in default beyond any applicable notice and cure period under this Lease, Tenant's exclusive possession, use and quiet enjoyment of the Leased Premises will not be disturbed or hindered by Landlord, or by anyone claiming by, through, or under Landlord.
- 42. **COUNTERPARTS.** This Lease may be executed in as many counterparts as may be required, and all such counterparts shall collectively constitute a single, original agreement.
- 43. **LIMITATION OF LIABILITY.** Tenant hereby expressly agrees that it shall look solely to the equity of Landlord or its successor(s) interest in the Premises for the satisfaction of any remedy of Tenant in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease. Tenant acknowledges that Landlord is a governmental entity and is subject to the Tennessee Governmental Tort Liability Act, Tennessee Code Annotated § 29-20-101 through 29-20-408 (as amended from time to time), and nothing contained herein shall constitute a waiver or release of Landlord's rights and protections under said Act.
- 44. **NEW MARKETS TAX CREDIT ADDENDUM.** The New Markets Tax Credit Addendum attached hereto as Exhibit C is incorporated herein by reference.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Tenant and Landlord have duly executed this Lease as of the day and year first written above.

LANDLORD:

WESTERN HEIGHTS COMMUNITY CORPORATION,
a Tennessee nonprofit corporation

By: _____

Its: _____

TENANT:

UNIVERSITY HEALTH SYSTEM, INC.,
a Tennessee nonprofit corporation

By: _____

Its: _____

EXHIBIT A

SITUATED in District No. 3 of Knox County, Tennessee, and within the 20th Ward of the City of Knoxville, Tennessee, and being the Medical Clinic Unit, together with such unit's undivided interest in the common elements, all as set forth in that certain Declaration Establishing Western Heights Phase 2 Condominium, recorded as Instrument No. 202506200067485, in the Knox County Register's Office, to which map specific reference is hereby made for a more particular description.

BEING the same property leased by Knoxville's Community Development Corporation to Western Heights Community Corporation, as evidenced by that certain Memorandum of Lease dated as of June 18, 2025 and recorded as instrument No. 202506200067487, in the Knox County Register's Office.

EXHIBIT B

ADDENDUM TO LEASE

PROPERTY ADDRESS:

This Addendum to Lease ("Addendum") is made and entered into _____, 2026, by and between UNIVERSITY HEALTH SYSTEM, INC., a Tennessee nonprofit corporation ("Tenant"), and WESTERN HEIGHTS COMMUNITY CORPORATION, a Tennessee nonprofit corporation ("Tenant").

WITNESSETH

Whereas, the parties entered into that certain Lease (the "Lease") dated _____, evidenced by a Memorandum of Lease dated _____, and recorded as Instrument _____, in the office of the Register of Deeds for Knox County, Tennessee; and

The parties are desirous of evidencing the "Lease Commencement Date" of the first Lease Year of the Lease.

Now, therefore in consideration of the mutual covenants and agreements of the parties contained in the Lease, the parties agree as follows:

- (i) The Lease Commencement Date of the first Lease Year of the Lease is _____;
- (ii) Unless earlier terminated as provided in the Lease, the initial term of the Lease shall expire at midnight on _____.
- (iii) Attached hereto as Exhibit A is a schedule of monthly Buildout Reimbursement Payments to be paid by Tenant to Landlord pursuant to Section 4.B(i) of the Lease.

Except as expressly provided herein, all terms, covenants, and provisions of the Lease shall remain in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, Tenant and Landlord have duly executed this Leaseas of the day and year first written above.

LANDLORD:

WESTERN HEIGHTS COMMUNITY CORPORATION,
a Tennessee nonprofit corporation

By: _____

Its: _____

TENANT:

UNIVERSITY HEALTH SYSTEM, INC.,
a Tennessee nonprofit corporation

By: _____

Its: _____

EXHIBIT C

New Markets Tax Credit Addendum

1. In no event shall Tenant's use of the Premises consist of operation of any of the following prohibited activities or businesses: (i) any trade or business consisting predominantly of the development or holding of intangibles for sale or license; (ii) any trade or business the principal activity of which is farming within the meaning of § 2032A(e)(5)(A) of the Internal Revenue Code of 1986 or corresponding provisions of subsequent superseding federal law (the "*Code*"); (iii) any other trade, business or activity, prohibited by any amendment to Code § 45D and any temporary, proposed or final regulations promulgated by the U.S. Treasury pursuant to the Code, and any other guidance published by the Internal Revenue Service; (iv) any trade or business consisting of the operation of a private or commercial golf course; country club; massage parlor, hot tub facility, suntan facility, race track or other facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises; (v) any trade or business consisting of the operation of residential rental property, as defined in Code § 168(e)(2)(A); shooting gallery; adult bookstore or facility selling or displaying pornographic books, literature or videotapes (materials shall be considered "adult" or "pornographic" for such purposes if the same are not available for sale or rental to children under eighteen (18) years of age because they explicitly deal with or depict human sexuality); (vi) bingo or similar games of chance, however lottery tickets and other items commonly sold in retail establishments may be sold as an incidental part of business; or (vii) video game or amusement arcade, except as an incidental part of another primary business.

2. The failure of Tenant or any subtenant to comply with the prohibitions of Section 1 of this Addendum or failure of Tenant to enforce prohibitions set forth in Section 1 of this Addendum against any subtenant will be a basis for immediate termination of this Lease or the applicable sublease.

3. **Landlord Financing.** Tenant acknowledges that Landlord is obtaining certain financing from one or more qualified community development entities (the "Lender"), that the loans from the Lender will be secured by one or more mortgages made by Landlord for the benefit of the Lender, and that Landlord intends to enter into certain other loan documents evidencing, governing, and securing the such financing (as the same may be amended from time to time, the "Loan Documents"). The proceeds of such financing will be used to finance the construction and development of the improvements on the Premises, and accordingly Tenant will benefit from such financing. Tenant further acknowledges that the terms of the Loan Documents will impose covenants and obligations upon Landlord (and any subsequent lessee or sublessee of the Property), the performance and observance of which will (in whole or in part) be dependent on Tenant's actions and inactions as lessee of the Property. Landlord will provide to Tenant copies of such Loan Documents, once executed, and Tenant will review and become familiar with the provisions of such Loan Documents. Tenant hereby covenants and agrees that Tenant shall not violate or cause a violation of any of the Loan Documents, and that Tenant shall perform its obligations hereunder on a prompt and timely basis to enable Landlord to comply with such Loan Documents.

4. Tenant represents and warrants that it will operate and conduct its activities, and hereby covenants that it shall operate and conduct its activities on the Premises solely as described in the Lease and shall notify the Landlord of any material change from the manner in which Tenant operates or conducts its business.

5. Landlord will be required to monitor certain community outcomes from the Project which relate to Tenant activities. Tenant agrees to submit to Landlord and/or Landlord's Lender, the reports and information reasonably required to be delivered by Landlord to the Lender for purposes of measuring community benefits and complying with the requirements of NMTC Program Requirements in accordance with, and as defined under, the Loan Documents and the Community Benefits Agreement (as such term is defined under the Loan Documents) entered into between the Lender and Landlord and as described in paragraph 6 of this Addendum ("Community Benefits Reports"). The Community Benefits Agreement and Community Benefits Report may be modified from time to time as reasonably requested by Landlord's Lender. Tenant shall have no obligation to achieve any of the community benefits or impacts listed on the Community Benefits Agreement and Community Benefits Report. In addition, Tenant shall not permit a use of the Premises (and any sublease shall contain prohibitions with respect to the same) by a subtenant thereunder which involves any use not permitted pursuant to Section 1 of this Addendum.

6. Community Benefits Reports.

a. *Community Benefit and Performance Metrics.* As consideration for this Lease, Tenant agrees to deliver measurable community health benefits to residents of the Western Heights and Beaumont neighborhoods consistent with the Transforming Western Choice Neighborhoods Implementation Plan. Tenant will operate an approximately 3,200 square foot primary care clinic within the Premises, providing comprehensive primary and preventive care services to residents of Knoxville's urban core, with emphasis on individuals and families of low- and moderate-income households.

b. *Annual Performance Metrics and Reporting.* Tenant agrees to report annually to Landlord an annual summary of services delivered, populations served, and outcomes achieved, using a mutually agreed reporting format. The following performance indicators are required, but others can be added:

i. **Total patient encounters:** Target of *up to 5,100 annual patient visits* by Year 5 of operation.

ii. **Unique patients served:** Target of *approximately 1,700 unique patients annually* by Year 5.

iii. **LIP/LIC resident reach:** Goal that at least *85% of patients served* will be low- or moderate-income (LIP/LIC) individuals, and *75–80% will be from minority populations.*

iv. **Access and engagement:** Documentation of outreach and education activities conducted in partnership with neighborhood organizations, schools, and resident councils.

Lessor and Lessee will review these metrics annually and may revise them, by mutual agreement, to reflect evolving community needs, service delivery models, or data availability.

7. **Annual Operating Budget.** Tenant shall provide Landlord with an annual operating budget, in accordance with the Loan Documents, covering the current fiscal year no later than thirty (30) calendar days after the start of Tenant's fiscal year (which, as of the date hereof, starts on each January 1). Further, Tenant permits Landlord to provide such annual operating budget to Lender, upon receipt.
8. **Third Party Beneficiaries.** Notwithstanding anything in this Lease to the contrary, the Lender, and its respective members and their respective successors and assigns (the "Third-Party Beneficiaries") are third-party beneficiaries of this Lease and Addendum. The Third-Party Beneficiaries shall have the right to enforce the covenants, conditions, provisions and/or agreements of the Lease and this Addendum shall not be amended, modified or waived without the prior written consent of the Third-Party Beneficiaries.

9. This Addendum is binding upon and will inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

47388609.3

N PETERS GP CORPORATION

SPECIAL AGENDA

Board Meeting of the Board of Directors

Thursday, April 30, 2026, 5 p.m.

901 N. Broadway Street

Knoxville, TN 37917

1. Call to Order.
2. Approval is requested to execute the minutes of the *special* meeting held on October 30, 2025. [\(Item 2 Attachment\)](#)

REDEVELOPMENT (Jim Hatfield)

3. Resolution regarding the development and financing of The Hudson Apartments and the utilization of low-income housing tax credits and the execution of documentation relating thereto. [\(Item 3 Attachment\)](#)
4. 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.*

N PETERS GP CORPORATION

MEETING MINUTES

The Board of Directors of N Peters GP Corporation met on **October 30, 2025** at 901 N. Broadway, Knoxville, Tennessee.

The meeting was called to order and a quorum declared at 5:12 p.m. Those Directors present and absent were:

Present: Director Scott Broyles
Director Felix Harris
Director Becky Wade

Absent:

Approval to execute the minutes for the *annual* meeting held on May 29, 2025. **Commissioner Wade made the motion to approve the minutes. Commissioner Harris seconded the motion and all other Commissioners present voted "Aye."**

REDEVELOPMENT (Jim Hatfield)

Resolution authorizing the negotiation and execution of various bond, financing and other agreements related to the development of approximately 202 units of new affordable housing located at the intersection of N Peters Road and Cedar Bluff Road in Knoxville. **Director Harris made the motion to approve. Director Wade seconded the motion and all Directors present voted "Aye."** Resolution No. 2025-01 is attached.

With no further business to come before the Board, the meeting adjourned at 5:39 p.m.

Benjamin M Bentley, President

Approved:

ATTEST:

Randall Brown, Secretary

Approved:

N PETERS GP CORPORATION BOARD ACTION FORM ITEM #3

| | |
|--|--|
| MEETING DATE | April 30, 2026 |
| AGENDA ITEM DESCRIPTION | Resolution authorizing N Peters GP Corporation to negotiate and execute all documents required to effectuate the closing of The Hudson apartments (fka The Peter), a 202-unit, new construction affordable housing development located at the intersection of N Peters Rd and N Cedar Bluff Rd in Knoxville. |
| SUBMITTED BY | Name, Title / Department: James Hatfield, CDO |
| 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? N Peters GP Corporation, as GP of the project's owner entity, ECG N Peters, 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, PILOT lease, management agreement, assignments, and other related agreements.</p> <p>2. Why is the action needed now? Closing for this project is scheduled for mid-May 2026 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 N Peters GP Corporation, the general partner of the project. Elmington Capital Group as project sponsor and developer. Truist as project tax credit equity and construction lender and Grand Bridge as perm lender originator.</p> <p>4. What are the long-term and short-term exposures? There is minimal exposure to KCDC under the development agreement terms with Elmington Capital for this project.</p> | |
| HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where) | KCDC board approved the entity formation and development agreement for this project in December 2024. Elmington and KCDC have partnered on previous deals together including Moss Grove, Flats at Pond Gap, and Lumen Flats. + |
| ATTACHMENTS | Resolution |

RESOLUTION NO. 2026-_____

RESOLUTION OF THE BOARD OF DIRECTORS OF N PETERS GP CORPORATION REGARDING THE DEVELOPMENT AND FINANCING OF THE HUDSON APARTMENTS AND THE UTILIZATION OF LOW-INCOME HOUSING TAX CREDITS AND THE EXECUTION OF DOCUMENTATION RELATING THERETO

WHEREAS, the Board of Directors of N Peters GP Corporation, a Tennessee nonprofit 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 (the “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 202 unit affordable housing development to be known as The Hudson located at 303 North Peters Road in the City (the “Project”), the Corporation, as general partner, ECG N Peters SLP, LLC, a Tennessee limited liability company, an affiliate of Elmington Capital Group, LLC, a Tennessee limited liability company, as Class B Limited Partner (the “Class B Limited Partner”) and C. Hunter Nelson, an individual, as limited partner, formed ECG N Peters, LP, a Tennessee limited partnership (the “Partnership”) and entered into a Limited Partnership Agreement dated November 10, 2024 delineating the rights and obligations of the partners of the Partnership (the “Original Partnership Agreement”); and

WHEREAS, the Corporation and ECG N Peters Developer, LLC, a Tennessee limited liability company, have also formed N Peters Developer, LLC, a Tennessee limited liability company (the “Developer”) for the purpose of developing the Project; and

WHEREAS, to assist the Partnership in the financing and development of the Project, KCDC previously issued its \$45,000,000 Multifamily Housing Revenue Bonds (The Peter Apartments) Series 2025 (the “Bonds”) pursuant to a Trust Indenture dated as of December 1, 2025 (the “Indenture”) between KCDC and Truist Bank, as trustee (the “Trustee”), the proceeds of which

were loaned to the Partnership pursuant to a Loan Agreement dated as of December 1, 2025 between KCDC and the Partnership (the “Loan Agreement”); and

WHEREAS, Truist Bank (the “Bank”) has agreed to make a construction loan to the Partnership in an amount not exceeding \$45,000,000 (the “Bank Loan”), the proceeds of which are to be used for the benefit of the Project and the terms of which are substantially similar to those set forth in that draft Construction Loan Agreement provided by the Bank and available for review at this meeting (the Construction Loan Agreement, together with all documents, agreements, and security instruments referred to therein and/or required to be executed in connection therewith, with such modifications agreed to by the parties thereto, the “Bank Loan Documents”); and

WHEREAS, upon conversion of the Bonds to the permanent phase, (i) the Bonds will be removed from the book-entry system and converted to a physical Governmental Note delivered by KCDC (the “Governmental Note”), which Governmental Note shall be purchased by Grandbridge Real Estate Capital LLC, as the Freddie Mac Seller/Servicer (“Grandbridge”), and (ii) a Funding Loan Agreement (the “Funding Loan Agreement”) between KCDC, as governmental lender, Grandbridge, as initial funding lender and the Trustee, as fiscal agent and a Project Loan Agreement (the “Project Loan Agreement”) between KCDC, as governmental lender, the Partnership, as Borrower and the Trustee, as fiscal agent, shall be delivered by the respective parties thereto and become effective and shall supersede the Indenture and the Loan Agreement; and

WHEREAS, to proceed with the development and financing 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, the Corporation, on its own behalf and as sole general partner acting on behalf of the Partnership, desires to:

(i) authorize the transactions contemplated by that certain Amended and Restated Limited Partnership Agreement for the Partnership (the “Partnership Agreement”) among the Corporation, TCC The Peter LLC, a Georgia limited liability company (the “Limited Partner”), CDC Special Limited Partner, L.L.C., a Georgia limited liability company (the “Special Limited Partner”) ECG N Peters SLP, LLC, a Tennessee limited liability company (the “Class B Partner”) and C. Hunter Nelson, an individual, as the original (and withdrawing) limited partner, including, but not limited to that certain Development Agreement between the Partnership and the Developer (the “Development Agreement”), that certain Guaranty Agreement executed by certain guarantors affiliated with the Class B Limited Partner, which may include but are not limited to Scott Sohr, C. Hunter Nelson, Ben Brewer, Cary Rosenblum, Ryan Seibels, and Elmington Affordable, LLC, a Tennessee limited liability company, in favor of the Limited Partner and Special Limited Partner (the “Guaranty Agreement”), and that certain Supervisory Management Agreement between the Partnership and the Class B Limited Partner (the “Supervisory Management Agreement”)

and together with the Partnership Agreement, the Development Agreement, the Guaranty Agreement, and the Supervisory Management Agreement, the "Equity Documents");

(ii) authorize the transactions contemplated by a Lease from KCDC to the Partnership providing for certain payments in lieu of taxes (the "PILOT Lease");

(iii) authorize the transactions contemplated in the Bank Loan Documents; and

(iv) authorize the transactions contemplated by the Project Loan Agreement and the Funding Loan Agreement (the Project Loan Agreement and the Funding Loan Agreement, in addition to any loan agreements, promissory notes, deeds of trust, security agreements, and any other documents required in connection therewith, with such modifications agreed to by the parties thereto, the "Permanent Loan Documents");

Copies of the Equity Documents and the agreements related thereto, the PILOT Lease, the Bank Loan Documents, and the Permanent Loan 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 Equity Documents and the agreements related thereto, the PILOT Lease, the Bank Loan Documents, and the Permanent Loan Documents; and

WHEREAS, in addition to the foregoing, there is currently a vacancy in the office of Secretary of the Corporation, and the Board of Directors of the Corporation desires to appoint Randall Brown as Secretary of the Corporation.

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 Equity Documents and the agreements related thereto, the PILOT Lease, the Bank Loan Documents, and the Permanent Loan 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) the Equity Documents, (b) the PILOT Lease, (c) any and all instruments, documents and agreements deemed necessary or desirable by the Bank


or the Authorized Officer to evidence and secure the Bank Loan, including, but not limited to the Bank Loan Documents, (d) any and all instruments, documents and agreements deemed necessary or desirable by the Permanent Lender or the Authorized Officer to evidence and secure the Permanent Loan, including, but not limited to the Permanent Loan Documents, and (e) 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; and, further

RESOLVED, that Randall Brown is hereby appointed as Secretary of the Corporation.

Approved at a meeting of the Board of Directors held this 30th day of April, 2026.

N PETERS GP CORPORATION

By: 
President